

RECEIVED

NOV 12 2008

WATER RESOURCES
WESTERN REGIONSTATE 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.

- OK
1. Water Right No(s): 13-7649 permit
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

RABO AGRIFINANCE, INC.

10100 TINY PARKWAY, SUITE 400

STOCKTON, CALIFORNIA 95219

irene.alexander@rabo.ag.com
 4. Name of Water Right Owner/Claimant(s)

G & H DAIRY, LLC, an Idaho limited liability company

 5. Expiration Date of Notification Period January 1, 2024
 6. Is this a Renewal of Request for Notification? ☐ YES ☒ NO
 7. Signature(s) of Security Interest holder(s) Neil R. Hamilton
(and title if applicable)
Neil R. Hamilton, Regional Vice President

For Office Use OnlyReceived by [Signature]
Receipted by [Signature]
Processed by [Signature] AJDate Nov. 12, 08
Date 11-12-08
Date _____Fee 25.00Receipt No. W037037

WR _____

Date _____

RECEIVED

NOV 28 2008

Department of Water Resources
Eastern Region

RECEIVED

NOV 17 2008

Department of Water Resources
Eastern Region

NOTICE OF PLEDGE

IDWR Western Region
2735 Airport Way
Boise, ID 83705-5082

Attn: State Engineer:

Please be notified that G & H Dairy, LLC have this date executed a MORTGAGE in favor of Rabo Agrifinance, Inc., covering certain land in Franklin County, Idaho, together with all of the Trustor's right to any and/or all water rights, ditch and ditch rights, appurtenant to the described land, including, but not limited to, water from an underground source referenced under Permits Number 13-7649 (See attached legal description and water right information in Exhibit A.)

The said MORTGAGE, given to secure a promissory note of even date, was recorded on Nov. 6, 2008, in the Office of the County Recorder of Franklin County, Idaho as Instrument No 243374.

Please file this notice with your records of the above-referenced water rights and direct any notices of the intended change of the Place of Use (P.O.U.), Manner of Use (M.O.U.), or Point of Diversion (P.O.D.), or any other matter which materially affects the beneficiary's security interest in the said rights to Rabo Agrifinance, Inc., 10100 Trinity Parkway, Suite 400, Stockton, California 95219.

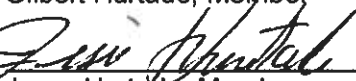
Dated this 17th day of October, 2008

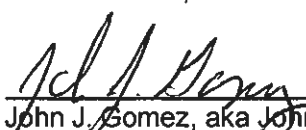
Todd R. Hansen
For Todd Hansen, Senior Vice President,
Rabo Agrifinance, Inc.

Receipt of this **Notice of Pledge** is hereby acknowledged with the signature of a duly qualified employee of the Division of Water Resources. An original copy, signed by Trustor's and Beneficiary's listed above, of this notation of the Beneficiary's interest in the above referenced water rights will be placed in the files of the Division of Water Resources. After DWR signing of both *duplicate original* copies, please return one original copy to 10100 Trinity Parkway, Suite 400, Stockton, California 95219. Beneficiary hereby agrees to keep the DWR office notified of any changes of address and to forward any reconveyances within 30 days of proper recording dates to release the above encumbrance in the ownership records.

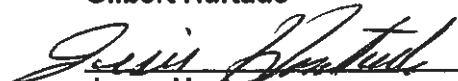
G & H Dairy, LLC, an Idaho Limited Liability Company

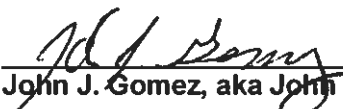
By: 
Gilbert Hurtado, Member

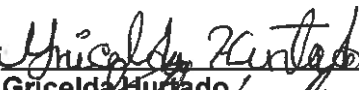
By: 
Jesus Hurtado, Member

By: 
John J. Gomez, aka John Gomez,
Member


Gilbert Hurtado


Jesus Hurtado


John J. Gomez, aka John Gomez


Gricelda Hurtado


Tanya Hurtado

DATE
Duplicate Original No. 1 2 (Circle on each copy)

DWR Employees Signature Title

Exhibit "A"

SECTION 11:

PARCEL A-2:

A parcel of land located in Section 11, Township 15 South, Range 38 East, Boise Meridian, Franklin County, Idaho, and more particularly described as follows:

Beginning at the North quarter corner of said Section 11, from which the Northeast corner of Section 11 bears South 89° 47' 45" East;

Thence South 89° 45' 47" East 376.42 feet along the North boundary of said Section 11 to a 5/8" rebar and cap labeled "A.L.S., PLS 9163";

Thence South 51° 24' 30" East 821.39 feet to a 5/8" rebar and cap;

Thence North 86° 37' 25" East 70.00 feet to a 5/8" rebar and cap at the Westerly right of way line of the Union Pacific Railroad;

Thence South 03° 22' 35" East 2173.94 feet along said Westerly right of way line to a 5/8" rebar and cap at Easterly extension of an irrigation line;

Thence North 89° 19' 14" West 614.83 feet along said irrigation line to a 5/8" rebar and cap;

Thence South 89° 39' 39" West 1292.24 feet to a 5/8" rebar and cap;

Thence North 78° 01' 26" West 194.36 feet to a 5/8" rebar and cap;

Thence North 08° 43' 58" West 20.39 feet to a 5/8" rebar and cap;

Thence North 52° 53' 33" West 358.53 feet to a 5/8" rebar and cap;

Thence North 42° 21' 05" West 431.25 feet to a 5/8" rebar and cap;

Thence North 46° 54' 15" West 92.02 feet to a 5/8" rebar and cap;

Thence North 05° 48' 33" West 140.15 feet to a 5/8" rebar and cap;

Thence North 28° 52' 03" West 61.67 feet to a 5/8" rebar and cap;

Thence North 00° 52' 24" West 912.48 feet to a 5/8" rebar and cap;

Thence North 06° 39' 10" West 64.72 feet to a 5/8" rebar and cap;

Thence North 00° 37' 32" East 667.70 feet to a 5/8" rebar and cap;

Thence North 16° 31' 51" West 60.28 feet to a 5/8" rebar and cap;

Thence North 00° 22' 28" West 131.91 feet to a 5/8" rebar and cap at the North boundary of said Section 11;

Thence South 89° 47' 45" East 1603.64 feet along said North boundary line to the Point of Beginning.

IDAHO DEPARTMENT OF WATER RESOURCES

Water Permit Report 13-7649

WATER RIGHT NUMBER: 13-7649

Owner Type Name and Address

Original Owner J 7 LLC
 1900 N 4000 W
 DAYTON, ID 83232
 (208) 747 3953

Current Owner CHECKETTS OXFORD MOUNTAIN FARM LLC
 PO BOX 200
 DAYTON, ID 83232
 (208) 747-3523

Priority Date: 02/20/2004

Basis:

Status: Active

SourceTributary

GROUND WATER

<u>Beneficial Use</u>	<u>From</u> <u>To</u>	<u>Diversion Rate</u>	<u>Annual Volume</u>
IRRIGATION	04/01 to 10/31	1.000 CFS	258.70 AF
	<u>Total Diversion:</u>	1.000 CFS	258.70 AF

Location of Point(s) of Diversion

GROUND WATER NW1/4NW1/4 Sec. 11, Twp 15S, Rge 38E, B.M.
 FRANKLIN County

Place of Use

IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
15S	38E	11	25.0	34.2			39.5	9.2	4.6	36.0									148.5

Total Acres: 148.5

Conditions of Approval:

1. X52 The right holder shall maintain control of 20 shares of water in the West Cache Irrigation Company for mitigation purposes and shall comply with the terms of mitigation as the terms may be determined in the future by the department.
2. R63 This right when combined with all other rights shall provide no more than 0.02 cfs per acre nor more than 3.5 afa per acre at the field headgate for irrigation of the lands above.
3. X35 Rights 13-7629 and 13-7649 when combined shall not exceed the irrigation of 148.5 acres.

IDAHO DEPARTMENT OF WATER RESOURCES

Water Permit Report 13-7649

4. To mitigate for the depletion of water resulting from the use of water under this right and to prevent injury to senior water right holders, the right holder shall cease diverting and using water as authorized by the following water right for the purposes and amounts specified below. Moreover, the official record for the following water right will be changed to show that diversion and use of water is not authorized because the rights, or portions thereof, are being dedicated to mitigation purposes.

Right No.	Use Changed to Mitigation	Mitigation Rate	Mitigation Volume	Mitigation Acres
13-2164	Irrigation	0.76 cfs	280.0	80

The land that will no longer be irrigated under this right is located within the W1/2NE1/4; SE1/4NE1/4, Section 1, Township 15 South, Range 38 East, B.M.

If the specified mitigation rights, or portions thereof, are sold, transferred, leased, used on any place of use, or are not deliverable due to a shortage of water or a priority call, then the amount of water authorized for diversion under this permit approval shall be reduced by the same proportion as the reduction to the mitigation rights.

5. Failure to comply with these conditions of approval is cause for the Director to void the permit.
6. X27 This right is limited to the irrigation of 73.9 acres within the place of use described above in a single irrigation season.
7. R19 The right holder shall maintain a totalizing measuring device of a type approved by the Department as a part of the diverting works.
8. 020 The diversion and use of water described in this right may be subject to additional conditions and limitations agreed to by the protestant(s) and the right holder under separate agreement to which the Department is not a party and which may be enforceable by a court of law.
9. 046 Right holder shall comply with the drilling permit requirements of Section 42-235, Idaho Code and applicable Well Construction Rules of the Department.

Remarks:Comments:Dates and Other Information:

Permit Proof Due Date: 6/1/2006
 Permit Proof Made Date: 5/30/2006
 Permit Approved Date: 5/26/2005
 Permit Moratorium Expiration Date:
 Enlargement Use Priority Date:
 Enlargement Statute Priority Date:
 Field Exam Date:
 Date Sent to State Office:
 Date Received at State Office:
 State or Federal:
 Owner Name Connector:
 Water District Number:
 Generic Max Rate Per Acre: 0.02
 Generic Max Volume Per Acre: 3.5
 Swan Falls Trust or Nontrust:
 Swan Falls Dismissed:
 DLE Act Number:
 Carey Act Number:
 Mitigation Plan: True

Combined Use Limits:Element Reviewed/Verified Dates:

<u>Element</u>	<u>Last Reviewed Date</u>	<u>Reviewer</u>	<u>Last Verified Date</u>	<u>Verifier</u>	<u>Status</u>
----------------	---------------------------	-----------------	---------------------------	-----------------	---------------

IDAHO DEPARTMENT OF WATER RESOURCES
Water Permit Report 13-7649

Verification Log:

<u>Element</u>	<u>Date Time Stamp</u>	<u>Reviewer</u>	<u>Log text</u>
----------------	------------------------	-----------------	-----------------

Water Supply Bank:

Idaho Department of Water Resources Receipt

Receipt ID: W037037

Payment Amount \$25.00 Date Received 11/12/08 2:58 Region WESTERN
Payment Type Check Check Number 006212
Payer NORTHERN TITLE COMPANY OF IDAHO INC

Comments NOTICE OF SECURITY INTEREST IN WATER RIGHT
13-7649

Fee Details

Amount	Description	Fund	Fund Detail	PCA	Subobject
\$25.00	OWNERSHIP CHANGES/SECURITY INTERESTS	0229	21	62140	1155



Signature Line (Department Representative)

NTF-4800
G & H DAIRY, LLC, AN IDAHO LIMITED LIABILITY COMPANY
1330 ADDISON AVENUE WEST
TWIN FALL, ID 83301

recorded at the request of
NORTHERN TITLE

43373 1-2

____ a.m. NOV 06 2008 p.m. 2:40

V. ELLIOTT LARSEN, RECORDER
By Shauna Geddes Deput
FRANKLIN COUNTY, IDAHO

WARRANTY DEED

BRICE E. CHECKETTS and MARLENE G. CHECKETTS, HUSBAND AND WIFE,

Grantor(s) of DAYTON, County of FRANKLIN, State of IDAHO, hereby **CONVEY AND WARRANT** to

G & H DAIRY, LLC, AN IDAHO LIMITED LIABILITY COMPANY,

Grantee(s) of TWIN FALL, County of TWIN FALLS, State of ID for the sum of TEN DOLLARS AND
OTHER GOOD AND VALUABLE CONSIDERATION, the following described tract of land in Franklin
County, State of Idaho:

See Attached Exhibit "A"

Subject to easements, restrictions and rights of way of record, and taxes for the year 2008 and thereafter.

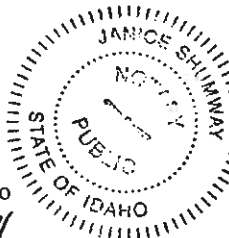
Witness, the hand(s) of said Grantor(s), this October 27, 2008.

Brice E. Checketts
BRICE E. CHECKETTS

Marlene G. Checketts
MARLENE G. CHECKETTS

State of Idaho)
County of Franklin)

On October 31, 2008, personally appeared before me BRICE E. CHECKETTS and MARLENE G.
CHECKETTS the signer(s) of the within instrument, who duly acknowledged to me that they executed the
same.



Residing: Preston, Idaho
Expires: 3-12-2011

Janice Shimway
Notary Public

A TRUE COPY
CERTIFIED ON 11-6-08
By Janice Shimway
NORTHERN TITLE COMPANY OF IDAHO, INC.

"EXHIBIT A"

SECTION 11:

PARCEL A-2:

A parcel of land located in Section 11, Township 15 South, Range 38 East, Boise Meridian, Franklin County, Idaho, and more particularly described as follows:

Beginning at the North quarter corner of said Section 11, from which the Northeast corner of Section 11 bears South 89° 47' 45" East;

Thence South 89° 45' 47" East 376.42 feet along the North boundary of said Section 11 to a 5/8" rebar and cap labeled "A.L.S., PLS 9163";

Thence South 51° 24' 30" East 821.39 feet to a 5/8" rebar and cap;

Thence North 86° 37' 25" East 70.00 feet to a 5/8" rebar and cap at the Westerly right of way line of the Union Pacific Railroad;

Thence South 03° 22' 35" East 2173.94 feet along said Westerly right of way line to a 5/8" rebar and cap at Easterly extension of an irrigation line;

Thence North 89° 19' 14" West 614.83 feet along said irrigation line to a 5/8" rebar and cap;

Thence South 89° 39' 39" West 1292.24 feet to a 5/8" rebar and cap;

Thence North 78° 01' 26" West 194.36 feet to a 5/8" rebar and cap;

Thence North 08° 43' 58" West 20.39 feet to a 5/8" rebar and cap;

Thence North 52° 53' 33" West 358.53 feet to a 5/8" rebar and cap;

Thence North 42° 21' 05" West 431.25 feet to a 5/8" rebar and cap;

Thence North 46° 54' 15" West 92.02 feet to a 5/8" rebar and cap;

Thence North 05° 48' 33" West 140.15 feet to a 5/8" rebar and cap;

Thence North 28° 52' 03" West 61.67 feet to a 5/8" rebar and cap;

Thence North 00° 52' 24" West 912.48 feet to a 5/8" rebar and cap;

Thence North 06° 39' 10" West 64.72 feet to a 5/8" rebar and cap;

Thence North 00° 37' 32" East 667.70 feet to a 5/8" rebar and cap;

Thence North 16° 31' 51" West 60.28 feet to a 5/8" rebar and cap;

Thence North 00° 22' 28" West 131.91 feet to a 5/8" rebar and cap at the North boundary of said Section 11;

Thence South 89° 47' 45" East 1603.64 feet along said North boundary line to the Point of Beginning.

243374 1-14

Recorded at the request of

Northern Title

____ a.m. NOV 06 2008 p.m. 2:44

RECORDED AT REQUEST OF:

V. ELLIOTT LARSEN, RECORDER

By Shauna Geddes Deputy

FRANKLIN COUNTY IDAHO

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

NTF-4800

Loan F-412941

IDAHO MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING

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

THIS INSTRUMENT IS TO BE FILED AND INDEXED AS
BOTH A MORTGAGE AND AS A FIXTURE FILING

THIS MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING ("Mortgage"), dated as of the 17TH day of OCTOBER, 20 08 is made between G & H DAIRY, LLC, AN IDAHO LIMITED LIABILITY COMPANY whose chief executive office or principal residence is whose address is 1330 ADDISON AVENUE W, TWIN FALLS, IDAHO 83301, hereinafter called "Mortgagor," and RABO AGRIFINANCE, INC., a corporation organized and existing under the laws of Delaware ("RAF"), whose address is P.O. Box 411995, St. Louis, Missouri 63141; RABOBANK, N.A. ("RNA"), whose address is P.O. Box 1845, El Centro, California 92244; and COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A., "Rabobank Nederland" ("RN"), whose address is 245 Park Avenue, New York, New York 10167 (RAF, RNA and RN, unless otherwise indicated, together with their successors and assigns, are hereinafter, individually or collectively, referred to as "Mortgagee") and RAF as collateral agent (the "Collateral Agent") for the Mortgagee.

WHEREAS, the Mortgagor is justly indebted to the Mortgagee in the sum of FIVE HUNDRED NINETY ONE THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$591,500.00) with interest, all as set forth in Mortgagor's certain Promissory Note ("Note") of even date herewith maturing JANUARY 1, 2024.

NOW, THEREFORE, THIS MORTGAGE WITNESSETH, that, to secure the payment of the principal of and interest on the Note, along with (1) payment of the entire indebtedness and other obligations evidenced by the following promissory note(s), and/or guaranty(s) executed by Mortgagor to the applicable Mortgagee or order and all modifications, amendments, replacements, substitutions, extensions and renewals thereof along with any and all agreements with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions:

A TRUE COPY

CERTIFIED ON 11-6-08

BY Janice Shumway
NORTHERN TITLE COMPANY OF IDAHO, INC.

Initials

JS

[] The following additional new or existing Promissory Notes:

- Note dated N/A in the stated principal amount of N/A Dollars
- Note dated N/A in the stated principal amount of N/A Dollars

[] A guaranty or guaranties dated as of N/A, guaranteeing the indebtedness of the borrowers as defined in the guaranty or guaranties.

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

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

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

- II. Any and all fruit or nut bearing bushes, trees or vines presently or hereafter located on the above described real property. Mortgagor, Collateral Agent and Mortgagee hereby agree, acknowledge and confirm that such fruit or nut bearing bushes, trees or vines are part of the Real Estate and will remain a part of the Real Estate throughout the term of the loan made by Mortgagee to Mortgagor that is secured by this Mortgage.
- III. Certificates numbered N/A representing N/A shares of the capital stock of N/A and the water rights represented thereby (If no entries, this granting clause is inapplicable).



- IV. All water rights represented by Permit or License No. 13-7649 issued by the Idaho Department of Water Resources. (If no entries, this granting clause is inapplicable).
- V. All water rights represented by Claim No. N/A filed in the Snake River Basin Adjudication proceeding now pending in the District Court of the Fifth Judicial District of the State of Idaho, in and for the County of Twin Falls under Case No. N/A (If no entries, this granting clause is inapplicable).

TOGETHER WITH (1) all easements, rights-of-way and rights appurtenant to said Real Estate or used in connection therewith or as a means of access thereto; (2) all tenements, hereditaments and appurtenances thereto, including all water, water rights, and drainage rights appertaining thereto; (3) Mortgagor's interest as lessor in all leases (including, but not limited to, oil, gas and mineral leases) affecting said Real Estate; (4) all buildings, structures, improvements, fixtures, attachments, appliances, equipment, machinery and other articles now or hereafter erected on, affixed or attached to, said Real Estate which are real property, and all substitutions, replacements, additions and accessions thereof or thereto; (5) all rents, issues, profits, royalties, bonuses, income and other benefits derived from or produced by said Real Estate (subject, however, to the assignment of rents and profits to Collateral Agent or Mortgagee herein); and (6) all right, title, estate, interest, and other claim or demand, including, without limitation, all claims or demands to the proceeds of all insurance now or hereafter in effect with respect to said Real Estate, which Mortgagor now has or may hereafter acquire in said Real Estate, and all awards made for the taking by condemnation or the power of eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of said Real Estate.

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



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

TO HAVE AND TO HOLD the same unto the Collateral Agent for the benefit of Mortgagee, their successors and assigns, forever.

PROVIDED ALWAYS, that if the Mortgagor, his heirs, representatives, successors or assigns, shall pay unto the Mortgagee, its successors or assigns, the said sum of money mentioned in the notes and guaranties described above (collectively the "Note") and the interest thereon at the times and places and in the manner specified in the Note, or any credit agreement or similar document between Mortgagor and any Mortgagee (the "Credit Agreement"), and all other sums that may become due and owing to the Collateral Agent or Mortgagee pursuant to any of the terms, covenants and conditions hereof, and perform all the conditions and covenants contained in this Mortgage, then these presents and the estate hereby granted shall cease, determine and be void and shall be released by the Collateral Agent or Mortgagee at the expense of the Mortgagor, otherwise to remain in full force and effect.

AND SUBJECT to the covenants and conditions hereinafter set forth.

FIRST. The Mortgagor hereby covenants and agrees, to the extent permitted by law, as follows: (a) to pay promptly when due the principal and interest and other sums of money provided for in the Note, the Credit Agreement and this Mortgage, or either; (b) to pay all taxes, assessments and other charges (including ditch, canal, reservoir, or other water charges, taxes or assessments) imposed by law upon the Property, the Mortgagor's interest therein, or upon the Mortgage or the Note; provided however, in the event of the passage of any law changing the laws for the taxation of mortgages or debts secured by mortgage so as to affect this Mortgage, the entire indebtedness secured hereby shall, at the option of the Collateral Agent or Mortgagee, become due and payable; (c) to keep the Property and improvements thereon in good condition and repair and not to commit or suffer waste thereof, and except as authorized in any schedule annexed hereto and forming a part hereof, neither to remove nor permit the removal of any timber, buildings, oil, gas, minerals, stone, rock, clay, fertilizer, gravel or top soil

A handwritten signature, possibly "J.H.", is written over the word "Initials".

without the prior written consent of the Collateral Agent or Mortgagee; and (d) to maintain and deliver to the Collateral Agent or Mortgagee policies of insurance against such hazards on the buildings now or hereafter located on the Property as the Collateral Agent or Mortgagee may require from time to time, in such companies and amounts and with such loss payable clauses as shall be satisfactory to the Collateral Agent or Mortgagee; in the event of loss the Collateral Agent or Mortgagee is expressly authorized to settle or compromise claims under said policies and the proceeds shall be paid to the Collateral Agent and/or Mortgagee who may apply same or any part thereof on the indebtedness secured hereby or towards the reconstruction or repair of said buildings or release same to the Mortgagor; (e) to pay any lien, claim or charge against the Real Estate which might take precedence over the lien hereof; (f) to pay on demand all legal expenses, title searches, or attorney fees reasonably incurred or paid by the Collateral Agent or Mortgagee to collect the Note or foreclose or protect the lien of the Mortgage; (g) in the event the Mortgagor shall fail to comply with the provisions of (a) through (f) above, the Collateral Agent or Mortgagee may take such action as is necessary to remedy such failure and all sums paid by the Collateral Agent or Mortgagee pursuant hereto with interest at the rate hereinafter provided shall constitute a lien upon the Property, shall be secured by this Mortgage, and shall be immediately due and repayable to the Collateral Agent or Mortgagee; (h) if the Real Estate or any portion thereof shall be taken or damaged under the power of eminent domain, the award for any property so taken or damaged (including severance damages to the remaining premises) shall be paid to the Collateral Agent or Mortgagee and applied in full or in part at the option of the Collateral Agent or Mortgagee in reduction of the indebtedness hereby secured; (i) the Collateral Agent or Mortgagee shall have the right to inspect the Property at such reasonable times as the Collateral Agent or Mortgagee may desire to determine the Mortgagor's compliance with the covenants contained in this Mortgage; (j) the Collateral Agent or Mortgagee may release from the lien hereof any part of the above described Property without requiring any consideration therefor, and (k) Mortgagor is lawfully seized of the Real Estate in fee simple, the same is free from encumbrances except as may otherwise be specifically noted herein or waived in writing by the Collateral Agent or Mortgagee, Mortgagor will execute or procure any further necessary assurances of title and does hereby warrant generally the title to the Real Estate and will forever defend the same against the claims and demands of all persons whomsoever, and his separate estate, whether vested, contingent or in expectancy, is hereby conveyed and he does hereby expressly waive, release and relinquish all rights and benefits of any homestead, dower, curtesy, appraisement, exemption and stay laws of this state. It is agreed that the interest provided for in subsection (g) above shall be at the rate set forth in the Note or any Credit Agreement for times when an event of default has occurred or the highest lawful rate permitted by contract under applicable law, whichever is lesser.

SECOND. If the Mortgagor shall default in the payment of the Note or in the performance of any of the covenants or agreements herein or in the Note, the Credit Agreement or in any agreement collateral hereto contained, or if the then owner of the Property shall make an assignment for the benefit of creditors or shall file a petition for relief under the federal Bankruptcy Code as now or hereafter in effect, or any successor thereto, or shall be adjudicated bankrupt or insolvent, or if any receiver, liquidator or trustee shall be appointed for such then owner or any of his property, then in such event, the entire indebtedness hereby secured shall, at the option of the Collateral Agent or Mortgagee and without notice to the Mortgagor, be due and collectible at once by judicial foreclosure proceedings or as otherwise provided by law, or,

when available under applicable statutes or rules of practice, by advertisement and sale, and in such an event this provision shall be deemed as authorizing and constituting a power of sale as mentioned in said statutes or rules; that in addition to the rights and remedies herein, the Collateral Agent or Mortgagee is hereby authorized and empowered at its option to exercise forthwith and from time to time any further rights and remedies available to the Collateral Agent or Mortgagee under the laws of the state wherein the Property is situate, such as the right to collect the rents, issues and profits, or to have a receiver appointed to collect the same.

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

FOURTH. Mortgagor acknowledges that his/her current financial position is an important factor in Mortgagee's decision to advance the funds represented by the aforementioned Note. Mortgagor therefore has agreed, in order to provide assurance to Collateral Agent and Mortgagee with regard to Mortgagor's financial position, that it shall be an event of default for Mortgagor to allow any lien or encumbrance other than this Mortgage and the lien for taxes which are not yet due and payable to be placed on all or any part of the Real Estate and allowed to remain a lien for 30 day(s) EXCEPT a lien junior and inferior to this Mortgage may be placed on all or a part of said property in favor of N/A in a principal amount not to exceed ZERO DOLLARS (\$0) to be placed of record not later than N/A.

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

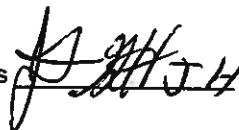
SIXTH. Mortgagor shall not suffer any waste of the Property and will not permit or conduct either the generation, treatment, storage or disposal of hazardous waste, as defined in the Resource Conservation and Recovery Act, or the disposal on the Real Estate of petroleum or any hazardous substance, as defined in the Comprehensive Environmental Response, Compensation, and Liability Act, and will perform all remedial actions reasonably necessary as the result of the presence of any such hazardous wastes, petroleum or hazardous substances on, at or near the Real Estate. Mortgagor shall be personally liable for and agrees to indemnify, defend with counsel satisfactory to Collateral Agent and Mortgagee and hold Collateral Agent and Mortgagee harmless against any loss, damage, or liability suffered by the Collateral Agent and Mortgagee, including but not limited to attorney's fees, due to the presence of any such hazardous waste, petroleum or hazardous substance at, on or near the Real Estate, and Mortgagor shall be liable for compliance (and for costs associated therewith) with any directive or order by any governmental entity relating to the presence of any such hazardous waste, petroleum or hazardous substance on, at, or near the Real Estate. Mortgagor will deliver promptly to the Collateral Agent or Mortgagee, (i) copies of any documents received from the United States Environmental Protection Agency or any state, county or municipal environmental or health agency concerning the Mortgagor's operations upon the Real Estate; and (ii) copies of

A handwritten signature, possibly "J. H. H.", is written over a horizontal line. To the right of the signature, the initials "JH" are written.

any documents submitted by the Mortgagor to the United States Environmental Protection Agency or any state, county or municipal environmental or health agency concerning its operations on the Real Estate. Mortgagor agrees that, notwithstanding any provision to the contrary in this Mortgage, this indemnification and hold harmless shall survive the release or reconveyance of this Mortgage, whether pursuant to payment in full of the Note, or judicial or non-judicial foreclosure under this Mortgage, or otherwise.

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

EIGHTH. With respect to Property which may now or hereafter be characterized by law as personal property, this Mortgage shall constitute a Security Agreement between Mortgagor, Collateral Agent and Mortgagee, and, cumulative of all other rights of Collateral Agent and Mortgagee. Hereunder, Collateral Agent or Mortgagee shall have all rights conferred upon secured parties by the Uniform Commercial Code ("UCC") as in effect from time to time in the state where the Collateral is located except to the extent the UCC provides for the application of the law of the state of location of the Mortgagor in which event the UCC as in effect from time to time, in such state shall apply. This Mortgage shall be effective as a Financing Statement filed as a fixture filing from the date of its filing for record in the Real Estate Records of the county in which the Real Estate is located. Until the lien of this Mortgage is released or satisfied of record, Mortgagor authorizes Collateral Agent or Mortgagee to file one or more financing statements and continuation statements, at Mortgagor's expense, describing the Collateral, hereby ratifies any such financing statement or continuation statement previously filed by Collateral Agent or Mortgagee, and agrees, if requested by Collateral Agent or Mortgagee so to do, to execute one or more Financing Statements covering such Collateral, in the manner and form required by law and to the satisfaction of Collateral Agent or Mortgagee. On demand, Mortgagor will promptly pay all costs and expenses of filing Financing Statements, continuation statements, partial releases and termination statements deemed necessary or appropriate by Collateral Agent or Mortgagee to establish and maintain the validity and priority of the security interest of Collateral Agent and Mortgagee or any modification thereof, and all costs and expenses of any searches reasonably required by Collateral Agent or Mortgagee. Collateral



Agent or Mortgagee may exercise any or all of the remedies of a secured party available to it under the UCC with respect to such Collateral, and it is expressly agreed that if upon default Collateral Agent or Mortgagee should proceed to dispose of the Collateral in accordance with the provisions of the UCC ten (10) days' notice by Collateral Agent or Mortgagee to Mortgagor shall be deemed to be reasonable notice under any provision of the UCC requiring such notice; provided, however, that Collateral Agent or Mortgagee may at its option dispose of the Collateral in accordance with Collateral Agent's or Mortgagee's rights and remedies in respect of the Real Estate pursuant to the provisions of this Mortgage in lieu of proceeding under the UCC. Mortgagor hereby warrants, represents and covenants that (a) the Collateral will be kept on or at the Real Estate described herein and Mortgagor will not remove the Collateral from the Real Estate without the prior written consent of Collateral Agent or Mortgagee, except such portions or items of Collateral which are consumed or worn out in ordinary usage, all of which shall be promptly replaced by Mortgagor; (b) Mortgagor's chief executive officer or principal residence is Mortgagor's address set forth in the first paragraph of this Mortgage; (c) Mortgagor's state of organization, if applicable, is as set forth in the first paragraph of this Mortgage; and (d) Mortgagor's exact legal name is as set forth in the first paragraph of this Mortgage.

NINTH. It is understood and agreed that a material factor in inducing the Mortgagee to make this loan to the Mortgagor is the unique status of the agricultural industry and the expertise and financial strength of the Mortgagor. In the event the Mortgagor ceases to own the mortgaged property, the security for this loan is thereby deemed to be impaired. Consequently, in the event that all or any portion of the Real Estate is sold, contracted for sale, leased with the option to purchase, conveyed, alienated, transferred, or if the Mortgagor is a corporation, or a partnership, or a limited liability company more than forty-nine percent (49%) of either the corporation stock, partnership interests or member interests is sold, contracted for sale, conveyed, alienated, transferred, or otherwise disposed of, whether voluntary or involuntary, by operation of law or otherwise to persons other than owners at the date of this Mortgage and their heirs prior to the time the indebtedness secured hereby shall have been paid, then, at the option of the Collateral Agent or Mortgagee, the entire said indebtedness shall become due and payable and the Collateral Agent or Mortgagee may exercise any of its rights and remedies provided for in the Mortgage.

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

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

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

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

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

In presence of:

G & H Dairy, LLC, an Idaho Limited Liability Company

By: 
Gilbert Hurtado, Member

By: 
Jesus Hurtado, Member

By: 
John J. Gomez, aka
John Gomez, Member

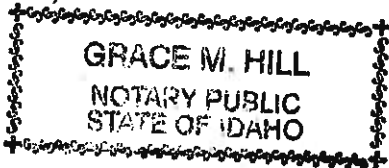
(IDAHO INDIVIDUAL ACKNOWLEDGMENT)

STATE OF IDAHO)
COUNTY OF Twin Falls) SS:

On this 28 day of October 2008, before me, the undersigned Notary Public in and for said state, personally appeared Gilbert Huelsa, known or identified to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same.

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

(SEAL)



Grace M. Hill
Notary Public for Idaho
Residing at File JD
My commission expires 06-13-2011

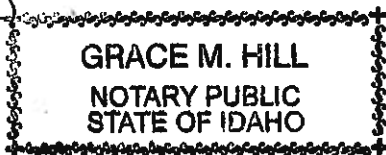
(IDAHO INDIVIDUAL ACKNOWLEDGMENT)

STATE OF IDAHO)
COUNTY OF Twin Falls) SS:

On this 28 day of October 2008, before me, the undersigned Notary Public in and for said state, personally appeared Jesus Huelsa, known or identified to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same.

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

(SEAL)



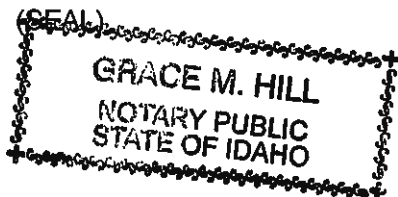
Grace M. Hill
Notary Public for Idaho
Residing at File JD
My commission expires 06-13-2011

(IDAHO INDIVIDUAL ACKNOWLEDGMENT)

STATE OF IDAHO)
COUNTY OF Twin Falls) SS:

On this 28 day of October 2008, before me, the undersigned Notary Public in and for said state, personally appeared John J Gomez, known or identified to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same.

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



Grace M Hill
Notary Public for Idaho
Residing at File FD
My commission expires 06-13-2011

243374 12-14

J:\LOANS\412941 - G & H DAIRY\IDAHO_MTG.DOC

[Handwritten signature]
~~DAIRY~~

Exhibit "A"

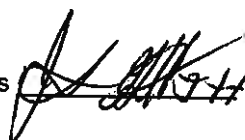
Legal Description

SECTION 11:

PARCEL A-2:

A parcel of land located in Section 11, Township 15 South, Range 38 East, Boise Meridian, Franklin County, Idaho, and more particularly described as follows:

Beginning at the North quarter corner of said Section 11, from which the Northeast corner of Section 11 bears South 89° 47' 45" East;
 Thence South 89° 45' 47" East 376.42 feet along the North boundary of said Section 11 to a 5/8" rebar and cap labeled "A.L.S., PLS 9163";
 Thence South 51° 24' 30" East 821.39 feet to a 5/8" rebar and cap;
 Thence North 86° 37' 25" East 70.00 feet to a 5/8" rebar and cap at the Westerly right of way line of the Union Pacific Railroad;
 Thence South 03° 22' 35" East 2173.94 feet along said Westerly right of way line to a 5/8" rebar and cap at Easterly extension of an irrigation line;
 Thence North 89° 19' 14" West 614.83 feet along said irrigation line to a 5/8" rebar and cap;
 Thence South 89° 39' 39" West 1292.24 feet to a 5/8" rebar and cap;
 Thence North 78° 01' 26" West 194.36 feet to a 5/8" rebar and cap;
 Thence North 08° 43' 58" West 20.39 feet to a 5/8" rebar and cap;
 Thence North 52° 53' 33" West 358.53 feet to a 5/8" rebar and cap;
 Thence North 42° 21' 05" West 431.25 feet to a 5/8" rebar and cap;
 Thence North 46° 54' 15" West 92.02 feet to a 5/8" rebar and cap;
 Thence North 05° 48' 33" West 140.15 feet to a 5/8" rebar and cap;
 Thence North 28° 52' 03" West 61.67 feet to a 5/8" rebar and cap;
 Thence North 00° 52' 24" West 912.48 feet to a 5/8" rebar and cap;
 Thence North 06° 39' 10" West 64.72 feet to a 5/8" rebar and cap;
 Thence North 00° 37' 32" East 667.70 feet to a 5/8" rebar and cap;
 Thence North 16° 31' 51" West 60.28 feet to a 5/8" rebar and cap;
 Thence North 00° 22' 28" West 131.91 feet to a 5/8" rebar and cap at the North boundary of said Section 11;
 Thence South 89° 47' 45" East 1603.64 feet along said North boundary line to the Point of Beginning.



243374

14-14

Exhibit "B"

Personal Property

Water Rights

1. All water rights represented by Permit or License No. 13-7649 issued by Idaho Department of Water Resources.

A handwritten signature in black ink, appearing to be 'J. H. H.', written over a horizontal line.