

RECEIVED

JAN 23 2009

DEPARTMENT OF
WATER RESOURCESSTATE 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**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): Se Exhibit A attached
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
Hartford Accident & Indemnity Company
5260 N Palm, Suite 205
Fresno, CA 93704
Telephone: (559) 436-2560
4. Name of Water Right Owner/Claimant(s)
Jim D Scarrow
5. Expiration Date of Notification Period 10-1-2028
6. Is this a Renewal of Request for Notification? ☐ YES ☐ NO
HARTFORD ACCIDENT & INDEMNITY COMPANY
7. Signature(s) of Security Interest holder(s) By Hartford Investment Management Company,
(and title if applicable) Its Agent and Attorney-in-Fact
Date: Nov. 3, 2008
By David E. Dunlap
David E. Dunlap, Senior Vice President

For Office Use Only

Received by	_____	Date	_____	Fee	<u>\$600-</u>	\$ <u>8250-</u>	
Received by	<u>SR7</u>	Date	<u>1-23-09</u>	Receipt No.	<u>C087947</u>	<u>C087946</u>	
Processed by	_____	AJ	Date	WR	_____	Date	_____

SUPPORT DATA

IN FILE 36-2182

Exhibit A to Notice of Security Interest in Water Right

<u>Water Right #</u>	<u>Name of Water Right Owner/Claimant(s)</u>
✓36-10018	Jim D Scarrow **
✓36-10021	Jim D Scarrow **
✓36-10022	Jim D Scarrow **
✓36-10278	Jim D Scarrow
✓36-10743	Jim D Scarrow
✓36-10744	Jim D Scarrow
✓36-10745	Jim D Scarrow
✓36-10804	Jim D Scarrow
✓36-15080	Jim D Scarrow**
✓36-15135	Jim D Scarrow
✓36-15328	Jim D Scarrow
✓36-2182	Jim D Scarrow
✓36-7110	Jim D Scarrow
✓36-7111	Jim D Scarrow
✓36-7153	Jim D Scarrow
✓36-7365A	Jim D Scarrow **
✓36-7365B	Jim D Scarrow **
✓36-7563	Jim D Scarrow
✓36-7572	Jim D Scarrow
Change 36-8263	Jim D Scarrow
✓37-10494 V1	Jim D Scarrow **
✓37-21481 V1	Jim D Scarrow
✓37-4399 V1	Jim D Scarrow
✓37-4400 V1	Jim D Scarrow
✓37-8152 V1	Jim D Scarrow
✓37-8901	Jim D Scarrow
✓36-7337K	Jimmie D Scarrow
✓36-15136	Jimmie D Scarrow
✓36-8164	Jimmie D Scarrow
✓36-7386	Jimmie D Scarrow

** A Notice of Change in Water Right Ownership has been filed to change the New Owner/Claimant(s) to be Jim D Scarrow.

**RECORDING REQUESTED BY AND WHEN
RECORDED RETURN TO:**

BRADFORD L. AUSTIN
NYEMASTER, GOODE, P.C.
700 WALNUT STREET, SUITE 1600
DES MOINES, IOWA 50309

Loan No. BHM04NAZ5

GL-37923

(For Recorder's use only)

Instrument # 228459

GOODING, GOODING, IDAHO

11-6-2008 04:02:03 No. of Pages: 26

Recorded for : LAND TITLE AND ESCROW, INC JEROM

DENISE M. GILL Fee: 78.00

Ex-Officio Recorder Deputy

**MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT
OF RENTS AND FIXTURE FILING
(Gooding and Lincoln Counties)**

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, ASSIGNMENT OF RENTS AND FIXTURE FILING (this "**Mortgage**") is made as of November 5, 2008 by and among JIM D. SCARROW, also known as JIMMIE D. SCARROW, also known as JIMMIE DUANE SCARROW, also known as JIM DUANE SCARROW, an individual in his individual capacity, having an address for notice under this Mortgage of 184 S 1900, Wendell, ID 83355-3326 (the "**Mortgagor**"), and HARTFORD ACCIDENT AND INDEMNITY COMPANY, a Connecticut corporation, having an address for notice under this Mortgage of 5260 North Palm Avenue, Suite 205, Fresno, California 93704, Attn: Karen Micheli (the "**Mortgagee**").

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness evidenced by the Note (as defined below) and the trust herein created, the receipt of which is hereby acknowledged, Mortgagor hereby irrevocably grants, bargains, sells, transfers and conveys to and for the benefit and security of Mortgagee, under and subject to the conditions set forth in this Mortgage, all of Mortgagor's right, title and interest now owned or hereafter acquired in and to the following (collectively with the Personal Property, as defined in Paragraph 9, the "**Collateral**");

- A. The real property situated in Gooding County and in Lincoln County, Idaho, more particularly described on Exhibit "A" (the "**Property**");
- B. All rents, reimbursements and any other amounts paid or payable by any tenant, licensee, concessionaire, occupant or other user of all or any portion of the Property, whether pursuant to a written lease or otherwise (collectively, "**Tenants**"), all awards hereafter made to Mortgagor in any bankruptcy, insolvency or reorganization case or proceeding with respect to any Lease (as defined below), and all royalties, issues, profits, revenues, income and other money and benefits paid or payable by Tenants or arising in connection with any Lease (collectively, the "**Rents**");
- C. All leases, subleases, licenses, concessions, occupancy agreements or other agreements (written or oral, now or at any time in effect) which grant a possessory interest in, or right to use or occupy, all or any part of the Property (individually a "**Lease**" and collectively, the "**Leases**"), and all right, title and interest of Mortgagor under all Leases;
- D. All oil, gas and mineral rights and profits pertaining to the Property;

E. All right, title and interest of Mortgagor, now owned or hereafter acquired, in and to any and all buildings, fixtures, improvements and appurtenances now or hereafter erected on the Property or belonging thereto;

F. All right, title and interest of Mortgagor in and to all Water Rights, all water production, distribution, irrigation and drainage equipment and related facilities and all frost protection equipment and related facilities, including all pumps, pumping stations, motors, panels, switchboxes, gear heads, booster pumps, transformers, engines, machinery, tanks, reservoirs, sumps, pivots, hoses, drip hoses, underground pipeline, fan jets, pipes, sprinklers, flumes, wheel lines, drip irrigation lines, wind machines and other machinery and/or equipment used for the production of water on the Property or for the irrigation or drainage thereof, and all additions thereto and replacements thereof; and

G. All accessions, replacements and substitutions for any of the foregoing and all proceeds thereof.

As between Mortgagor and Mortgagee, all of the foregoing, to the extent permitted by applicable law, shall be deemed an accession to the freehold and a part of the Property.

This Mortgage is given to secure (i) payment of the indebtedness evidenced by that certain Promissory Note dated of even date herewith in the principal sum of \$21,000,000.00, with a scheduled final maturity of October 1, 2028, from Mortgagor to the order of Mortgagee (the "Note"), with the indebtedness evidenced by said Note (the "Loan") advanced pursuant to and to be repaid in accordance with a Loan Agreement dated of even date herewith between Mortgagor and Mortgagee, a copy of which is on file at the office of Mortgagor (the "Loan Agreement"), with interest on the Loan accruing in accordance with the terms of the Note and the Loan Agreement; (ii) each and every other debt, liability and obligation of every type and description included within the definition of "Obligations" as set forth in the Loan Agreement; (iii) any future advances and other obligations of the Mortgagor to the Mortgagee, whether now existing or hereafter incurred or created, whether voluntary or involuntary, whether due or not due, whether absolute or contingent, or whether incurred directly or acquired by the Mortgagee by assignment or otherwise, and including any obligation or liability arising pursuant to any derivative or hedge transaction of any kind entered into with the Mortgagee and/or any Affiliate (being any person or entity controlled by, controlling or under common control with the Mortgagee) of the Mortgagee; and (iv) modifications, amendments, extensions, and renewals, however evidenced, of the Loan or any of the Obligations.

As used in this Mortgage:

"Event of Default" means the occurrence of any one or more of the following events: (i) if Mortgagee does not receive any installment of Debt Service by the end of the Grace Period (other than amounts due on the Maturity Date, for which there is no Grace Period); or (ii) the Obligations are not paid in full on the Maturity Date; or (iii) if any other amounts required to be paid under the Loan Agreement (including payment of the Prohibited Transfer Rate Adjustment Amount and payments required under Section 6.5 of the Loan Agreement) are not paid (A) when due after Mortgagor has been given written notice thereof as may be required by or provided for in the Loan Agreement or any other Loan Document, or (B) if the Loan Documents do not otherwise require or provide for the giving of notice thereof to Mortgagor, within the Demand Period; or (iv) the occurrence of any other event or set facts which pursuant to the terms of Article 5 of the Loan Agreement constitutes an Event of Default.

"Loan Documents" means this Mortgage, the Note, the Loan Agreement and all other documents designated as Loan Documents in the Loan Agreement.

"State" means the State of Idaho.

"UCC" means the Uniform Commercial Code (as the same may be amended from time to time) in effect in the State and in any other jurisdiction in which all or any portion of the Personal Property exists.

Any defined term designated by initial capital letters that is not otherwise defined in this Mortgage shall have the meaning ascribed to such term in the Loan Agreement, which by this reference is incorporated herein.

Unless otherwise noted or the context shall indicate otherwise: (i) all "*Paragraph*" references shall be to Paragraphs in this Mortgage (provided that all Paragraph titles are inserted for convenience of reference only and shall in no way alter, modify or define, or be used in construing, the text of such Paragraphs), (ii) all uses of the word "*including*" shall mean "including, without limitation," (iii) the words "*hereof*," "*herein*" and "*hereunder*" and words of similar import when used in this Mortgage shall refer to this Mortgage as a whole and not to any particular provision of this Mortgage, (iv) all references to "*day*" or "*days*" shall mean calendar days, (v) all references to "*Exhibits*" are to the exhibits attached to this Agreement, which are incorporated herein by the applicable reference, and (vi) all references to a "*Loan Document*" shall mean such document as it is constituted as of the Closing Date, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time. When used in this Mortgage, unless otherwise specifically qualified by a reasonableness standard, the phrase (i) "*satisfactory to Mortgagee*" means "in form and substance satisfactory to Mortgagee in all respects as determined by Mortgagee in the exercise of its sole and absolute discretion," (ii) "*with Mortgagee's consent*," "*approved by Mortgagee*" or "*with Mortgagee's approval*" means such consent or approval may be granted or withheld in Mortgagee's sole and absolute discretion, and (iii) "*determined by Mortgagee*," "*acceptable to Mortgagee*," "*in Mortgagee's discretion*" or "*in Mortgagee's judgment*" means acceptable to Mortgagee, at Mortgagee's discretion and/or determined by Mortgagee, in each instance in Mortgagee's sole and absolute judgment or discretion. If Mortgagee has expressly agreed not to unreasonably withhold its consent or approval on a particular issue, then use of the phrase "*not to be unreasonably withheld*" or comparable phrases in this Agreement or the other Loan Documents means "not to be unreasonably withheld, conditioned or delayed."

Mortgagor warrants, covenants and agrees (to and for the benefit of Mortgagee) as follows:

1. **PAYMENT AND PERFORMANCE:** Mortgagor shall pay and perform the Obligations when due. Mortgagor has no offsets, claims, counterclaims or defenses of any kind whatsoever with regard to this Mortgage, any other Loan Document or any of the Obligations. Without limiting the generality of the foregoing, all sums payable by Mortgagor under the Note, the Loan Agreement and this Mortgage shall be paid without notice or demand (except as otherwise specified in the Loan Documents), and the Obligations shall in no way be released, discharged or otherwise affected by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Property or any part thereof; (ii) any restriction or prevention of or interference with any use of the Property or any part thereof; (iii) any title defect or encumbrance or any eviction from the Property or any part thereof by title, paramount or otherwise; (iv) any claim, counterclaim or defense, including common law or statutory rights of setoff, Mortgagor has or might have against Mortgagee; (v) any failure on the part of Mortgagee to perform or comply with any of the terms of the Loan Documents or of any other agreement with Mortgagor; or (vi) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not Mortgagor shall have notice or knowledge of any of the foregoing.

2. **WARRANTY OF TITLE:** (a) Mortgagor is lawfully seized and possessed of good and indefeasible title to the Collateral, and Mortgagor hereby warrants the Collateral to be free and clear of all liens and encumbrances, other than Permitted Liens. Mortgagor will defend the title to the Collateral against any claims by any Person at any time during the term of this Mortgage. If any lien or security interest other than the Permitted Liens is asserted against the Collateral, Mortgagor shall promptly give Mortgagee a detailed written description of such lien or security interest (including origin, amount and such other reasonable information as Mortgagee may request), and shall either (i) promptly pay the underlying claim in full or take such other action so as to cause it to be released, or (ii) contest the same in compliance with the requirements of the Loan Agreement (including the requirement of providing a bond or other security reasonably satisfactory to Mortgagee).

(b) Mortgagor has good, right and lawful authority to grant to Mortgagee the rights in the Collateral conveyed by this Mortgage. If Mortgagee is made a party defendant to any litigation

concerning this Mortgage, the Collateral or any part thereof or interest therein, then Mortgagor shall indemnify, defend (with attorneys selected by Mortgagee) and hold Mortgagee harmless from and against all liability by reason of said litigation, including reasonable attorneys' fees and expenses incurred by Mortgagee in any such litigation, whether or not any such litigation is prosecuted to judgment.

(c) Mortgagee, without obligation to do so, without notice to or demand upon Mortgagor and without releasing Mortgagor from any of the Obligations or waiving any Events of Default, may appear in and defend any action or proceeding purporting to affect the Obligations, the security interests and liens created by the Loan Documents, or the rights or powers of Mortgagee, and Mortgagor shall reimburse Mortgagee, or pay directly, all costs and expenses (including costs of evidence of title and reasonable attorney's fees), in such action or proceeding in which Mortgagee may appear, all in accordance with Section 6.5 of the Loan Agreement.

3. **FULL FORCE AND EFFECT:** The provisions of this Mortgage shall remain in full force and effect through any extension of time for payment of the Obligations, and until the Property is re-conveyed or released by Mortgagee.

4. **OTHER COVENANTS:** All of the covenants in the Loan Agreement are incorporated herein by reference and, together with covenants in this Mortgage, shall be covenants running with the Property. The covenants set forth in the Loan Agreement include, among other provisions: (i) the obligation to pay when due all Taxes and amounts associated with the security interests created by the Loan Documents (including the making, executing, delivery and/or recording of the Mortgage), (ii) the right of Mortgagee to inspect the Collateral, (iii) Mortgagor's obligation to keep the Collateral insured pursuant to the terms of the Loan Agreement, (iv) the obligation to comply with all Legal Requirements (including Environmental Requirements), (v) the obligation to maintain the Collateral in good condition, and promptly repair any damage or casualty to the Collateral, (vi) except as otherwise expressly permitted in the Loan Agreement, the obligation of Mortgagor to obtain Mortgagee's consent prior to entering into, modifying or taking other actions with respect to Leases, and (vii) except as otherwise expressly permitted in the Loan Agreement, the prohibition on transfers of interests in the Property, the other Collateral, and/or interests in Mortgagor, including the granting of additional liens secured by all or any portion of the Property or the other Collateral.

5. **CONDEMNATION AWARDS AND INSURANCE PROCEEDS:** Mortgagor hereby assigns to Mortgagee (i) all awards and compensation for any condemnation or other taking of all or any portion of the Property or the other Collateral, or any purchase in lieu thereof, and Mortgagor authorizes Mortgagee to collect and receive such awards and compensation and to give proper receipts therefor, subject to and in accordance with the terms of the Loan Agreement, and (ii) all proceeds of any insurance policies insuring against loss or damage to the Property or any other Collateral, and Mortgagor authorizes Mortgagee to collect and receive such proceeds, to give proper receipts therefor, and authorizes and directs the issuer of each of such insurance policies to make payment for all such losses directly to Mortgagee, instead of to Mortgagor and Mortgagee jointly, subject to and in accordance with the terms of the Loan Agreement.

6. **ABSOLUTE ASSIGNMENT OF RENTS AND PROFITS:** (a) Mortgagor hereby absolutely, presently and unconditionally assigns to Mortgagee all Leases and all present and future Rents, and hereby gives to and confers upon Mortgagee the right, power and authority during the continuance of this Mortgage to collect the Rents with or without taking possession of the Property. Mortgagee hereby grants to Mortgagor a revocable license permitting Mortgagor to collect and retain such Rents as they accrue and become payable (but no more than one month in advance), such license to be revocable by Mortgagee, without notice to Mortgagor, upon the occurrence of an Event of Default. Delivery of written notice of Mortgagee's election to revoke Mortgagor's license and exercise of the rights granted herein to any Tenant shall be sufficient to require said Tenant to pay all Rent directly to Mortgagee until further notice.

(b) This assignment of Rents is intended to be an absolute assignment from Mortgagor to Mortgagee and not merely the passing of a security interest. Upon the occurrence of an Event of Default,

Mortgagee may at any time, either in person, by agent or by a receiver appointed by a court, or through a third party independent contractor, without notice to Mortgagor and without regard to the adequacy of any security for the Obligations and without being deemed a mortgagee in possession:

(i) Enter upon and take possession of, manage, repair or protect, continue to develop and operate the Property and the other Collateral or any part thereof, and either with or without taking possession of the Property, in its own name or in the name of Mortgagor, sue for or otherwise collect the Rents, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, to the Obligations in accordance with the Loan Agreement; and

(ii) Make, cancel, enforce or modify Leases, obtain and evict Tenants, and fix or modify Rents or do any other acts which Mortgagee deems appropriate to protect the security of this Mortgage.

(c) Unless Mortgagor and Mortgagee agree otherwise in writing, any application of Rents to the Obligations shall not extend or postpone the due date of the installments of Debt Service as provided in the Note or the Loan Agreement or change the amount of such installments. The entering upon and taking possession of the Property, the collection of Rents, or the application thereof as described above, shall not waive or constitute a cure of any Event of Default.

(d) Mortgagor also assigns to Mortgagee, as further security for the performance of the Obligations, all prepaid Rents, security deposits and all monies which may have been or may hereafter be deposited with Mortgagor by a Tenant, and upon the occurrence of an Event of Default, Mortgagor shall, within fifteen (15) days following demand by Mortgagee, deliver all such prepaid Rents and deposits to or at the direction of Mortgagee.

7. **ACTIONS BY MORTGAGEE:** (a) Without affecting the personal liability of any Person, including Mortgagor, for the payment and performance of the Obligations, without the consent of any other Person, and without affecting the lien of this Mortgage for the full amount of the Obligations, Mortgagee is authorized and empowered, exercisable at any time and from time to time, either before or after the maturity of the Note, and without notice, to: (i) release any Person liable for the payment and performance of any of the Obligations, (ii) agree to extend the time or otherwise modify the terms of payment or performance of any of the Obligations, (iii) accept additional security of any kind for the Obligations, and/or (iv) release and execute partial re-conveyances of, portions of the Collateral from the lien of this Mortgage.

(b) Mortgagee may, without liability and/or notice to Mortgagor, at any time and from time to time: (i) consent to the making of any map or plat of the Property, (ii) join in granting an easement over the Property or in creating any covenants restricting use or occupancy thereof, (iii) re-convey, without warranty, any part of the Collateral, or (iv) join in any extension or modification agreement or in any agreement subordinating the lien or charge of this Mortgage.

8. **FULL PAYMENT:** Acceptance by Mortgagee of any sum in payment of any portion of the Obligations after the same is due shall not constitute a waiver of Mortgagee's right to require timely payment when due of the remainder of the Obligations, nor shall such acceptance cure or waive any other Event of Default, waive any subsequent Event of Default or otherwise prejudice any of the rights of Mortgagee under this Mortgage.

9. **SECURITY AGREEMENT:** (a) All terms defined in the UCC and used in this Paragraph 9 shall have meanings ascribed to such terms in the UCC; if, however, a term is defined in Article 9 of the UCC differently than in another Article of the UCC, the term shall have the meaning specified in Article 9.

(b) Mortgagor hereby irrevocably authorizes Mortgagee to file in any filing office in any UCC jurisdiction any initial financing statements and amendments thereto that provide information required by

part 5 of Article 9 of the UCC, including (i) whether Mortgagor is an organization, the type of organization and any organizational identification number issued to Mortgagor, and (ii) in the case of a financing statement filed as a fixture filing or indicating portions of the Personal Property as "*as-extracted*" collateral, a sufficient description of the Property. Mortgagee may from time to time obtain UCC searches to confirm that the Personal Property is free from all liens and encumbrances other than Permitted Liens, and any cost and expense incurred by Mortgagee in connection with any such UCC search shall be paid by Mortgagor to Mortgagee within the Demand Period.

(c) [Intentionally Deleted].

(d) Mortgagor, as "*debtor*," hereby grants to Mortgagee, as "*secured party*," to secure the payment and performance of the Obligations, a security interest in, and pledges and assigns to Mortgagee, all of Mortgagor's right, title, and interest in and to, the properties, assets and rights of Mortgagor identified on Exhibit "B" attached hereto and incorporated herein by reference, whether now owned or hereafter acquired or arising, and all proceeds and products thereof (collectively, the "**Personal Property**").

(e) Mortgagor represents and warrants to Mortgagee that: (i) the Personal Property is not used or bought for personal, family or household purposes; (ii) other than Permitted Liens, Mortgagor owns the Personal Property free from any lien, security interest or encumbrance; (iii) the chief executive office of Mortgagor is the location set forth in Section 6.1 of the Loan Agreement; and (iv) the exact legal name, type of organization, jurisdiction of organization, and organization identification number, if applicable, of Mortgagor is as follows:

Name: Jim D. Scarrow, also known as Jimmie D. Scarrow, also known as Jimmie Duane Scarrow
and, also known as Jim Duane Scarrow

Type of Organization: N/A

Jurisdiction of Organization: N/A

Organization ID Number: N/A

(f) Mortgagor shall (i) not permit any tangible Personal Property to be kept at any location other than the Property (except for equipment being repaired or restored); (ii) defend the Personal Property against all claims and demands of all Persons at any time claiming the same or any interest therein; (iii) maintain insurance in connection with the Personal Property in reasonable and customary amounts; (iv) not grant, create or suffer to exist any Lien against any Personal Property, except for Permitted Liens; (v) keep the Personal Property in good order and repair and use the Personal Property only in compliance with Legal Requirements; and (vi) not sell or otherwise dispose, or offer to sell or otherwise dispose, the Personal Property or any interest therein; provided that so long as no Event of Default exists, the following are permitted: sales or other dispositions of damaged or obsolete equipment consistent with past practices, provided the damaged or obsolete equipment is promptly replaced as necessary to continue uninterrupted operations at the Property.

(g) To insure the attachment, perfection and first priority of, and the ability of Mortgagee to enforce, Mortgagee's security interest in the Personal Property, Mortgagor agrees, in each case at Mortgagor's sole cost and expense: (i) if any Personal Property is at any time in the possession of a bailee, Mortgagor shall promptly notify Mortgagee thereof and, at Mortgagee's request, shall promptly obtain an acknowledgement from the bailee, in form and substance reasonably satisfactory to Mortgagee, that the bailee holds the Personal Property for the benefit of Mortgagee and such bailee's agreement to comply, without further consent of Mortgagor, with instructions of Mortgagee as to such Personal Property (provided Mortgagee shall not give any such instructions unless an Event of Default exists); and (ii) Mortgagor shall take any and all other actions as Mortgagee may reasonably determine to be necessary or useful for the attachment, perfection and first priority of, and the ability of Mortgagee to enforce, Mortgagee's security interest in any and all of the Personal Property.

(h) [Intentionally Deleted]

(i) If an Event of Default occurs, Mortgagee, without any notice to or demand upon Mortgagor (except as otherwise expressly required pursuant to this Mortgage), shall have, in any jurisdiction in which enforcement is sought and in addition to all other rights and remedies, the rights and remedies of a secured party under the UCC and any additional rights and remedies as may be provided to a secured party in any jurisdiction in which the Personal Property is located, including the right to take possession of the Personal Property. Mortgagee may enter upon the Property and remove the Personal Property, or Mortgagee may in its discretion require Mortgagor to assemble all or any part of the Personal Property at such location or locations as Mortgagee may reasonably designate. Unless the Personal Property is perishable, threatens to decline rapidly in value or is of a type customarily sold on a recognized market, Mortgagee shall give Mortgagor reasonable prior notice of the time and place of any public sale of the time and place of any public sale of the Personal Property or of the time after which any private sale or any other intended disposition is to be made (Mortgagor agreeing that at least five (5) Business Days prior written notice shall be deemed reasonable). Mortgagor waives any and all rights it may have to a judicial hearing prior to the enforcement of any of Mortgagee's rights and remedies.

(j) Mortgagor agrees that at any sale of the Personal Property, whether made under the power of sale contained in this Paragraph 9, the UCC, any other legal requirement or by virtue of any judicial proceedings or any other legal right, remedy or recourse, it shall not be necessary for Mortgagee or its employees to be physically present at or to have constructive possession of the Personal Property being sold (provided that Mortgagor shall deliver to Mortgagee any portion of the Personal Property not actually or constructively possessed by Mortgagee to a reasonable location designated by Mortgagee promptly following demand by Mortgagee), and the title to and right of possession of any such Personal Property shall pass to the purchaser thereof as completely as if Mortgagee had been actually present and delivered to such Personal Property to purchaser at such sale. If Mortgagee is the highest bidder at any sale, Mortgagee may credit the portion of the purchase price against the Obligations in lieu of paying cash. Any proceeds of any such sale or disposition shall not cure any Event of Default or reinstate any Obligation.

(k) To the extent that applicable law imposes the duty on Mortgagee to exercise remedies in a commercially reasonable manner, Mortgagor acknowledges and agrees that it is not commercially unreasonable for Mortgagee to (i) fail to incur expenses reasonably deemed significant by Mortgagee to prepare the Personal Property for disposition or to fail to complete raw material or work in process into finished goods or other finished products for disposition, (ii) fail to exercise collection remedies against account debtors or other persons obligated on the Personal Property (directly or through the use of collection specialists), or to fail to remove liens, encumbrances or adverse claims against the Personal Property, (iii) advertise dispositions of the Personal Property through publications or media of general circulation, whether or not the Personal Property is of a specialized nature, (iv) contact Persons for expressions of interest in acquiring all or any portion of the Personal Property, (v) hire professional auctioneers to assist in the disposition of the Personal Property, whether or not the Personal Property is of a specialized nature, (vi) dispose of the Personal Property by utilizing Internet sites that provide for or are reasonably capable of the auction of assets of the types included in the Personal Property, (vii) disclaim disposition warranties, (viii) purchase insurance or credit enhancements to insure Mortgagee against risks of loss, collection or disposition of the Personal Property or to provide to Mortgagee a guaranteed return from the collection or disposition of the Personal Property, or (ix) sell any Personal Property jointly with any of the Property or to sell any Personal Property in a sale separate from a sale of any of the Property. Mortgagor acknowledges that the purpose of this Subparagraph (k) is to provide a non-exhaustive indication of what actions or omissions by Mortgagee would fulfill Mortgagee's duties under the UCC in Mortgagee's exercise of remedies against the Personal Property, and that other actions or omissions by Mortgagee shall not be deemed to fail to fulfill such duties solely on account of not being expressly included indicated in this Subparagraph (k).

(l) Mortgagor shall pay to Mortgagee within the Demand Period any and all expenses, including reasonable attorneys' fees and disbursements, incurred or paid by Mortgagee in protecting, preserving or enforcing Mortgagee's rights and remedies under or in respect of any of the Personal Property. After deducting any non-reimbursed expenses, the residue of any proceeds of collection or sale or other disposition of the Personal Property shall, to the extent actually received in cash, be applied

to the payment of the Obligations in such order or preference as Mortgagee may determine. Upon the final payment and satisfaction in full of all of the Obligations and after making any payments required by Sections 9-608(a)(1)(C) or 9-615(a)(3) of the UCC, any excess shall be returned to Mortgagor. In the absence of final payment and satisfaction in full of all of the Obligations, Mortgagor shall remain liable for any deficiency.

10. **EVENTS OF DEFAULT; REMEDIES:** (a) Upon the occurrence of an Event of Default, interest shall accrue at the Default Rate, and Mortgagee may, at Mortgagee's election exercisable at any time following the occurrence of an Event of Default and exercise any or all of the following rights or remedies:

(i) Declare the Obligations to be immediately due and payable, without notice, presentment, protest, notice of intent to accelerate, notice of acceleration, demand or action of any nature whatsoever (each of which hereby is expressly waived by Mortgagor), whereupon the same shall become immediately due and payable (acceleration being automatic upon the occurrence of an Event of Default specified in Section 5.1(i) of the Loan Agreement);

(ii) Enter the Property and take exclusive possession thereof and of all books, records and accounts relating thereto, and if Mortgagor remains in possession of the Property during the continuance of an Event of Default without Mortgagee's written consent, Mortgagee may invoke any legal remedies to dispossess Mortgagor;

(iii) Exercise the remedies set forth in Paragraph 6;

(iv) Exercise, when available under applicable statutes or rules of practice, the right to sell the Property 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;

(v) To the greatest extent permitted by law, sell or offer for sale the Collateral in such portions, order and parcels as Mortgagee may determine, with or without having first taken possession of same, to the highest bidder for cash at public auction, and the right of sale arising out of any Event of Default shall not be exhausted by one or more sales. Such sale shall be made in accordance with the laws of the State relating to the sale of real estate or by Article 9 of the UCC relating to the sale of other collateral after default by a debtor (as such laws now exist or may be hereafter amended or succeeded), or by any other present or subsequent articles or enactments relating to same. Reference is made to Sections 5.2 and 5.3 of the Loan Agreement for additional terms and conditions relating to Mortgagee's rights following the occurrence of an Event of Default;

(vi) Make application to a court of competent jurisdiction for, and obtain from such court as a matter of strict right, without regard to the adequacy of the Collateral for the repayment of the Obligations, the appointment of a receiver of the Property and, to the extent appropriate, the other Collateral, and Mortgagor hereby irrevocably consents to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise develop and operate the Property upon such terms as may be approved by the court;

(vii) Commence an action to foreclose this Mortgage subject to the rights of any Tenants, and the failure to make any Tenant a party defendant to any foreclosure proceedings or to foreclose their rights or the failure to disturb the possession of any such Tenants after foreclosure will not be, nor may it be asserted by Mortgagor as, a defense to any proceedings instituted by Mortgagee to collect the Obligations or to collect any deficiency remaining unpaid after the foreclosure sale of the Property or any other Collateral;

(viii) At Mortgagor's sole expense, conduct any and all inspections of the Collateral (including environmental inspections performed by an environmental consultant satisfactory to Mortgagee) to confirm the Property's compliance with all Legal Requirements; and/or

(ix) Exercise all other rights, remedies and recourses granted under the Loan Documents or otherwise available at law or in equity (including an action for specific performance of any covenant contained in the Loan Documents, or a judgment on the Note and the Loan Agreement either before, during or after any proceeding to enforce this Mortgage).

(b) In the event of a sale of the Collateral or any part thereof, and the execution of a deed or deeds in connection therewith, which recite the recording of notice of default and election of sale, and the lapse of the required time (if any) between the foregoing recording and the following notice, and of the giving of notice of sale, and of a demand by Mortgagee, or its successors or assigns, that such sale should be made, shall be conclusive proof of the occurrence of an Event of Default, recording, election, elapsing of time, and of the due giving of such notice, and that the sale was regularly and validly made on due and proper demand by Mortgagee, its successors or assigns. Any such deed or deeds with such recitals therein shall be effectual and conclusive against Mortgagor, its successors and assigns, and all other Persons.

(c) All rights, remedies and recourses granted hereunder and in the Loan Documents and available at law or equity (including the UCC): (i) shall be cumulative and concurrent, (ii) may be pursued separately, successively or concurrently against Mortgagor or others obligated under the Note, the Loan Agreement, and the other Loan Documents, or against the Property and the other Collateral, or against any one or more of them, at the discretion of Mortgagee, (iii) may be exercised as often as occasion shall arise, and the exercise or failure to exercise any of them shall not be construed as a waiver or release thereof or of any other right, remedy or recourse, and (iv) are intended to be, and shall be, nonexclusive. No action by Mortgagee in the enforcement of any rights, remedies or recourses hereunder, under the other Loan Documents or otherwise at law or equity shall be deemed to cure any Event of Default.

(d) To the fullest extent permitted by law, Mortgagor hereby irrevocably and unconditionally waives and releases (i) all benefit that might accrue to Mortgagor by virtue of any present or future statute of limitations or law or judicial decision exempting the Property or any other portion of the Collateral from attachment, levy or sale on execution or providing for any appraisal, valuation, stay of execution, exemption from civil process, redemption, moratorium, or extension of time for payment, (ii) all notices of Mortgagee's election to exercise or its actual exercise of any right, remedy or recourse provided for under the Loan Documents or at law or in equity, and (iii) any right to a marshalling of assets.

(e) The proceeds of any sale of, and the Rents and other amounts generated by the holding, operating, insuring, leasing, management, operation or other use of, the Property and/or other Collateral, shall be applied by Mortgagee (or the receiver, if one is appointed) in the following order (unless otherwise required by applicable law): (i) to the payment of the costs and expenses of taking possession of and/or foreclosing upon the Collateral, and of holding, using, leasing, repairing, developing, improving and selling the same, including the costs and expenses set forth in Section 6.5 of the Loan Agreement; then (ii) to the payment of all amounts (including, to the extent provided for herein, interest at the Default Rate and any Prepayment Premium reserved under the Loan Agreement), other than the unpaid principal balance of the Note and accrued but unpaid interest, which may be due to Mortgagee under the Loan Documents; then (iii) to the payment and performance of the remainder of the Obligations in such manner and order of preference as Mortgagee in its discretion may determine; and then (iv) the balance, if any, to the payment of the Persons legally entitled thereto.

(f) Neither the enforcement of any of the remedies under this Paragraph 10 nor any other remedies afforded to Mortgagee under the Loan Documents, at law or in equity shall cause Mortgagee to be deemed or construed to be a mortgagee-in-possession of the Property, to obligate Mortgagee to lease or attempt to lease the Property, or to take any action, incur any expense, or perform or discharge any obligation, duty or liability whatsoever under any Leases or otherwise.

(g) Mortgagor shall reimburse Mortgagee for all reasonable costs and expenses (including reasonable attorneys' fees and disbursements and fees and expenses of appraisers and environmental professionals) in accordance with Section 6.5 of the Loan Agreement.

11. **MISCELLANEOUS:** (a) Any notice required or permitted to be given under this Mortgage shall be in writing and either shall be (i) mailed by certified mail, postage prepaid, return receipt requested, or (ii) sent by nationally recognized overnight air courier service, or (iii) personally delivered to a representative of the receiving party. All such communications shall be mailed, sent or delivered, addressed to the party for whom it is intended at its address set forth in the introductory paragraph of this Mortgage, with copies issued to the additional Persons set forth in Section 6.1 of the Loan Agreement. Any communication so addressed and mailed shall be deemed to be given on the earliest of (a) when actually delivered, (b) on the first Business Day after deposit with a nationally recognized overnight air courier service, if such deposit is timely and appropriate in accordance with the requirements of such courier service for next Business Day delivery, or (c) on the third Business Day after deposit in the United States mail, postage prepaid, in each case to the address of the intended addressee, and any communication so delivered in person shall be deemed to be given upon the earlier of the deemed delivery period or when actually received by the intended addressee. Any party may designate a change of address by written notice to the others, with said change of address to be deemed effective 10 days following delivery pursuant to this Paragraph 11(a).

(b) All covenants and warranties contained in this Mortgage are intended by Mortgagor and Mortgagee to be, and shall be construed as, covenants running with the Property. As used herein, "Mortgagor" shall refer to the party named in the first paragraph of this Mortgage and to any subsequent owner of all or any portion of the Property (without in any way implying that Mortgagee has or will consent to any such conveyance or transfer of the Property). All Persons who may have or acquire an interest in the Property shall be deemed to have notice of, and be bound by, the terms of the Loan Agreement and the other Loan Documents, copies of which are file in the office of Mortgagor; provided, however, that no such party shall be entitled to any rights under any Loan Document without the prior written consent of Mortgagee (which may be granted or withheld in its discretion).

(c) [Intentionally Deleted]

(d) This Mortgage shall be binding upon and inure to the benefit of Mortgagee and Mortgagor and their respective successors and assigns, provided that Mortgagor shall not, without the prior written consent of Mortgagee (which may be granted or withheld in Mortgagee's discretion), assign any rights, duties or obligations hereunder.

(e) Any consent by Mortgagee, or any waiver of any Event of Default (which waiver must be in writing and executed by Mortgagee and shall be limited to the waiver specifically recited therein) shall not constitute a consent to, or waiver of, any right, remedy or power of Mortgagee upon a subsequent or different Event of Default. Mortgagee shall not be deemed to have waived any of its rights and remedies in respect of the Collateral (including the Personal Property) unless such waiver shall be in writing and signed by Mortgagee, and no delay or omission on the part of Mortgagee in exercising any such right or remedy shall operate as a waiver of such right or remedy.

(f) To the extent proceeds of the Loan have been used to extinguish, extend or renew any indebtedness secured by any portion of the Collateral, then Mortgagee shall be subrogated to all of the rights, liens and interests existing against the Collateral and held by the holder of such indebtedness and such former rights, liens and interests, if any, are not waived, but are continued in full force and effect in favor of Mortgagee.

(g) If any conflict or inconsistency exists between the terms, conditions and provisions of this Mortgage and the terms, conditions and provisions of the Loan Agreement, the terms, conditions and provisions of the Loan Agreement shall govern.

(h) Upon the full, final and indefeasible payment and performance of the Obligations, Mortgagee, at Mortgagor's expense, shall release the liens and security interests created by this Mortgage or re-convey (without warranty) the Collateral to Mortgagor.

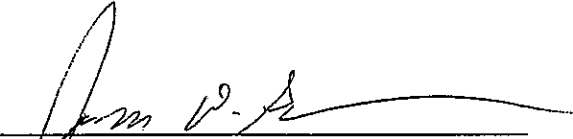
(i) If more than one Person executes this Mortgage as "**Mortgagor**," the obligations of all such Persons hereunder shall be joint and several.

(j) This Mortgage shall be governed by the laws of the State of Idaho.

(k) Mortgagor, at any time following the request of Mortgagee, shall at Mortgagor's expense execute, acknowledge and deliver all such reasonable documents and instruments and all such further assurances of title, and will do or cause to be done all further acts and things, as may be proper or reasonably necessary to carry out the purpose of this Mortgage and of the other Loan Documents, and to subject to the liens thereof any property intended by the terms of the Loan Documents to be covered thereby and any renewals, additions, substitutions, replacements or betterments thereto.

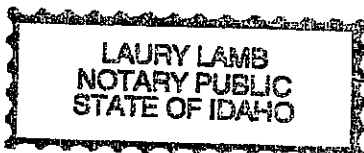
[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

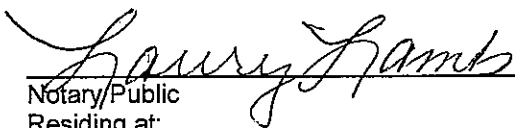
IN WITNESS WHEREOF, this Mortgage has been executed by Mortgagor and is effective as of the day and year first above written.


JIM D. SCARROW, also known as JIMMIE D. SCARROW, also known as JIMMIE DUANE SCARROW, also known as JIM DUANE SCARROW

STATE OF IDAHO)
)ss.
COUNTY OF Jerome)

On this 5 day of November in the year 2008, before me a Notary Public, personally appeared JIM D. SCARROW, also known as JIMMIE D. SCARROW, also known as JIMMIE DUANE SCARROW, also known as JIM DUANE SCARROW, known or identified to me (or proved to me on the oath of _____) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he (or they) executed the same. In witness whereof I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.




Notary Public
Residing at:
237 N. Lincoln
Jerome, ID 83338

My commission expires on: 4/2/2010

[SIGNATURE PAGE TO MORTGAGE]

Attachments:

- Exhibit A – Legal Description
- Exhibit B – Personal Property Description

EXHIBIT A
Real Property Description

TRACT I

PARCEL NO. 1:

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

Section 11: N $\frac{1}{2}$ SW $\frac{1}{4}$;

PARCEL NO. 2:

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

Section 11: A tract of land in the SW $\frac{1}{4}$ SE $\frac{1}{4}$, described as follows:

Beginning at a point on the West line of said SW $\frac{1}{4}$ SE $\frac{1}{4}$, 180 feet South of the Northwest corner of said SW $\frac{1}{4}$ SE $\frac{1}{4}$;
Thence Southeasterly along the course of a private irrigation ditch as now constructed to a point approximately 200 feet East of said West line;
Thence following said ditch Southerly and thence Southwesterly a point on said West line 230 feet North of the Southwest corner of said SW $\frac{1}{4}$ SE $\frac{1}{4}$;
Thence North along said West line to THE POINT OF BEGINNING.

S $\frac{1}{2}$ SW $\frac{1}{4}$, EXCEPT the following described tract:

Beginning at the Southeast corner of the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 11;
Thence North 230 feet to said private ditch;
Thence following the course of said ditch Westerly about 438 feet;
Thence following said ditch Southerly about 230 feet to the South line of said SE $\frac{1}{4}$ SW $\frac{1}{4}$;
Thence East along said South line a distance of about 438 feet to THE POINT OF BEGINNING.

AND EXCEPT the following described tract:

Commencing at the Southwest corner of Section 11;
Thence Easterly along the South boundary of Section 11, 1350.00 feet to THE POINT OF BEGINNING;
Thence North 150 feet;
Thence East 350 feet;
Thence South 150 feet;
Thence West 350 feet to THE POINT OF BEGINNING.

PARCEL NO. 3:

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

Section 9: SW $\frac{1}{4}$ SW $\frac{1}{4}$;

Together with easement for well and pump for irrigation water located in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 9, Township 8 South, Range 15 East of the Boise Meridian as created in Well Agreement and Easement recorded May 25, 1976 as Instrument No. 59708, Gooding County records.

PARCEL NO. 4:

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

Section 9: NE $\frac{1}{4}$ SW $\frac{1}{4}$, EXCEPTING THEREFROM the following described parcel of land:

Commencing at the Northeast corner of the NE $\frac{1}{4}$ SW $\frac{1}{4}$;
Thence South along East boundary of the NE $\frac{1}{4}$ SW $\frac{1}{4}$, 593 feet to THE TRUE POINT OF BEGINNING;
Thence West 238 feet;
Thence South 190 feet;
Thence 167 feet in a Southeasterly direction to a point;
Thence East 170 feet to the East boundary of the NE $\frac{1}{4}$ SW $\frac{1}{4}$;
Thence North along East boundary of the NE $\frac{1}{4}$ SW $\frac{1}{4}$, 340 feet to THE TRUE POINT OF BEGINNING.

EXCEPTING that portion of the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 9 deeded to the Wendell Highway District by Warranty Deeds recorded as Instrument Numbers 221344; 221748 and re-recorded as 222520; 221749 and re-recorded as 222521; 221750 and re-recorded 222522; 221751 and re-recorded as 222523; Gooding County records, described as follows:

A parcel of land for County Road Right of Way purposes being generally described as a strip of land adjacent to and along the East boundary of the NE $\frac{1}{4}$ SW $\frac{1}{4}$, Section 9, Township 8 South, Range 15 East, Boise Meridian in Gooding County, Idaho and being more specifically described as follows:

The East Fifty (50) feet of the NE $\frac{1}{4}$ SW $\frac{1}{4}$, Section 9, Township 8 South, Range 15 East Boise Meridian from project Station 218+79.05 Left to project Station 231+98.29 Left, Excepting the following described parcel on the East boundary from Station 222+54.71 Left to Station 225+94.71 Left:

Commencing at the Northeast corner of said NE $\frac{1}{4}$ SW $\frac{1}{4}$;
Thence South along the Easterly boundary of said NE $\frac{1}{4}$ SW $\frac{1}{4}$, 593 feet to the TRUE POINT OF BEGINNING;
Thence West 238 feet;
Thence South 190 feet;
Thence 167 feet in a South Easterly direction to a point;
Thence East 170 feet to the East boundary of the NE $\frac{1}{4}$ SW $\frac{1}{4}$;

Thence North along the East boundary of the NE $\frac{1}{4}$ SW $\frac{1}{4}$ 340 feet to the TRUE POINT OF BEGINNING.

(Basis of Bearings:) The North-South Quarter line from the South Quarter corner of Section 9 to the North Quarter corner of Section 9 all in Township 8 South, Range 15 East Boise Meridian, Gooding County, Idaho said North-South Centerline being on a bearing of North 0°27'33"East

AND EXCEPTING that portion of the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 9 deeded to the Wendell Highway District by Warranty Deeds recorded as Instrument Numbers 221344; 221748 and re-recorded as 222520; 221749 and re-recorded as 222521; 221750 and re-recorded 222522; 221751 and re-recorded as 222523; Gooding County records, described as follows:

A parcel of land for County Road Right of Way purposes being generally described as a strip of land adjacent to and along the West boundary of a portion of the NE $\frac{1}{4}$ SW $\frac{1}{4}$, Section 9, Township 8 South, Range 15 East, Boise Meridian in Gooding County, Idaho and being more specifically described as follows:

The East Fifty (50) feet of a portion of the NE $\frac{1}{4}$ SW $\frac{1}{4}$, Section 9, Township 8 South, Range 15 East Boise Meridian from Project Station 222+54.71 Left to Project Station 225+94.71 Left and described in the following description;

Commencing at the Northeast Corner of said NE $\frac{1}{4}$ SW $\frac{1}{4}$;
Thence South along the Easterly boundary of said NE $\frac{1}{4}$ SW $\frac{1}{4}$, 593 feet to THE TRUE POINT OF BEGINNING;
Thence West 238 feet;
Thence South 190 feet;
Thence 167 feet in a South Easterly direction to a point;
Thence East 170 feet to the East boundary of the NE $\frac{1}{4}$ SW $\frac{1}{4}$;
Thence North along the East boundary of the NE $\frac{1}{4}$ SW $\frac{1}{4}$ 340 feet to the TRUE POINT OF BEGINNING.

(Basis of Bearings) The North-South Quarter line from the South Quarter corner of Section 9 to the North Quarter corner of Section 9 all in Township 8 South, Range 15 East Boise Meridian, Gooding County, Idaho said North-South centerline being on a bearing of North 0°27'33" East (North Recorded)

PARCEL NO. 5:

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

Section 9: NW $\frac{1}{4}$ SW $\frac{1}{4}$;

PARCEL NO. 6:

TOWNSHIP 5 SOUTH, RANGE 17, EAST OF THE BOISE MERIDIAN,
LINCOLN COUNTY, IDAHO

Section 2: SW¼;

Section 3: SE¼; SW¼, EXCEPTING the following described tract situated in the Southeast corner of the SW¼ said Section 3;

Beginning at the quarter corner common to Sections 3 and 10, Township 5 South,
Range 17, East Boise Meridian;
Thence Westerly along the Section line between said Sections 3 and 10, 643.0
feet;
Thence North 39E39' East, 176.7 feet;
Thence North 81E32' East, 529.33 feet;
Thence South 1E48' East, 212.21 feet to THE POINT OF BEGINNING.

AND

Section 10: NE¼; N½NW¼; EXCEPT the following described part thereof:

Beginning at the North quarter corner of Section 10, Township 5 South, Range 17,
East Boise Meridian;
Thence Westerly along the North section line of said Section 10, 643.0 feet;
Thence South 39E39' West, 560.0 feet;
Thence South 13E57' East, 124.0 feet;
Thence South 34E33' West, 396.0 feet;
Thence North 89E48' West, 472.0 feet;
Thence South 3E17' West, 236.0 feet;
Thence South 89E22' West, 972.49 feet to the West boundary of Section 10;
Thence Southerly along the West boundary of said Section 10 to the South boundary
of the N½NW¼ of Section 10;
Thence Easterly along the South boundary of the N½NW¼ to the East boundary of
the N½NW¼ of Section 10;
Thence Northerly along the East boundary of the N½NW¼ Section 10, 1321.0 feet,
more or less, to THE POINT OF BEGINNING.

Section 11: NW¼, EXCEPTING right of way from the NE¼ of Section 10 and the NW¼ of
Section 11 above described as conveyed in Deed dated April 3, 1911, conveying
certain strips of land to Idaho Irrigation Company, Limited, a corporation, of the State
of Idaho, recorded in Book 20 of Deeds Page 65, records of Lincoln County, Idaho.

TRACT II

PARCEL NO. 1:

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

Section 3: SE¼ lying South and West of the Railroad Right of Way.

EXCEPTING therefrom that portion decreed to the State of Idaho in Second
Judgment and Decree of Condemnation recorded April 24, 1970 as Instrument
Number 31812, Gooding County records.

PARCEL NO. 2:

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

Section 14: NW¼;

PARCEL NO. 3:

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

Section 15: E½NW¼;

EXCEPTING THEREFROM a parcel of land in the SE¼NW¼, described as follows:

Beginning at the Northwest corner of Section 15, Township 8 South, Range 15 East,
Boise Meridian;

Thence South 89°55' East 2630.18 feet along the Northerly boundary of Section 15
to the North Quarter corner of Section 15;

Thence South 00°00'31" East, 1339.13 feet along the Easterly boundary of NW¼,
Section 15 to the TRUE POINT OF BEGINNING;

Thence North 84°01'23" West, 302.67 feet;

Thence South 00°48'11" East, 236.13 feet;

Thence South 87°34'44" West, 68.81 feet;

Thence South 11°59'12" West, 159.63 feet;

Thence South 3°44'30" East, 144.70 feet to a ½" steel pin set in an existing

fence;

Thence South 85°38'24" East, 391.40 feet along said fence to a point in the Easterly
boundary of NW¼, Section 15;

Thence North 00°00'31" West, 537.79 feet along said Easterly boundary to the
TRUE POINT OF BEGINNING.

PARCEL NO. 4:

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

Section 15: E $\frac{1}{2}$ NE $\frac{1}{4}$; SW $\frac{1}{4}$ NE $\frac{1}{4}$;

TRACT III

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

Section 3: N $\frac{1}{2}$ SW $\frac{1}{4}$

TRACT IV

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

Section 3: E $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$;

TRACT V

PARCEL 1:

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

Section 15: A parcel of land in SE $\frac{1}{4}$ NW $\frac{1}{4}$ described as follows:

Beginning at the Northwest corner of Section 15, Township 8 South, Range 15 East, Boise Meridian;

Thence South 89°55' East, 2630.18 feet along the Northerly boundary of Section 15 to the North Quarter corner of Section 15;

Thence South 00°00'31" East, 1339.13 feet along the Easterly boundary of NW $\frac{1}{4}$, Section 15 to the TRUE POINT OF BEGINNING;

Thence North 84°01'23" West, 302.67 feet;

Thence South 00°48'11" East, 236.13 feet;

Thence South 87°34'44" West, 68.81 feet;

Thence South 11°59'12" West, 159.63 feet;

Thence South 3°44'30" East, 144.70 feet to a $\frac{1}{2}$ " steel pin set in an existing

fence;

Thence South 85°38'24" East, 391.40 feet along said fence to a point in the Easterly boundary of NW $\frac{1}{4}$, Section 15;

Thence North 00°00'31" West, 537.79 feet along said Easterly boundary to the TRUE POINT OF BEGINNING.

PARCEL 2:

An Easement 25 feet in width for ingress and egress for the benefit of Parcel 1, as set forth in Warranty Deed recorded January 26, 1981 as Instrument No. 87368, Gooding County records, more particularly described as follows:

Beginning at the North Quarter corner of Section 15, the TRUE POINT OF BEGINNING;

Thence South 0°00'31" East, 1339.13 feet along the Easterly boundary of the Northwest Quarter of Section 15;

Thence North 84°01'23" West, 25.14 feet;
Thence North 0°00'31" West, 1336.55 feet to a point in the Northerly boundary of
Section 15;
Thence South 89°55' East, 25.00 feet to the TRUE POINT OF BEGINNING.

TRACT VI

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

Section 8: W½SE¼

TRACT VII

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

Section 9: That part of the NE¼SW¼ described as follows:

Commencing at the Northeast corner of the NE¼SW¼;
Thence South along East boundary of the NE¼SW¼, 593 feet to THE TRUE POINT
OF BEGINNING;
Thence West, 238 feet;
Thence South 190 feet;
Thence 167 feet in a South Easterly direction to a point;
Thence East 170 feet to the East boundary of the NE¼SW¼;
Thence North along East boundary of the NE¼SW¼, 340 feet to THE TRUE POINT
OF BEGINNING.

TRACT VIII

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

Section 11: That part of the SE¼SW¼, described as follows:

Commencing at the Southwest corner of Section 11;
Thence Easterly along the South boundary of Section 11, 1350.00 feet to THE
POINT OF BEGINNING;
Thence North 150 feet;
Thence East 350 feet;
Thence South 150 feet;
Thence West 350 feet to THE POINT OF BEGINNING.

TRACT IX

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

Section 14: S½;
Section 15: SE¼; SW¼;
Section 23: E½NW¼; NE¼; E½SE¼;
Section 24: W½;

TRACT X

PARCEL NO. 1:

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

Section 16: NE¼NW¼

EXCEPT the following described tract, to wit:

Beginning at the NE corner of said NE¼NW¼;
Thence South 520.19 feet along the Easterly boundary of said NE¼NW¼;
Thence South 89°44'39" West 171.22 feet;
Thence North 1°21'07" West 156.87 feet;
Thence North 25°52'58" West 113.47 feet;
Thence North 12°09'19" West 269.12 feet to the Northerly boundary of said
NE¼NW¼;
Thence South 89°47'13" East 281.12 feet to the POINT OF BEGINNING.

EXCEPTING that portion of the NE¼NW¼ of Section 16 deeded to the Wendell Highway District by Warranty Deeds recorded as Instrument Numbers 221344; 221748 and re-recorded as 222520; 221749 and re-recorded as 222521; 221750 and re-recorded 222522; 221751 and re-recorded as 222523; Gooding County records, described as follows:

The East fifty (50) feet of the NE¼NW¼, Section 16, Township 8 South, Range 15 East Boise Meridian from Project Station 192+38.32 left to Project Station 205+60.01 left, excepting the North twenty-five (25) feet for existing county road right of way and the following described parcel on the East boundary from Station 200+39.82 left to Station 205+60.01 left;

Beginning at the NE corner of said NE¼NW¼;
Thence South 520.19 feet along the Easterly boundary of said NE¼NW¼;
Thence South 89°44'39" West 171.22 feet;
Thence North 1°21'07" West 156.87 feet;
Thence North 25°52'58" West 113.47 feet;
Thence North 12°09'19" West 269.12 feet to the Northerly boundary of said
NE¼NW¼;
Thence South 89°47'13" East 281.12 feet to the POINT OF BEGINNING.

(Basis of Bearings: The North-South Quarter line from the South Quarter corner of Section 16 to the North Quarter corner of Section 16 all in Township 8 South, Range 15 East of the Boise Meridian, Gooding County, Idaho. Said North-South centerline being on a bearing of North 0°31'23" East)

PARCEL NO. 2:

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

Section 16: E½

EXCEPTING that portion of the W½NE¼ of Section 16 deeded to the Wendell Highway District by Warranty Deeds recorded as Instrument Numbers 221344; 221748 and re-recorded as 222520; 221749 and re-recorded as 222521; 221750 and re-recorded 222522; 221751 and re-recorded as 222523; Gooding County records, described as follows:

A parcel of land for County Road Right of Way purpose being generally described as a strip of land adjacent to and along the West boundary of the W½NE¼, Section 16, Township 8 South, Range 15 East, Boise Meridian in Gooding County, Idaho and being more specifically described as follows:

The West Fifty (50) feet of the W½NE¼, Section 16, Township 8 South, Range 15 East Boise Meridian from project Station 179+16.63 right to project Station 205+60.01 right, excepting the West Twenty-Five (25) feet and the North Twenty-Five (25) feet for existing County road right of way.

AND EXCEPTING THEREFROM that portion of the W½SE¼ of Section 16 deeded to the Wendell Highway District by Warranty Deed Recorded February 27, 2008 as Instrument Number 225477, Gooding County Records, described as follows:

A parcel of land for County Road rights of way purposes being generally described as a fifty (50') foot wide strip of land adjacent to and along the Westerly boundary of the W½SE¼.

EXCEPTING THEREFROM a fifteen (15) foot wide strip of land generally described as the East 15 feet of the West 40 feet of the said W½SE¼, Section 16 previously deeded and being more specifically described as follows:

Commencing at the South Quarter corner of Section 16, Township 8 South, Range 15 East Boise Meridian; said corner being at Project Station 152+84.28 and being the REAL POINT OF BEGINNING;

Thence from this Real Point of Beginning on a bearing North 0°31'23" East for a distance of 2632.352 feet, along the North-South Quarter Section line and the centerline of the Rex Leland Highway to Project Station 179+16.64;

Thence on a bearing of South 89°24'13" East for a distance of 50.00 feet to the new Easterly boundary of the Rex Leland Highway at Project Station 179+16.57, 50.0 feet right;

Thence on a bearing of South 00°31'23" West for a distance of 2632.44 feet, along the new Easterly boundary of the Rex Leland Highway to Project Station 152+84.24, 50.00 feet right;

Thence on a bearing of North 89°18'11" West for a distance of 50.00 feet, along the South boundary of Section 16 to the North-South Quarter Section line and the centerline of the Rex Leland Highway at Project Station 152+84.28 and the REAL POINT OF BEGINNING.

(Basis of Bearings: The North-South Quarter Section line from the South Quarter corner of Section 16 to the North Quarter of Section 16 all in Township 8 South, Range 15 East, Boise Meridian, Gooding County, Idaho. Said North-South Quarter Section line being on a bearing of North 0°31'23" East.)

PARCEL NO. 3:

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

Section 9: SE¼SW¼

EXCEPTING that portion of the SE¼SW¼ of Section 9 deeded to the Wendell Highway District by Warranty Deeds recorded as Instrument Numbers 221344; 221748 and re-recorded as 222520; 221749 and re-recorded as 222521; 221750 and re-recorded 222522; 221751 and re-recorded as 222523; Gooding County records, described as follows:

A parcel of land for County Road right of way purposes being generally described as a strip of land adjacent to and along the West boundary of the SE¼SW¼, Section 9, Township 8 South, Range 15 East, Boise Meridian in Gooding County, Idaho and being more specifically described as follows:

The East Fifty (50) feet of the SE¼SW¼, Section 9, Township 8 South, Range 15 East Boise Meridian from project Station 205+60.01 left to project Station 218+79.15 left, Excepting the South twenty-five (25) feet and the West twenty-five (25) feet for existing county road right of way.

(Basis of Bearings: The North-South Quarter line from the South Quarter corner of Section 9 to the North Quarter corner of Section 9 all in Township 8 South, Range 15 East, Boise Meridian, Gooding County, Idaho, said North-South Centerline being on a bearing of North 0°27'33" East)

PARCEL NO. 4:

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

Section 3: That part of the SW¼NW¼ lying Southerly of the South boundary of Interstate 80N-Project No. I-80N-3(22)159

TRACT XI

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

Section 16: SW $\frac{1}{4}$;
Section 17: S $\frac{1}{2}$ SW $\frac{1}{4}$ and SE $\frac{1}{4}$;
Section 20: NE $\frac{1}{4}$ NW $\frac{1}{4}$ and NE $\frac{1}{4}$;
Section 21: NW $\frac{1}{4}$;

EXCEPT

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

Section 21: That part of the NE $\frac{1}{4}$ NW $\frac{1}{4}$, more particularly described as follows:

Beginning at the Northeast corner of the NE $\frac{1}{4}$ NW $\frac{1}{4}$;
Thence South along the East boundary of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ 300.00 feet;
Thence West parallel with the North boundary of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ 500.00 feet;
Thence North parallel with the East boundary of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ 300.00 feet;
Thence East along the North boundary of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ 500.00 feet to the TRUE
POINT OF BEGINNING.

EXCEPT

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

A parcel of land located in the following:

Section 16: SW $\frac{1}{4}$ SW $\frac{1}{4}$;
Section 17: SE $\frac{1}{4}$ SE $\frac{1}{4}$;
Section 20: NE $\frac{1}{4}$ NE $\frac{1}{4}$;
Section 21: NW $\frac{1}{4}$ NW $\frac{1}{4}$;

described as follows:

Beginning at the Section corner common to Sections 16, 17, 20 and 21; Thence
North 89°55' West, 400.00 feet along the South boundary of Section 17 to the TRUE
POINT OF BEGINNING;
Thence North 0°01' East, 400.00 feet parallel to the East boundary of Section 17;
Thence South 89°55' East, 400.00 feet parallel to the South boundary of Section 17;
Thence South 89°57' East, 400.00 feet parallel to the South boundary of Section 16;
Thence South 0°01' West, 800.00 feet parallel to the West boundary of Section 16
and 21;
Thence North 89°57' West, 400.00 feet parallel to the North boundary of Section 21;
Thence North 89°55' West, 400.00 feet parallel to the North boundary of Section 20;
Thence North 0°01' East, 400.00 feet parallel to the East boundary of Section 20 to
the TRUE POINT OF BEGINNING.

AND EXCEPT that portion of the E $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 21 deeded to the Wendell Highway District by Warranty Deed recorded February 27, 2008 as Instrument Number 225475, Gooding County records, described as follows:

Commencing at the South Quarter corner of Section 21, Township 8, South, Range 15 East Boise Meridian; said corner being at Project Station 100+00;

Thence on a bearing of North 0°39'23" East a distance of 2639.35 feet along the North-South Quarter Section line and the centerline of Rex Leland Highway to Project Station 126+39.35 and the REAL POINT OF BEGINNING;

Thence from this Real Point of Beginning on a bearing of North 89°25'56" West a distance of 50.00 feet to Project Station 126+39.27, 50.00 feet left and the new Westerly rights of way boundary of the Rex Leland Highway;

Thence on a bearing North 0°39'23" East a distance of 2344.82 feet, along the new Westerly rights of way boundary of Rex Leland Highway to Project Station 149+84.09, 50.00 feet left;

Thence on a bearing South 89°33'25" East a distance of 50.00 feet to the North-South Quarter Section line and centerline of the Rex Leland Highway at Project Station 149+84.28;

Thence on a bearing South 0°39'23" West for a distance of 2344.93 feet, along the North-South Quarter Section line and centerline of the Rex Leland Highway to Project Station 126+39.35 and the REAL POINT OF BEGINNING.

(Basis of Bearings: The North-South Quarter Section line from the South Quarter corner of Section 21 to the North Quarter of Section 21 all in Township 8 South, Range 15 East, Boise Meridian, Gooding County, Idaho. Said North-South Quarter Section line being on a bearing of North 0°39'23" East.)

AND EXCEPTING that portion of the E $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 16 deeded to the Wendell Highway District by Warranty Deed recorded February 27, 2008 as Instrument Number 225474, Gooding County records, described as follows:

A parcel of land for County Road rights of way purposes being generally described as a fifty (50') foot wide strip of land adjacent to and along the East boundary of the E $\frac{1}{2}$ SW $\frac{1}{4}$, being more specifically described as follows:

Commencing at the South Quarter corner of Section 16, Township 8 South, Range 15 East, Boise Meridian; said corner being at Project Station 152+84.28 and being the Real Point of Beginning;

Thence from this Real Point of Beginning on a bearing North 89°33'27" West a distance of 50.00 feet, along the South boundary of Section 16 to Project Station 152+84.21 AHD., 50.00 feet left and the new Westerly rights of way boundary of the Rex Leland Highway;

Thence on a bearing of North 0°31'23" East a distance of 2632.61 feet, along the new Westerly rights of way boundary of the Rex Leland Highway to Project Station 179+16.70, 50.00 feet left;

Thence on a bearing South 89°24'13" East a distance of 50.00 feet to the North-South Quarter Section line and the centerline of the Rex Leland Highway at Project Station 179+16.64;

Thence on a bearing South 0°31'23" West for a distance of 2632.36 feet, along the North-South Quarter Section line and the centerline of the Rex Leland

Highway to Project Station 152+84.28 and the REAL POINT OF BEGINNING.

(Basis of Bearings: The North-South Quarter Section line from the South Quarter corner of Section 16 to the North Quarter of Section 16 all in Township 8 South, Range 15 East, Boise Meridian, Gooding County, Idaho. Said North-South Quarter Section line being on a bearing of North 0°31'23" East.)

TRACT XII

TOWNSHIP 5 SOUTH, RANGE 17, EAST OF THE BOISE MERIDIAN,
LINCOLN COUNTY, IDAHO

Section 10: SE $\frac{1}{4}$, EXCEPTING THEREFROM the road on the East side thereof.

ALSO EXCEPTING THEREFROM the following described property:

TOWNSHIP 5 SOUTH, RANGE 17, EAST OF THE BOISE MERIDIAN,
LINCOLN COUNTY, IDAHO

Section 10: A parcel of land located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$, described as follows:

Beginning at the Southeast corner of said Section 10 and being THE TRUE POINT OF BEGINNING;

Thence South 89°43'52" West along the South boundary of the SE $\frac{1}{4}$ of Section 10 for a distance of 352.00 feet;

Thence North 00°06'00" West parallel with the East boundary of the SE $\frac{1}{4}$ of Section 10 for a distance of 375.57 feet;

Thence North 54°37'02" East for a distance of 431.21 feet to a point on the East boundary of the SE $\frac{1}{4}$ of Section 10;

Thence South 00°06'00" East along the East boundary of the SE $\frac{1}{4}$ of Section 10 for a distance of 623.60 feet to the Southeast corner of Section 10 and THE TRUE POINT OF BEGINNING.

EXHIBIT B

Personal Property Description

All right, title and interest of Mortgagor in and to the following, whether now owned or hereafter acquired or arising, together with all products thereof, proceeds therefrom and substitutions, replacements, additions or accessions thereto:

MILK AND DAIRY PRODUCTS: Milk, cream, butter, butter fats, and other dairy products of any kind or character or inventory arising from or related to the dairy operations conducted on the Property. All accounts and general intangibles arising from or related to the dairy operations conducted on the Property, including the proceeds relating to the sale or distribution of such milk, cream, butter, butter fats, and other dairy products of any kind or character.

DAIRY: All fences, corrals, chutes, and other structures; all milk barn, milking and associated equipment (excluding rolling stock) at, pertaining to, or used in the dairy facilities located on the Property, and including all additions and accessions thereto, and replacements thereof and all rights to, or proceeds of, insurance policies covering any of said collateral and also proceeds of said collateral in any form.

IRRIGATION AND DRAINAGE EQUIPMENT: All water production, distribution, irrigation, and drainage equipment and facilities, including all pumps, pumping stations, motors, panels, switchboxes, transformers, engines, gear heads, booster pumps, machinery, tanks, reservoirs, sumps, pivots, hoses, fan jets, pipes, sprinklers, flumes, wheel lines, drip irrigation lines, drip hose, underground pipeline, and other water, irrigation related machinery, equipment and facilities now or hereafter installed on, affixed to (whether actually or constructively), placed upon, or used in connection with or for the benefit of the Property owned by Mortgagor.

WATER RIGHTS: The ground water on, under, pumped from or otherwise available to the Property or any other water rights appurtenant to the Property, 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 Mortgagor 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 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; and any shares, or any rights under such shares, of any private water company, mutual water company, or other non-governmental entity pursuant to which Mortgagor or the Property may receive water, and any entitlement to water delivery or allocation under Reclamation Law that is held by Mortgagor or the Property.

GENERAL INTANGIBLES: All general intangibles consisting of contract rights, licenses, permits, and the like, relating in any way to operation of the Property or the business being conducted on the Property, including dairy permits, use permits, dairy licenses, agricultural processor licenses, and any contracts for processing any milk or dairy products of any kind or character.

As used herein, the term "Property" refers to any real property, or any interests in real property, owned or held by any Mortgagor and which is subject to a lien in favor of Mortgagee.

**RECORDING REQUESTED BY AND WHEN
RECORDED RETURN TO:**

BRADFORD L. AUSTIN
NYEMASTER, GOODE, P.C.
700 WALNUT STREET, SUITE 1600
DES MOINES, IOWA 50309

Loan No. BHM04NAZ5

GL-37923

(For Recorder's use only)

STATE OF IDAHO COUNTY OF LINCOLN Recorded at the request of <i>Land Title Escrow - Jerome</i>
185914
NOV 06 2008
at <i>6</i> minutes past <i>4</i> P.M.
recorded by <i>Emmily Dubrow</i>
Fee: <i>78</i> - Return to <i>above by hand</i>

**MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT
OF RENTS AND FIXTURE FILING
(Gooding and Lincoln Counties)**

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, ASSIGNMENT OF RENTS AND FIXTURE FILING (this "**Mortgage**") is made as of November 5, 2008 by and among JIM D. SCARROW, also known as JIMMIE D. SCARROW, also known as JIMMIE DUANE SCARROW, also known as JIM DUANE SCARROW, an individual in his individual capacity, having an address for notice under this Mortgage of 184 S 1900, Wendell, ID 83355-3326 (the "**Mortgagor**"), and HARTFORD ACCIDENT AND INDEMNITY COMPANY, a Connecticut corporation, having an address for notice under this Mortgage of 5260 North Palm Avenue, Suite 205, Fresno, California 93704, Attn: Karen Micheli (the "**Mortgagee**").

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness evidenced by the Note (as defined below) and the trust herein created, the receipt of which is hereby acknowledged, Mortgagor hereby irrevocably grants, bargains, sells, transfers and conveys to and for the benefit and security of Mortgagee, under and subject to the conditions set forth in this Mortgage, all of Mortgagor's right, title and interest now owned or hereafter acquired in and to the following (collectively with the Personal Property, as defined in Paragraph 9, the "**Collateral**");

- A. The real property situated in Gooding County and in Lincoln County, Idaho, more particularly described on Exhibit "A" (the "**Property**");
- B. All rents, reimbursements and any other amounts paid or payable by any tenant, licensee, concessionaire, occupant or other user of all or any portion of the Property, whether pursuant to a written lease or otherwise (collectively, "**Tenants**"), all awards hereafter made to Mortgagor in any bankruptcy, insolvency or reorganization case or proceeding with respect to any Lease (as defined below), and all royalties, issues, profits, revenues, income and other money and benefits paid or payable by Tenants or arising in connection with any Lease (collectively, the "**Rents**");
- C. All leases, subleases, licenses, concessions, occupancy agreements or other agreements (written or oral, now or at any time in effect) which grant a possessory interest in, or right to use or occupy, all or any part of the Property (individually a "**Lease**" and collectively, the "**Leases**"), and all right, title and interest of Mortgagor under all Leases;
- D. All oil, gas and mineral rights and profits pertaining to the Property;

E. All right, title and interest of Mortgagor, now owned or hereafter acquired, in and to any and all buildings, fixtures, improvements and appurtenances now or hereafter erected on the Property or belonging thereto;

F. All right, title and interest of Mortgagor in and to all Water Rights, all water production, distribution, irrigation and drainage equipment and related facilities and all frost protection equipment and related facilities, including all pumps, pumping stations, motors, panels, switchboxes, gear heads, booster pumps, transformers, engines, machinery, tanks, reservoirs, sumps, pivots, hoses, drip hoses, underground pipeline, fan jets, pipes, sprinklers, flumes, wheel lines, drip irrigation lines, wind machines and other machinery and/or equipment used for the production of water on the Property or for the irrigation or drainage thereof, and all additions thereto and replacements thereof; and

G. All accessions, replacements and substitutions for any of the foregoing and all proceeds thereof.

As between Mortgagor and Mortgagee, all of the foregoing, to the extent permitted by applicable law, shall be deemed an accession to the freehold and a part of the Property.

This Mortgage is given to secure (i) payment of the indebtedness evidenced by that certain Promissory Note dated of even date herewith in the principal sum of \$21,000,000.00, with a scheduled final maturity of October 1, 2028, from Mortgagor to the order of Mortgagee (the "Note"), with the indebtedness evidenced by said Note (the "Loan") advanced pursuant to and to be repaid in accordance with a Loan Agreement dated of even date herewith between Mortgagor and Mortgagee, a copy of which is on file at the office of Mortgagor (the "Loan Agreement"), with interest on the Loan accruing in accordance with the terms of the Note and the Loan Agreement; (ii) each and every other debt, liability and obligation of every type and description included within the definition of "Obligations" as set forth in the Loan Agreement; (iii) any future advances and other obligations of the Mortgagor to the Mortgagee, whether now existing or hereafter incurred or created, whether voluntary or involuntary, whether due or not due, whether absolute or contingent, or whether incurred directly or acquired by the Mortgagee by assignment or otherwise, and including any obligation or liability arising pursuant to any derivative or hedge transaction of any kind entered into with the Mortgagee and/or any Affiliate (being any person or entity controlled by, controlling or under common control with the Mortgagee) of the Mortgagee; and (iv) modifications, amendments, extensions, and renewals, however evidenced, of the Loan or any of the Obligations.

As used in this Mortgage:

"**Event of Default**" means the occurrence of any one or more of the following events: (i) if Mortgagee does not receive any installment of Debt Service by the end of the Grace Period (other than amounts due on the Maturity Date, for which there is no Grace Period); or (ii) the Obligations are not paid in full on the Maturity Date; or (iii) if any other amounts required to be paid under the Loan Agreement (including payment of the Prohibited Transfer Rate Adjustment Amount and payments required under Section 6.5 of the Loan Agreement) are not paid (A) when due after Mortgagor has been given written notice thereof as may be required by or provided for in the Loan Agreement or any other Loan Document, or (B) if the Loan Documents do not otherwise require or provide for the giving of notice thereof to Mortgagor, within the Demand Period; or (iv) the occurrence of any other event or set facts which pursuant to the terms of Article 5 of the Loan Agreement constitutes an Event of Default.

"**Loan Documents**" means this Mortgage, the Note, the Loan Agreement and all other documents designated as Loan Documents in the Loan Agreement.

"**State**" means the State of Idaho.

"**UCC**" means the Uniform Commercial Code (as the same may be amended from time to time) in effect in the State and in any other jurisdiction in which all or any portion of the Personal Property exists.

Any defined term designated by initial capital letters that is not otherwise defined in this Mortgage shall have the meaning ascribed to such term in the Loan Agreement, which by this reference is incorporated herein.

Unless otherwise noted or the context shall indicate otherwise: (i) all "*Paragraph*" references shall be to Paragraphs in this Mortgage (provided that all Paragraph titles are inserted for convenience of reference only and shall in no way alter, modify or define, or be used in construing, the text of such Paragraphs), (ii) all uses of the word "*including*" shall mean "including, without limitation," (iii) the words "*hereof*," "*herein*" and "*hereunder*" and words of similar import when used in this Mortgage shall refer to this Mortgage as a whole and not to any particular provision of this Mortgage, (iv) all references to "*day*" or "*days*" shall mean calendar days, (v) all references to "*Exhibits*" are to the exhibits attached to this Agreement, which are incorporated herein by the applicable reference, and (vi) all references to a "*Loan Document*" shall mean such document as it is constituted as of the Closing Date, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time. When used in this Mortgage, unless otherwise specifically qualified by a reasonableness standard, the phrase (i) "*satisfactory to Mortgagee*" means "in form and substance satisfactory to Mortgagee in all respects as determined by Mortgagee in the exercise of its sole and absolute discretion," (ii) "*with Mortgagee's consent*," "*approved by Mortgagee*" or "*with Mortgagee's approval*" means such consent or approval may be granted or withheld in Mortgagee's sole and absolute discretion, and (iii) "*determined by Mortgagee*," "*acceptable to Mortgagee*," "*in Mortgagee's discretion*" or "*in Mortgagee's judgment*" means acceptable to Mortgagee, at Mortgagee's discretion and/or determined by Mortgagee, in each instance in Mortgagee's sole and absolute judgment or discretion. If Mortgagee has expressly agreed not to unreasonably withhold its consent or approval on a particular issue, then use of the phrase "*not to be unreasonably withheld*" or comparable phrases in this Agreement or the other Loan Documents means "not to be unreasonably withheld, conditioned or delayed."

Mortgagor warrants, covenants and agrees (to and for the benefit of Mortgagee) as follows:

1. **PAYMENT AND PERFORMANCE:** Mortgagor shall pay and perform the Obligations when due. Mortgagor has no offsets, claims, counterclaims or defenses of any kind whatsoever with regard to this Mortgage, any other Loan Document or any of the Obligations. Without limiting the generality of the foregoing, all sums payable by Mortgagor under the Note, the Loan Agreement and this Mortgage shall be paid without notice or demand (except as otherwise specified in the Loan Documents), and the Obligations shall in no way be released, discharged or otherwise affected by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Property or any part thereof; (ii) any restriction or prevention of or interference with any use of the Property or any part thereof; (iii) any title defect or encumbrance or any eviction from the Property or any part thereof by title, paramount or otherwise; (iv) any claim, counterclaim or defense, including common law or statutory rights of setoff, Mortgagor has or might have against Mortgagee; (v) any failure on the part of Mortgagee to perform or comply with any of the terms of the Loan Documents or of any other agreement with Mortgagor; or (vi) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not Mortgagor shall have notice or knowledge of any of the foregoing.

2. **WARRANTY OF TITLE:** (a) Mortgagor is lawfully seized and possessed of good and indefeasible title to the Collateral, and Mortgagor hereby warrants the Collateral to be free and clear of all liens and encumbrances, other than Permitted Liens. Mortgagor will defend the title to the Collateral against any claims by any Person at any time during the term of this Mortgage. If any lien or security interest other than the Permitted Liens is asserted against the Collateral, Mortgagor shall promptly give Mortgagee a detailed written description of such lien or security interest (including origin, amount and such other reasonable information as Mortgagee may request), and shall either (i) promptly pay the underlying claim in full or take such other action so as to cause it to be released, or (ii) contest the same in compliance with the requirements of the Loan Agreement (including the requirement of providing a bond or other security reasonably satisfactory to Mortgagee).

(b) Mortgagor has good, right and lawful authority to grant to Mortgagee the rights in the Collateral conveyed by this Mortgage. If Mortgagee is made a party defendant to any litigation

concerning this Mortgage, the Collateral or any part thereof or interest therein, then Mortgagor shall indemnify, defend (with attorneys selected by Mortgagee) and hold Mortgagee harmless from and against all liability by reason of said litigation, including reasonable attorneys' fees and expenses incurred by Mortgagee in any such litigation, whether or not any such litigation is prosecuted to judgment.

(c) Mortgagee, without obligation to do so, without notice to or demand upon Mortgagor and without releasing Mortgagor from any of the Obligations or waiving any Events of Default, may appear in and defend any action or proceeding purporting to affect the Obligations, the security interests and liens created by the Loan Documents, or the rights or powers of Mortgagee, and Mortgagor shall reimburse Mortgagee, or pay directly, all costs and expenses (including costs of evidence of title and reasonable attorney's fees), in such action or proceeding in which Mortgagee may appear, all in accordance with Section 6.5 of the Loan Agreement.

3. **FULL FORCE AND EFFECT:** The provisions of this Mortgage shall remain in full force and effect through any extension of time for payment of the Obligations, and until the Property is re-conveyed or released by Mortgagee.

4. **OTHER COVENANTS:** All of the covenants in the Loan Agreement are incorporated herein by reference and, together with covenants in this Mortgage, shall be covenants running with the Property. The covenants set forth in the Loan Agreement include, among other provisions: (i) the obligation to pay when due all Taxes and amounts associated with the security interests created by the Loan Documents (including the making, executing, delivery and/or recording of the Mortgage), (ii) the right of Mortgagee to inspect the Collateral, (iii) Mortgagor's obligation to keep the Collateral insured pursuant to the terms of the Loan Agreement, (iv) the obligation to comply with all Legal Requirements (including Environmental Requirements), (v) the obligation to maintain the Collateral in good condition, and promptly repair any damage or casualty to the Collateral, (vi) except as otherwise expressly permitted in the Loan Agreement, the obligation of Mortgagor to obtain Mortgagee's consent prior to entering into, modifying or taking other actions with respect to Leases, and (vii) except as otherwise expressly permitted in the Loan Agreement, the prohibition on transfers of interests in the Property, the other Collateral, and/or interests in Mortgagor, including the granting of additional liens secured by all or any portion of the Property or the other Collateral.

5. **CONDEMNATION AWARDS AND INSURANCE PROCEEDS:** Mortgagor hereby assigns to Mortgagee (i) all awards and compensation for any condemnation or other taking of all or any portion of the Property or the other Collateral, or any purchase in lieu thereof, and Mortgagor authorizes Mortgagee to collect and receive such awards and compensation and to give proper receipts therefor, subject to and in accordance with the terms of the Loan Agreement, and (ii) all proceeds of any insurance policies insuring against loss or damage to the Property or any other Collateral, and Mortgagor authorizes Mortgagee to collect and receive such proceeds, to give proper receipts therefor, and authorizes and directs the issuer of each of such insurance policies to make payment for all such losses directly to Mortgagee, instead of to Mortgagor and Mortgagee jointly, subject to and in accordance with the terms of the Loan Agreement.

6. **ABSOLUTE ASSIGNMENT OF RENTS AND PROFITS:** (a) Mortgagor hereby absolutely, presently and unconditionally assigns to Mortgagee all Leases and all present and future Rents, and hereby gives to and confers upon Mortgagee the right, power and authority during the continuance of this Mortgage to collect the Rents with or without taking possession of the Property. Mortgagee hereby grants to Mortgagor a revocable license permitting Mortgagor to collect and retain such Rents as they accrue and become payable (but no more than one month in advance), such license to be revocable by Mortgagee, without notice to Mortgagor, upon the occurrence of an Event of Default. Delivery of written notice of Mortgagee's election to revoke Mortgagor's license and exercise of the rights granted herein to any Tenant shall be sufficient to require said Tenant to pay all Rent directly to Mortgagee until further notice.

(b) This assignment of Rents is intended to be an absolute assignment from Mortgagor to Mortgagee and not merely the passing of a security interest. Upon the occurrence of an Event of Default,

Mortgagee may at any time, either in person, by agent or by a receiver appointed by a court, or through a third party independent contractor, without notice to Mortgagor and without regard to the adequacy of any security for the Obligations and without being deemed a mortgagee in possession:

(i) Enter upon and take possession of, manage, repair or protect, continue to develop and operate the Property and the other Collateral or any part thereof, and either with or without taking possession of the Property, in its own name or in the name of Mortgagor, sue for or otherwise collect the Rents, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, to the Obligations in accordance with the Loan Agreement; and

(ii) Make, cancel, enforce or modify Leases, obtain and evict Tenants, and fix or modify Rents or do any other acts which Mortgagee deems appropriate to protect the security of this Mortgage.

(c) Unless Mortgagor and Mortgagee agree otherwise in writing, any application of Rents to the Obligations shall not extend or postpone the due date of the installments of Debt Service as provided in the Note or the Loan Agreement or change the amount of such installments. The entering upon and taking possession of the Property, the collection of Rents, or the application thereof as described above, shall not waive or constitute a cure of any Event of Default.

(d) Mortgagor also assigns to Mortgagee, as further security for the performance of the Obligations, all prepaid Rents, security deposits and all monies which may have been or may hereafter be deposited with Mortgagor by a Tenant, and upon the occurrence of an Event of Default, Mortgagor shall, within fifteen (15) days following demand by Mortgagee, deliver all such prepaid Rents and deposits to or at the direction of Mortgagee.

7. **ACTIONS BY MORTGAGEE:** (a) Without affecting the personal liability of any Person, including Mortgagor, for the payment and performance of the Obligations, without the consent of any other Person, and without affecting the lien of this Mortgage for the full amount of the Obligations, Mortgagee is authorized and empowered, exercisable at any time and from time to time, either before or after the maturity of the Note, and without notice, to: (i) release any Person liable for the payment and performance of any of the Obligations, (ii) agree to extend the time or otherwise modify the terms of payment or performance of any of the Obligations, (iii) accept additional security of any kind for the Obligations, and/or (iv) release and execute partial re-conveyances of, portions of the Collateral from the lien of this Mortgage.

(b) Mortgagee may, without liability and/or notice to Mortgagor, at any time and from time to time: (i) consent to the making of any map or plat of the Property, (ii) join in granting an easement over the Property or in creating any covenants restricting use or occupancy thereof, (iii) re-convey, without warranty, any part of the Collateral, or (iv) join in any extension or modification agreement or in any agreement subordinating the lien or charge of this Mortgage.

8. **FULL PAYMENT:** Acceptance by Mortgagee of any sum in payment of any portion of the Obligations after the same is due shall not constitute a waiver of Mortgagee's right to require timely payment when due of the remainder of the Obligations, nor shall such acceptance cure or waive any other Event of Default, waive any subsequent Event of Default or otherwise prejudice any of the rights of Mortgagee under this Mortgage.

9. **SECURITY AGREEMENT:** (a) All terms defined in the UCC and used in this Paragraph 9 shall have meanings ascribed to such terms in the UCC; if, however, a term is defined in Article 9 of the UCC differently than in another Article of the UCC, the term shall have the meaning specified in Article 9.

(b) Mortgagor hereby irrevocably authorizes Mortgagee to file in any filing office in any UCC jurisdiction any initial financing statements and amendments thereto that provide information required by

part 5 of Article 9 of the UCC, including (i) whether Mortgagor is an organization, the type of organization and any organizational identification number issued to Mortgagor, and (ii) in the case of a financing statement filed as a fixture filing or indicating portions of the Personal Property as "as-extracted" collateral, a sufficient description of the Property. Mortgagee may from time to time obtain UCC searches to confirm that the Personal Property is free from all liens and encumbrances other than Permitted Liens, and any cost and expense incurred by Mortgagee in connection with any such UCC search shall be paid by Mortgagor to Mortgagee within the Demand Period.

(c) [Intentionally Deleted].

(d) Mortgagor, as "*debtor*," hereby grants to Mortgagee, as "*secured party*," to secure the payment and performance of the Obligations, a security interest in, and pledges and assigns to Mortgagee, all of Mortgagor's right, title, and interest in and to, the properties, assets and rights of Mortgagor identified on Exhibit "B" attached hereto and incorporated herein by reference, whether now owned or hereafter acquired or arising, and all proceeds and products thereof (collectively, the "**Personal Property**").

(e) Mortgagor represents and warrants to Mortgagee that: (i) the Personal Property is not used or bought for personal, family or household purposes; (ii) other than Permitted Liens, Mortgagor owns the Personal Property free from any lien, security interest or encumbrance; (iii) the chief executive office of Mortgagor is the location set forth in Section 6.1 of the Loan Agreement; and (iv) the exact legal name, type of organization, jurisdiction of organization, and organization identification number, if applicable, of Mortgagor is as follows:

Name: Jim D. Scarrow, also known as Jimmie D. Scarrow, also known as Jimmie Duane Scarrow
and, also known as Jim Duane Scarrow

Type of Organization: N/A

Jurisdiction of Organization: N/A

Organization ID Number: N/A

(f) Mortgagor shall (i) not permit any tangible Personal Property to be kept at any location other than the Property (except for equipment being repaired or restored); (ii) defend the Personal Property against all claims and demands of all Persons at any time claiming the same or any interest therein; (iii) maintain insurance in connection with the Personal Property in reasonable and customary amounts; (iv) not grant, create or suffer to exist any Lien against any Personal Property, except for Permitted Liens; (v) keep the Personal Property in good order and repair and use the Personal Property only in compliance with Legal Requirements; and (vi) not sell or otherwise dispose, or offer to sell or otherwise dispose, the Personal Property or any interest therein; provided that so long as no Event of Default exists, the following are permitted: sales or other dispositions of damaged or obsolete equipment consistent with past practices, provided the damaged or obsolete equipment is promptly replaced as necessary to continue uninterrupted operations at the Property.

(g) To insure the attachment, perfection and first priority of, and the ability of Mortgagee to enforce, Mortgagee's security interest in the Personal Property, Mortgagor agrees, in each case at Mortgagor's sole cost and expense: (i) if any Personal Property is at any time in the possession of a bailee, Mortgagor shall promptly notify Mortgagee thereof and, at Mortgagee's request, shall promptly obtain an acknowledgement from the bailee, in form and substance reasonably satisfactory to Mortgagee, that the bailee holds the Personal Property for the benefit of Mortgagee and such bailee's agreement to comply, without further consent of Mortgagor, with instructions of Mortgagee as to such Personal Property (provided Mortgagee shall not give any such instructions unless an Event of Default exists); and (ii) Mortgagor shall take any and all other actions as Mortgagee may reasonably determine to be necessary or useful for the attachment, perfection and first priority of, and the ability of Mortgagee to enforce, Mortgagee's security interest in any and all of the Personal Property.

(h) [Intentionally Deleted]

(i) If an Event of Default occurs, Mortgagee, without any notice to or demand upon Mortgagor (except as otherwise expressly required pursuant to this Mortgage), shall have, in any jurisdiction in which enforcement is sought and in addition to all other rights and remedies, the rights and remedies of a secured party under the UCC and any additional rights and remedies as may be provided to a secured party in any jurisdiction in which the Personal Property is located, including the right to take possession of the Personal Property. Mortgagee may enter upon the Property and remove the Personal Property, or Mortgagee may in its discretion require Mortgagor to assemble all or any part of the Personal Property at such location or locations as Mortgagee may reasonably designate. Unless the Personal Property is perishable, threatens to decline rapidly in value or is of a type customarily sold on a recognized market, Mortgagee shall give Mortgagor reasonable prior notice of the time and place of any public sale of the time and place of any public sale of the Personal Property or of the time after which any private sale or any other intended disposition is to be made (Mortgagor agreeing that at least five (5) Business Days prior written notice shall be deemed reasonable). Mortgagor waives any and all rights it may have to a judicial hearing prior to the enforcement of any of Mortgagee's rights and remedies.

(j) Mortgagor agrees that at any sale of the Personal Property, whether made under the power of sale contained in this Paragraph 9, the UCC, any other legal requirement or by virtue of any judicial proceedings or any other legal right, remedy or recourse, it shall not be necessary for Mortgagee or its employees to be physically present at or to have constructive possession of the Personal Property being sold (provided that Mortgagor shall deliver to Mortgagee any portion of the Personal Property not actually or constructively possessed by Mortgagee to a reasonable location designated by Mortgagee promptly following demand by Mortgagee), and the title to and right of possession of any such Personal Property shall pass to the purchaser thereof as completely as if Mortgagee had been actually present and delivered to such Personal Property to purchaser at such sale. If Mortgagee is the highest bidder at any sale, Mortgagee may credit the portion of the purchase price against the Obligations in lieu of paying cash. Any proceeds of any such sale or disposition shall not cure any Event of Default or reinstate any Obligation.

(k) To the extent that applicable law imposes the duty on Mortgagee to exercise remedies in a commercially reasonable manner, Mortgagor acknowledges and agrees that it is not commercially unreasonable for Mortgagee to (i) fail to incur expenses reasonably deemed significant by Mortgagee to prepare the Personal Property for disposition or to fail to complete raw material or work in process into finished goods or other finished products for disposition, (ii) fail to exercise collection remedies against account debtors or other persons obligated on the Personal Property (directly or through the use of collection specialists), or to fail to remove liens, encumbrances or adverse claims against the Personal Property, (iii) advertise dispositions of the Personal Property through publications or media of general circulation, whether or not the Personal Property is of a specialized nature, (iv) contact Persons for expressions of interest in acquiring all or any portion of the Personal Property, (v) hire professional auctioneers to assist in the disposition of the Personal Property, whether or not the Personal Property is of a specialized nature, (vi) dispose of the Personal Property by utilizing Internet sites that provide for or are reasonably capable of the auction of assets of the types included in the Personal Property, (vii) disclaim disposition warranties, (viii) purchase insurance or credit enhancements to insure Mortgagee against risks of loss, collection or disposition of the Personal Property or to provide to Mortgagee a guaranteed return from the collection or disposition of the Personal Property, or (ix) sell any Personal Property jointly with any of the Property or to sell any Personal Property in a sale separate from a sale of any of the Property. Mortgagor acknowledges that the purpose of this Subparagraph (k) is to provide a non-exhaustive indication of what actions or omissions by Mortgagee would fulfill Mortgagee's duties under the UCC in Mortgagee's exercise of remedies against the Personal Property, and that other actions or omissions by Mortgagee shall not be deemed to fail to fulfill such duties solely on account of not being expressly included indicated in this Subparagraph (k).

(l) Mortgagor shall pay to Mortgagee within the Demand Period any and all expenses, including reasonable attorneys' fees and disbursements, incurred or paid by Mortgagee in protecting, preserving or enforcing Mortgagee's rights and remedies under or in respect of any of the Personal Property. After deducting any non-reimbursed expenses, the residue of any proceeds of collection or sale or other disposition of the Personal Property shall, to the extent actually received in cash, be applied

to the payment of the Obligations in such order or preference as Mortgagee may determine. Upon the final payment and satisfaction in full of all of the Obligations and after making any payments required by Sections 9-608(a)(1)(C) or 9-615(a)(3) of the UCC, any excess shall be returned to Mortgagor. In the absence of final payment and satisfaction in full of all of the Obligations, Mortgagor shall remain liable for any deficiency.

10. **EVENTS OF DEFAULT; REMEDIES:** (a) Upon the occurrence of an Event of Default, interest shall accrue at the Default Rate, and Mortgagee may, at Mortgagee's election exercisable at any time following the occurrence of an Event of Default and exercise any or all of the following rights or remedies:

(i) Declare the Obligations to be immediately due and payable, without notice, presentment, protest, notice of intent to accelerate, notice of acceleration, demand or action of any nature whatsoever (each of which hereby is expressly waived by Mortgagor), whereupon the same shall become immediately due and payable (acceleration being automatic upon the occurrence of an Event of Default specified in Section 5.1(i) of the Loan Agreement);

(ii) Enter the Property and take exclusive possession thereof and of all books, records and accounts relating thereto, and if Mortgagor remains in possession of the Property during the continuance of an Event of Default without Mortgagee's written consent, Mortgagee may invoke any legal remedies to dispossess Mortgagor;

(iii) Exercise the remedies set forth in Paragraph 6;

(iv) Exercise, when available under applicable statutes or rules of practice, the right to sell the Property 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;

(v) To the greatest extent permitted by law, sell or offer for sale the Collateral in such portions, order and parcels as Mortgagee may determine, with or without having first taken possession of same, to the highest bidder for cash at public auction, and the right of sale arising out of any Event of Default shall not be exhausted by one or more sales. Such sale shall be made in accordance with the laws of the State relating to the sale of real estate or by Article 9 of the UCC relating to the sale of other collateral after default by a debtor (as such laws now exist or may be hereafter amended or succeeded), or by any other present or subsequent articles or enactments relating to same. Reference is made to Sections 5.2 and 5.3 of the Loan Agreement for additional terms and conditions relating to Mortgagee's rights following the occurrence of an Event of Default;

(vi) Make application to a court of competent jurisdiction for, and obtain from such court as a matter of strict right, without regard to the adequacy of the Collateral for the repayment of the Obligations, the appointment of a receiver of the Property and, to the extent appropriate, the other Collateral, and Mortgagor hereby irrevocably consents to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise develop and operate the Property upon such terms as may be approved by the court;

(vii) Commence an action to foreclose this Mortgage subject to the rights of any Tenants, and the failure to make any Tenant a party defendant to any foreclosure proceedings or to foreclose their rights or the failure to disturb the possession of any such Tenants after foreclosure will not be, nor may it be asserted by Mortgagor as, a defense to any proceedings instituted by Mortgagee to collect the Obligations or to collect any deficiency remaining unpaid after the foreclosure sale of the Property or any other Collateral;

(viii) At Mortgagor's sole expense, conduct any and all inspections of the Collateral (including environmental inspections performed by an environmental consultant satisfactory to Mortgagee) to confirm the Property's compliance with all Legal Requirements; and/or

(ix) Exercise all other rights, remedies and recourses granted under the Loan Documents or otherwise available at law or in equity (including an action for specific performance of any covenant contained in the Loan Documents, or a judgment on the Note and the Loan Agreement either before, during or after any proceeding to enforce this Mortgage).

(b) In the event of a sale of the Collateral or any part thereof, and the execution of a deed or deeds in connection therewith, which recite the recording of notice of default and election of sale, and the lapse of the required time (if any) between the foregoing recording and the following notice, and of the giving of notice of sale, and of a demand by Mortgagee, or its successors or assigns, that such sale should be made, shall be conclusive proof of the occurrence of an Event of Default, recording, election, elapsing of time, and of the due giving of such notice, and that the sale was regularly and validly made on due and proper demand by Mortgagee, its successors or assigns. Any such deed or deeds with such recitals therein shall be effectual and conclusive against Mortgagor, its successors and assigns, and all other Persons.

(c) All rights, remedies and recourses granted hereunder and in the Loan Documents and available at law or equity (including the UCC): (i) shall be cumulative and concurrent, (ii) may be pursued separately, successively or concurrently against Mortgagor or others obligated under the Note, the Loan Agreement, and the other Loan Documents, or against the Property and the other Collateral, or against any one or more of them, at the discretion of Mortgagee, (iii) may be exercised as often as occasion shall arise, and the exercise or failure to exercise any of them shall not be construed as a waiver or release thereof or of any other right, remedy or recourse, and (iv) are intended to be, and shall be, nonexclusive. No action by Mortgagee in the enforcement of any rights, remedies or recourses hereunder, under the other Loan Documents or otherwise at law or equity shall be deemed to cure any Event of Default.

(d) To the fullest extent permitted by law, Mortgagor hereby irrevocably and unconditionally waives and releases (i) all benefit that might accrue to Mortgagor by virtue of any present or future statute of limitations or law or judicial decision exempting the Property or any other portion of the Collateral from attachment, levy or sale on execution or providing for any appraisalment, valuation, stay of execution, exemption from civil process, redemption, moratorium, or extension of time for payment, (ii) all notices of Mortgagee's election to exercise or its actual exercise of any right, remedy or recourse provided for under the Loan Documents or at law or in equity, and (iii) any right to a marshalling of assets.

(e) The proceeds of any sale of, and the Rents and other amounts generated by the holding, operating, insuring, leasing, management, operation or other use of, the Property and/or other Collateral, shall be applied by Mortgagee (or the receiver, if one is appointed) in the following order (unless otherwise required by applicable law): (i) to the payment of the costs and expenses of taking possession of and/or foreclosing upon the Collateral, and of holding, using, leasing, repairing, developing, improving and selling the same, including the costs and expenses set forth in Section 6.5 of the Loan Agreement; then (ii) to the payment of all amounts (including, to the extent provided for herein, interest at the Default Rate and any Prepayment Premium reserved under the Loan Agreement), other than the unpaid principal balance of the Note and accrued but unpaid interest, which may be due to Mortgagee under the Loan Documents; then (iii) to the payment and performance of the remainder of the Obligations in such manner and order of preference as Mortgagee in its discretion may determine; and then (iv) the balance, if any, to the payment of the Persons legally entitled thereto.

(f) Neither the enforcement of any of the remedies under this Paragraph 10 nor any other remedies afforded to Mortgagee under the Loan Documents, at law or in equity shall cause Mortgagee to be deemed or construed to be a mortgagee-in-possession of the Property, to obligate Mortgagee to lease or attempt to lease the Property, or to take any action, incur any expense, or perform or discharge any obligation, duty or liability whatsoever under any Leases or otherwise.

(g) Mortgagor shall reimburse Mortgagee for all reasonable costs and expenses (including reasonable attorneys' fees and disbursements and fees and expenses of appraisers and environmental professionals) in accordance with Section 6.5 of the Loan Agreement.

11. **MISCELLANEOUS:** (a) Any notice required or permitted to be given under this Mortgage shall be in writing and either shall be (i) mailed by certified mail, postage prepaid, return receipt requested, or (ii) sent by nationally recognized overnight air courier service, or (iii) personally delivered to a representative of the receiving party. All such communications shall be mailed, sent or delivered, addressed to the party for whom it is intended at its address set forth in the introductory paragraph of this Mortgage, with copies issued to the additional Persons set forth in Section 6.1 of the Loan Agreement. Any communication so addressed and mailed shall be deemed to be given on the earliest of (a) when actually delivered, (b) on the first Business Day after deposit with a nationally recognized overnight air courier service, if such deposit is timely and appropriate in accordance with the requirements of such courier service for next Business Day delivery, or (c) on the third Business Day after deposit in the United States mail, postage prepaid, in each case to the address of the intended addressee, and any communication so delivered in person shall be deemed to be given upon the earlier of the deemed delivery period or when actually received by the intended addressee. Any party may designate a change of address by written notice to the others, with said change of address to be deemed effective 10 days following delivery pursuant to this Paragraph 11(a).

(b) All covenants and warranties contained in this Mortgage are intended by Mortgagor and Mortgagee to be, and shall be construed as, covenants running with the Property. As used herein, "Mortgagor" shall refer to the party named in the first paragraph of this Mortgage and to any subsequent owner of all or any portion of the Property (without in any way implying that Mortgagee has or will consent to any such conveyance or transfer of the Property). All Persons who may have or acquire an interest in the Property shall be deemed to have notice of, and be bound by, the terms of the Loan Agreement and the other Loan Documents, copies of which are file in the office of Mortgagor; provided, however, that no such party shall be entitled to any rights under any Loan Document without the prior written consent of Mortgagee (which may be granted or withheld in its discretion).

(c) [Intentionally Deleted]

(d) This Mortgage shall be binding upon and inure to the benefit of Mortgagee and Mortgagor and their respective successors and assigns, provided that Mortgagor shall not, without the prior written consent of Mortgagee (which may be granted or withheld in Mortgagee's discretion), assign any rights, duties or obligations hereunder.

(e) Any consent by Mortgagee, or any waiver of any Event of Default (which waiver must be in writing and executed by Mortgagee and shall be limited to the waiver specifically recited therein) shall not constitute a consent to, or waiver of, any right, remedy or power of Mortgagee upon a subsequent or different Event of Default. Mortgagee shall not be deemed to have waived any of its rights and remedies in respect of the Collateral (including the Personal Property) unless such waiver shall be in writing and signed by Mortgagee, and no delay or omission on the part of Mortgagee in exercising any such right or remedy shall operate as a waiver of such right or remedy.

(f) To the extent proceeds of the Loan have been used to extinguish, extend or renew any indebtedness secured by any portion of the Collateral, then Mortgagee shall be subrogated to all of the rights, liens and interests existing against the Collateral and held by the holder of such indebtedness and such former rights, liens and interests, if any, are not waived, but are continued in full force and effect in favor of Mortgagee.

(g) If any conflict or inconsistency exists between the terms, conditions and provisions of this Mortgage and the terms, conditions and provisions of the Loan Agreement, the terms, conditions and provisions of the Loan Agreement shall govern.

(h) Upon the full, final and indefeasible payment and performance of the Obligations, Mortgagee, at Mortgagor's expense, shall release the liens and security interests created by this Mortgage or re-convey (without warranty) the Collateral to Mortgagor.

(i) If more than one Person executes this Mortgage as "**Mortgagor**," the obligations of all such Persons hereunder shall be joint and several.

(j) This Mortgage shall be governed by the laws of the State of Idaho.

(k) Mortgagor, at any time following the request of Mortgagee, shall at Mortgagor's expense execute, acknowledge and deliver all such reasonable documents and instruments and all such further assurances of title, and will do or cause to be done all further acts and things, as may be proper or reasonably necessary to carry out the purpose of this Mortgage and of the other Loan Documents, and to subject to the liens thereof any property intended by the terms of the Loan Documents to be covered thereby and any renewals, additions, substitutions, replacements or betterments thereto.

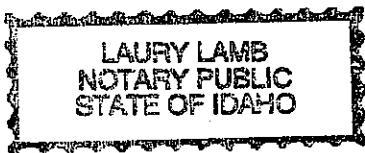
[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

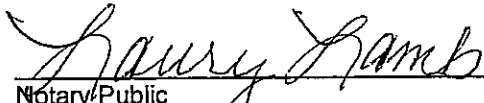
IN WITNESS WHEREOF, this Mortgage has been executed by Mortgagor and is effective as of the day and year first above written.


JIM D. SCARROW, also known as JIMMIE D. SCARROW, also known as JIMMIE DUANE SCARROW, also known as JIM DUANE SCARROW

STATE OF IDAHO)
)ss.
COUNTY OF Jerome)

On this 5 day of November in the year 2008, before me a Notary Public, personally appeared JIM D. SCARROW, also known as JIMMIE D. SCARROW, also known as JIMMIE DUANE SCARROW, also known as JIM DUANE SCARROW, known or identified to me (or proved to me on the oath of _____) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he (or they) executed the same. In witness whereof I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.




Notary Public
Residing at:
237 N. Lincoln
Jerome, ID 83338

My commission expires on: 4/2/2010

[SIGNATURE PAGE TO MORTGAGE]

Attachments:

Exhibit A – Legal Description
Exhibit B – Personal Property Description

EXHIBIT A
Real Property Description

TRACT I

PARCEL NO. 1:

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

Section 11: N $\frac{1}{2}$ SW $\frac{1}{4}$;

PARCEL NO. 2:

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

Section 11: A tract of land in the SW $\frac{1}{4}$ SE $\frac{1}{4}$, described as follows:

Beginning at a point on the West line of said SW $\frac{1}{4}$ SE $\frac{1}{4}$, 180 feet South of the Northwest corner of said SW $\frac{1}{4}$ SE $\frac{1}{4}$;
Thence Southeasterly along the course of a private irrigation ditch as now constructed to a point approximately 200 feet East of said West line;
Thence following said ditch Southerly and thence Southwesterly a point on said West line 230 feet North of the Southwest corner of said SW $\frac{1}{4}$ SE $\frac{1}{4}$;
Thence North along said West line to THE POINT OF BEGINNING.

S $\frac{1}{2}$ SW $\frac{1}{4}$, EXCEPT the following described tract:

Beginning at the Southeast corner of the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 11;
Thence North 230 feet to said private ditch;
Thence following the course of said ditch Westerly about 438 feet;
Thence following said ditch Southerly about 230 feet to the South line of said SE $\frac{1}{4}$ SW $\frac{1}{4}$;
Thence East along said South line a distance of about 438 feet to THE POINT OF BEGINNING.

AND EXCEPT the following described tract:

Commencing at the Southwest corner of Section 11;
Thence Easterly along the South boundary of Section 11, 1350.00 feet to THE POINT OF BEGINNING;
Thence North 150 feet;
Thence East 350 feet;
Thence South 150 feet;
Thence West 350 feet to THE POINT OF BEGINNING.

PARCEL NO. 3:

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

Section 9: SW $\frac{1}{4}$ SW $\frac{1}{4}$;

Together with easement for well and pump for irrigation water located in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 9, Township 8 South, Range 15 East of the Boise Meridian as created in Well Agreement and Easement recorded May 25, 1976 as Instrument No. 59708, Gooding County records.

PARCEL NO. 4:

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

Section 9: NE $\frac{1}{4}$ SW $\frac{1}{4}$, EXCEPTING THEREFROM the following described parcel of land:

Commencing at the Northeast corner of the NE $\frac{1}{4}$ SW $\frac{1}{4}$;
Thence South along East boundary of the NE $\frac{1}{4}$ SW $\frac{1}{4}$, 593 feet to THE TRUE POINT OF BEGINNING;
Thence West 238 feet;
Thence South 190 feet;
Thence 167 feet in a Southeasterly direction to a point;
Thence East 170 feet to the East boundary of the NE $\frac{1}{4}$ SW $\frac{1}{4}$;
Thence North along East boundary of the NE $\frac{1}{4}$ SW $\frac{1}{4}$, 340 feet to THE TRUE POINT OF BEGINNING.

EXCEPTING that portion of the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 9 deeded to the Wendell Highway District by Warranty Deeds recorded as Instrument Numbers 221344; 221748 and re-recorded as 222520; 221749 and re-recorded as 222521; 221750 and re-recorded 222522; 221751 and re-recorded as 222523; Gooding County records, described as follows:

A parcel of land for County Road Right of Way purposes being generally described as a strip of land adjacent to and along the East boundary of the NE $\frac{1}{4}$ SW $\frac{1}{4}$, Section 9, Township 8 South, Range 15 East, Boise Meridian in Gooding County, Idaho and being more specifically described as follows:

The East Fifty (50) feet of the NE $\frac{1}{4}$ SW $\frac{1}{4}$, Section 9, Township 8 South, Range 15 East Boise Meridian from project Station 218+79.05 Left to project Station 231+98.29 Left, Excepting the following described parcel on the East boundary from Station 222+54.71 Left to Station 225+94.71 Left:

Commencing at the Northeast corner of said NE $\frac{1}{4}$ SW $\frac{1}{4}$;
Thence South along the Easterly boundary of said NE $\frac{1}{4}$ SW $\frac{1}{4}$, 593 feet to the TRUE POINT OF BEGINNING;
Thence West 238 feet;
Thence South 190 feet;
Thence 167 feet in a South Easterly direction to a point;
Thence East 170 feet to the East boundary of the NE $\frac{1}{4}$ SW $\frac{1}{4}$;

Thence North along the East boundary of the NE $\frac{1}{4}$ SW $\frac{1}{4}$ 340 feet to the TRUE POINT OF BEGINNING.

(Basis of Bearings:) The North-South Quarter line from the South Quarter corner of Section 9 to the North Quarter corner of Section 9 all in Township 8 South, Range 15 East Boise Meridian, Gooding County, Idaho said North-South Centerline being on a bearing of North 0°27'33"East)

AND EXCEPTING that portion of the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 9 deeded to the Wendell Highway District by Warranty Deeds recorded as Instrument Numbers 221344; 221748 and re-recorded as 222520; 221749 and re-recorded as 222521; 221750 and re-recorded 222522; 221751 and re-recorded as 222523; Gooding County records, described as follows:

A parcel of land for County Road Right of Way purposes being generally described as a strip of land adjacent to and along the West boundary of a portion of the NE $\frac{1}{4}$ SW $\frac{1}{4}$, Section 9, Township 8 South, Range 15 East, Boise Meridian in Gooding County, Idaho and being more specifically described as follows:

The East Fifty (50) feet of a portion of the NE $\frac{1}{4}$ SW $\frac{1}{4}$, Section 9, Township 8 South, Range 15 East Boise Meridian from Project Station 222+54.71 Left to Project Station 225+94.71 Left and described in the following description;

Commencing at the Northeast Corner of said NE $\frac{1}{4}$ SW $\frac{1}{4}$;
Thence South along the Easterly boundary of said NE $\frac{1}{4}$ SW $\frac{1}{4}$, 593 feet to THE TRUE POINT OF BEGINNING;
Thence West 238 feet;
Thence South 190 feet;
Thence 167 feet in a South Easterly direction to a point;
Thence East 170 feet to the East boundary of the NE $\frac{1}{4}$ SW $\frac{1}{4}$;
Thence North along the East boundary of the NE $\frac{1}{4}$ SW $\frac{1}{4}$ 340 feet to the TRUE POINT OF BEGINNING.

(Basis of Bearings) The North-South Quarter line from the South Quarter corner of Section 9 to the North Quarter corner of Section 9 all in Township 8 South, Range 15 East Boise Meridian, Gooding County, Idaho said North-South centerline being on a bearing of North 0°27'33" East (North Recorded)

PARCEL NO. 5:

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

Section 9: NW $\frac{1}{4}$ SW $\frac{1}{4}$;

PARCEL NO. 6:

TOWNSHIP 5 SOUTH, RANGE 17, EAST OF THE BOISE MERIDIAN,
LINCOLN COUNTY, IDAHO

Section 2: SW¼;

Section 3: SE¼; SW¼, EXCEPTING the following described tract situated in the Southeast corner of the SW¼ said Section 3;

Beginning at the quarter corner common to Sections 3 and 10, Township 5 South,
Range 17, East Boise Meridian;

Thence Westerly along the Section line between said Sections 3 and 10, 643.0
feet;

Thence North 39E39' East, 176.7 feet;

Thence North 81E32' East, 529.33 feet;

Thence South 1E48' East, 212.21 feet to THE POINT OF BEGINNING.

AND

Section 10: NE¼; N½NW¼; EXCEPT the following described part thereof:

Beginning at the North quarter corner of Section 10, Township 5 South, Range 17,
East Boise Meridian;

Thence Westerly along the North section line of said Section 10, 643.0 feet;

Thence South 39E39' West, 560.0 feet;

Thence South 13E57' East, 124.0 feet;

Thence South 34E33' West, 396.0 feet;

Thence North 89E48' West, 472.0 feet;

Thence South 3E17' West, 236.0 feet;

Thence South 89E22' West, 972.49 feet to the West boundary of Section 10;

Thence Southerly along the West boundary of said Section 10 to the South boundary
of the N½NW¼ of Section 10;

Thence Easterly along the South boundary of the N½NW¼ to the East boundary of
the N½NW¼ of Section 10;

Thence Northerly along the East boundary of the N½NW¼ Section 10, 1321.0 feet,
more or less, to THE POINT OF BEGINNING.

Section 11: NW¼, EXCEPTING right of way from the NE¼ of Section 10 and the NW¼ of
Section 11 above described as conveyed in Deed dated April 3, 1911, conveying
certain strips of land to Idaho Irrigation Company, Limited, a corporation, of the State
of Idaho, recorded in Book 20 of Deeds Page 65, records of Lincoln County, Idaho.

TRACT II

PARCEL NO. 1:

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

Section 3: SE $\frac{1}{4}$ lying South and West of the Railroad Right of Way.

EXCEPTING therefrom that portion decreed to the State of Idaho in Second Judgment and Decree of Condemnation recorded April 24, 1970 as Instrument Number 31812, Gooding County records.

PARCEL NO. 2:

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

Section 14: NW $\frac{1}{4}$;

PARCEL NO. 3:

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

Section 15: E $\frac{1}{2}$ NW $\frac{1}{4}$;

EXCEPTING THEREFROM a parcel of land in the SE $\frac{1}{4}$ NW $\frac{1}{4}$, described as follows:

Beginning at the Northwest corner of Section 15, Township 8 South, Range 15 East, Boise Meridian;

Thence South 89°55' East 2630.18 feet along the Northerly boundary of Section 15 to the North Quarter corner of Section 15;

Thence South 00°00'31" East, 1339.13 feet along the Easterly boundary of NW $\frac{1}{4}$, Section 15 to the TRUE POINT OF BEGINNING;

Thence North 84°01'23" West, 302.67 feet;

Thence South 00°48'11" East, 236.13 feet;

Thence South 87°34'44" West, 68.81 feet;

Thence South 11°59'12" West, 159.63 feet;

Thence South 3°44'30" East, 144.70 feet to a $\frac{1}{2}$ " steel pin set in an existing

fence;

Thence South 85°38'24" East, 391.40 feet along said fence to a point in the Easterly boundary of NW $\frac{1}{4}$, Section 15;

Thence North 00°00'31" West, 537.79 feet along said Easterly boundary to the TRUE POINT OF BEGINNING.

PARCEL NO. 4:

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

Section 15: E $\frac{1}{2}$ NE $\frac{1}{4}$; SW $\frac{1}{4}$ NE $\frac{1}{4}$;

TRACT III

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

Section 3: N $\frac{1}{2}$ SW $\frac{1}{4}$

TRACT IV

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

Section 3: E $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$;

TRACT V

PARCEL 1:

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

Section 15: A parcel of land in SE $\frac{1}{4}$ NW $\frac{1}{4}$ described as follows:

Beginning at the Northwest corner of Section 15, Township 8 South, Range 15 East,
Boise Meridian;

Thence South 89°55' East, 2630.18 feet along the Northerly boundary of Section 15
to the North Quarter corner of Section 15;

Thence South 00°00'31" East, 1339.13 feet along the Easterly boundary of NW $\frac{1}{4}$,
Section 15 to the TRUE POINT OF BEGINNING;

Thence North 84°01'23" West, 302.67 feet;

Thence South 00°48'11" East, 236.13 feet;

Thence South 87°34'44" West, 68.81 feet;

Thence South 11°59'12" West, 159.63 feet;

Thence South 3°44'30" East, 144.70 feet to a $\frac{1}{2}$ " steel pin set in an existing

fence;

Thence South 85°38'24" East, 391.40 feet along said fence to a point in the Easterly
boundary of NW $\frac{1}{4}$, Section 15;

Thence North 00°00'31" West, 537.79 feet along said Easterly boundary to the
TRUE POINT OF BEGINNING.

PARCEL 2:

An Easement 25 feet in width for ingress and egress for the benefit of Parcel 1, as
set forth in Warranty Deed recorded January 26, 1981 as Instrument No. 87368,
Gooding County records, more particularly described as follows:

Beginning at the North Quarter corner of Section 15, the TRUE POINT OF
BEGINNING;

Thence South 0°00'31" East, 1339.13 feet along the Easterly boundary of the
Northwest Quarter of Section 15;

Thence North 84°01'23" West, 25.14 feet;
Thence North 0°00'31" West, 1336.55 feet to a point in the Northerly boundary of
Section 15;
Thence South 89°55' East, 25.00 feet to the TRUE POINT OF BEGINNING.

TRACT VI

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

Section 8: W½SE¼

TRACT VII

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

Section 9: That part of the NE¼SW¼ described as follows:

Commencing at the Northeast corner of the NE¼SW¼;
Thence South along East boundary of the NE¼SW¼, 593 feet to THE TRUE POINT
OF BEGINNING;
Thence West, 238 feet;
Thence South 190 feet;
Thence 167 feet in a South Easterly direction to a point;
Thence East 170 feet to the East boundary of the NE¼SW¼;
Thence North along East boundary of the NE¼SW¼, 340 feet to THE TRUE POINT
OF BEGINNING.

TRACT VIII

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

Section 11: That part of the SE¼SW¼, described as follows:

Commencing at the Southwest corner of Section 11;
Thence Easterly along the South boundary of Section 11, 1350.00 feet to THE
POINT OF BEGINNING;
Thence North 150 feet;
Thence East 350 feet;
Thence South 150 feet;
Thence West 350 feet to THE POINT OF BEGINNING.

TRACT IX

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

Section 14: S½;
Section 15: SE¼; SW¼;
Section 23: E½NW¼; NE¼; E½SE¼;
Section 24: W½;

TRACT X

PARCEL NO. 1:

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

Section 16: NE¼NW¼

EXCEPT the following described tract, to wit:

Beginning at the NE corner of said NE¼NW¼;
Thence South 520.19 feet along the Easterly boundary of said NE¼NW¼;
Thence South 89°44'39" West 171.22 feet;
Thence North 1°21'07" West 156.87 feet;
Thence North 25°52'58" West 113.47 feet;
Thence North 12°09'19" West 269.12 feet to the Northerly boundary of said
NE¼NW¼;
Thence South 89°47'13" East 281.12 feet to the POINT OF BEGINNING.

EXCEPTING that portion of the NE¼NW¼ of Section 16 deeded to the Wendell Highway District by Warranty Deeds recorded as Instrument Numbers 221344; 221748 and re-recorded as 222520; 221749 and re-recorded as 222521; 221750 and re-recorded 222522; 221751 and re-recorded as 222523; Gooding County records, described as follows:

The East fifty (50) feet of the NE¼NW¼, Section 16, Township 8 South, Range 15 East Boise Meridian from Project Station 192+38.32 left to Project Station 205+60.01 left, excepting the North twenty-five (25) feet for existing county road right of way and the following described parcel on the East boundary from Station 200+39.82 left to Station 205+60.01 left;

Beginning at the NE corner of said NE¼NW¼;
Thence South 520.19 feet along the Easterly boundary of said NE¼NW¼;
Thence South 89°44'39" West 171.22 feet;
Thence North 1°21'07" West 156.87 feet;
Thence North 25°52'58" West 113.47 feet;
Thence North 12°09'19" West 269.12 feet to the Northerly boundary of said
NE¼NW¼;
Thence South 89°47'13" East 281.12 feet to the POINT OF BEGINNING.

(Basis of Bearings: The North-South Quarter line from the South Quarter corner of Section 16 to the North Quarter corner of Section 16 all in Township 8 South, Range 15 East of the Boise Meridian, Gooding County, Idaho. Said North-South centerline being on a bearing of North 0°31'23" East)

PARCEL NO. 2:

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

Section 16: E½

EXCEPTING that portion of the W½NE¼ of Section 16 deeded to the Wendell Highway District by Warranty Deeds recorded as Instrument Numbers 221344; 221748 and re-recorded as 222520; 221749 and re-recorded as 222521; 221750 and re-recorded 222522; 221751 and re-recorded as 222523; Gooding County records, described as follows:

A parcel of land for County Road Right of Way purpose being generally described as a strip of land adjacent to and along the West boundary of the W½NE¼, Section 16, Township 8 South, Range 15 East, Boise Meridian in Gooding County, Idaho and being more specifically described as follows:

The West Fifty (50) feet of the W½NE¼, Section 16, Township 8 South, Range 15 East Boise Meridian from project Station 179+16.63 right to project Station 205+60.01 right, excepting the West Twenty-Five (25) feet and the North Twenty-Five (25) feet for existing County road right of way.

AND EXCEPTING THEREFROM that portion of the W½SE¼ of Section 16 deeded to the Wendell Highway District by Warranty Deed Recorded February 27, 2008 as Instrument Number 225477, Gooding County Records, described as follows:

A parcel of land for County Road rights of way purposes being generally described as a fifty (50') foot wide strip of land adjacent to and along the Westerly boundary of the W½SE¼.

EXCEPTING THEREFROM a fifteen (15) foot wide strip of land generally described as the East 15 feet of the West 40 feet of the said W½SE¼, Section 16 previously deeded and being more specifically described as follows:

Commencing at the South Quarter corner of Section 16, Township 8 South, Range 15 East Boise Meridian; said corner being at Project Station 152+84.28 and being the REAL POINT OF BEGINNING;

Thence from this Real Point of Beginning on a bearing North 0°31'23" East for a distance of 2632.352 feet, along the North-South Quarter Section line and the centerline of the Rex Leland Highway to Project Station 179+16.64;

Thence on a bearing of South 89°24'13" East for a distance of 50.00 feet to the new Easterly boundary of the Rex Leland Highway at Project Station 179+16.57, 50.0 feet right;

Thence on a bearing of South 00°31'23" West for a distance of 2632.44 feet, along the new Easterly boundary of the Rex Leland Highway to Project Station 152+84.24, 50.00 feet right;

Thence on a bearing of North 89°18'11" West for a distance of 50.00 feet, along the South boundary of Section 16 to the North-South Quarter Section line and the centerline of the Rex Leland Highway at Project Station 152+84.28 and the REAL POINT OF BEGINNING.

(Basis of Bearings: The North-South Quarter Section line from the South Quarter corner of Section 16 to the North Quarter of Section 16 all in Township 8 South, Range 15 East, Boise Meridian, Gooding County, Idaho. Said North-South Quarter Section line being on a bearing of North 0°31'23" East.)

PARCEL NO. 3:

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

Section 9: SE¼SW¼

EXCEPTING that portion of the SE¼SW¼ of Section 9 deeded to the Wendell Highway District by Warranty Deeds recorded as Instrument Numbers 221344; 221748 and re-recorded as 222520; 221749 and re-recorded as 222521; 221750 and re-recorded 222522; 221751 and re-recorded as 222523; Gooding County records, described as follows:

A parcel of land for County Road right of way purposes being generally described as a strip of land adjacent to and along the West boundary of the SE¼SW¼, Section 9, Township 8 South, Range 15 East, Boise Meridian in Gooding County, Idaho and being more specifically described as follows:

The East Fifty (50) feet of the SE¼SW¼, Section 9, Township 8 South, Range 15 East Boise Meridian from project Station 205+60.01 left to project Station 218+79.15 left, Excepting the South twenty-five (25) feet and the West twenty-five (25) feet for existing county road right of way.

(Basis of Bearings: The North-South Quarter line from the South Quarter corner of Section 9 to the North Quarter corner of Section 9 all in Township 8 South, Range 15 East, Boise Meridian, Gooding County, Idaho, said North-South Centerline being on a bearing of North 0°27'33" East)

PARCEL NO. 4:

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

Section 3: That part of the SW¼NW¼ lying Southerly of the South boundary of Interstate 80N-Project No. I-80N-3(22)159

TRACT XI

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

Section 16: SW $\frac{1}{4}$;

Section 17: S $\frac{1}{2}$ SW $\frac{1}{4}$ and SE $\frac{1}{4}$;

Section 20: NE $\frac{1}{4}$ NW $\frac{1}{4}$ and NE $\frac{1}{4}$;

Section 21: NW $\frac{1}{4}$;

EXCEPT

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

Section 21: That part of the NE $\frac{1}{4}$ NW $\frac{1}{4}$, more particularly described as follows:

Beginning at the Northeast corner of the NE $\frac{1}{4}$ NW $\frac{1}{4}$;
Thence South along the East boundary of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ 300.00 feet;
Thence West parallel with the North boundary of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ 500.00 feet;
Thence North parallel with the East boundary of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ 300.00 feet;
Thence East along the North boundary of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ 500.00 feet to the TRUE
POINT OF BEGINNING.

EXCEPT

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

A parcel of land located in the following:

Section 16: SW $\frac{1}{4}$ SW $\frac{1}{4}$;

Section 17: SE $\frac{1}{4}$ SE $\frac{1}{4}$;

Section 20: NE $\frac{1}{4}$ NE $\frac{1}{4}$;

Section 21: NW $\frac{1}{4}$ NW $\frac{1}{4}$;

described as follows:

Beginning at the Section corner common to Sections 16, 17, 20 and 21; Thence
North 89°55' West, 400.00 feet along the South boundary of Section 17 to the TRUE
POINT OF BEGINNING;
Thence North 0°01' East, 400.00 feet parallel to the East boundary of Section 17;
Thence South 89°55' East, 400.00 feet parallel to the South boundary of Section 17;
Thence South 89°57' East, 400.00 feet parallel to the South boundary of Section 16;
Thence South 0°01' West, 800.00 feet parallel to the West boundary of Section 16
and 21;
Thence North 89°57' West, 400.00 feet parallel to the North boundary of Section 21;
Thence North 89°55' West, 400.00 feet parallel to the North boundary of Section 20;
Thence North 0°01' East, 400.00 feet parallel to the East boundary of Section 20 to
the TRUE POINT OF BEGINNING.

AND EXCEPT that portion of the E½NW¼ of Section 21 deeded to the Wendell Highway District by Warranty Deed recorded February 27, 2008 as Instrument Number 225475, Gooding County records, described as follows:

Commencing at the South Quarter corner of Section 21, Township 8, South, Range 15 East Boise Meridian; said corner being at Project Station 100+00;

Thence on a bearing of North 0°39'23" East a distance of 2639.35 feet along the North-South Quarter Section line and the centerline of Rex Leland Highway to Project Station 126+39.35 and the REAL POINT OF BEGINNING;

Thence from this Real Point of Beginning on a bearing of North 89°25'56" West a distance of 50.00 feet to Project Station 126+39.27, 50.00 feet left and the new Westerly rights of way boundary of the Rex Leland Highway;

Thence on a bearing North 0°39'23" East a distance of 2344.82 feet, along the new Westerly rights of way boundary of Rex Leland Highway to Project Station 149+84.09, 50.00 feet left;

Thence on a bearing South 89°33'25" East a distance of 50.00 feet to the North-South Quarter Section line and centerline of the Rex Leland Highway at Project Station 149+84.28;

Thence on a bearing South 0°39'23" West for a distance of 2344.93 feet, along the North-South Quarter Section line and centerline of the Rex Leland Highway to Project Station 126+39.35 and the REAL POINT OF BEGINNING.

(Basis of Bearings: The North-South Quarter Section line from the South Quarter corner of Section 21 to the North Quarter of Section 21 all in Township 8 South, Range 15 East, Boise Meridian, Gooding County, Idaho. Said North-South Quarter Section line being on a bearing of North 0°39'23" East.)

AND EXCEPTING that portion of the E½SW¼ of Section 16 deeded to the Wendell Highway District by Warranty Deed recorded February 27, 2008 as Instrument Number 225474, Gooding County records, described as follows:

A parcel of land for County Road rights of way purposes being generally described as a fifty (50') foot wide strip of land adjacent to and along the East boundary of the E½SW¼, being more specifically described as follows:

Commencing at the South Quarter corner of Section 16, Township 8 South, Range 15 East, Boise Meridian; said corner being at Project Station 152+84.28 and being the Real Point of Beginning;

Thence from this Real Point of Beginning on a bearing North 89°33'27" West a distance of 50.00 feet, along the South boundary of Section 16 to Project Station 152+84.21 AHD., 50.00 feet left and the new Westerly rights of way boundary of the Rex Leland Highway;

Thence on a bearing of North 0°31'23" East a distance of 2632.61 feet, along the new Westerly rights of way boundary of the Rex Leland Highway to Project Station 179+16.70, 50.00 feet left;

Thence on a bearing South 89°24'13" East a distance of 50.00 feet to the North-South Quarter Section line and the centerline of the Rex Leland Highway at Project Station 179+16.64;

Thence on a bearing South 0°31'23" West for a distance of 2632.36 feet, along the North-South Quarter Section line and the centerline of the Rex Leland

Highway to Project Station 152+84.28 and the REAL POINT OF BEGINNING.

(Basis of Bearings: The North-South Quarter Section line from the South Quarter corner of Section 16 to the North Quarter of Section 16 all in Township 8 South, Range 15 East, Boise Meridian, Gooding County, Idaho. Said North-South Quarter Section line being on a bearing of North 0°31'23" East.)

TRACT XII

TOWNSHIP 5 SOUTH, RANGE 17, EAST OF THE BOISE MERIDIAN,
LINCOLN COUNTY, IDAHO

Section 10: SE¼, EXCEPTING THEREFROM the road on the East side thereof.

ALSO EXCEPTING THEREFROM the following described property:

TOWNSHIP 5 SOUTH, RANGE 17, EAST OF THE BOISE MERIDIAN,
LINCOLN COUNTY, IDAHO

Section 10: A parcel of land located in the SE¼SE¼, described as follows:

Beginning at the Southeast corner of said Section 10 and being THE TRUE POINT OF BEGINNING;

Thence South 89°43'52" West along the South boundary of the SE¼ of Section 10 for a distance of 352.00 feet;

Thence North 00°06'00" West parallel with the East boundary of the SE¼ of Section 10 for a distance of 375.57 feet;

Thence North 54°37'02" East for a distance of 431.21 feet to a point on the East boundary of the SE¼ of Section 10;

Thence South 00°06'00" East along the East boundary of the SE¼ of Section 10 for a distance of 623.60 feet to the Southeast corner of Section 10 and THE TRUE POINT OF BEGINNING.

EXHIBIT B

Personal Property Description

All right, title and interest of Mortgagor in and to the following, whether now owned or hereafter acquired or arising, together with all products thereof, proceeds therefrom and substitutions, replacements, additions or accessions thereto:

MILK AND DAIRY PRODUCTS: Milk, cream, butter, butter fats, and other dairy products of any kind or character or inventory arising from or related to the dairy operations conducted on the Property. All accounts and general intangibles arising from or related to the dairy operations conducted on the Property, including the proceeds relating to the sale or distribution of such milk, cream, butter, butter fats, and other dairy products of any kind or character.

DAIRY: All fences, corrals, chutes, and other structures; all milk barn, milking and associated equipment (excluding rolling stock) at, pertaining to, or used in the dairy facilities located on the Property, and including all additions and accessions thereto, and replacements thereof and all rights to, or proceeds of, insurance policies covering any of said collateral and also proceeds of said collateral in any form.

IRRIGATION AND DRAINAGE EQUIPMENT: All water production, distribution, irrigation, and drainage equipment and facilities, including all pumps, pumping stations, motors, panels, switchboxes, transformers, engines, gear heads, booster pumps, machinery, tanks, reservoirs, sumps, pivots, hoses, fan jets, pipes, sprinklers, flumes, wheel lines, drip irrigation lines, drip hose, underground pipeline, and other water, irrigation related machinery, equipment and facilities now or hereafter installed on, affixed to (whether actually or constructively), placed upon, or used in connection with or for the benefit of the Property owned by Mortgagor.

WATER RIGHTS: The ground water on, under, pumped from or otherwise available to the Property or any other water rights appurtenant to the Property, 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 Mortgagor 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 proscriptive, 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 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; and any shares, or any rights under such shares, of any private water company, mutual water company, or other non-governmental entity pursuant to which Mortgagor or the Property may receive water, and any entitlement to water delivery or allocation under Reclamation Law that is held by Mortgagor or the Property.

GENERAL INTANGIBLES: All general intangibles consisting of contract rights, licenses, permits, and the like, relating in any way to operation of the Property or the business being conducted on the Property, including dairy permits, use permits, dairy licenses, agricultural processor licenses, and any contracts for processing any milk or dairy products of any kind or character.

As used herein, the term "Property" refers to any real property, or any interests in real property, owned or held by any Mortgagor and which is subject to a lien in favor of Mortgagee.