

RECEIVED

SEP 15 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.1. Water Right No(s): 65-13268 and 65-23033
permit 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

Hartford Life Insurance CompanyC/O Hartford Investment Management AgriFinance5260 N. Palm, Ste 205Fresno, California 93704ATTN: Loan Administration

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

David W. Holm and Sharyl L. Holm

5. Expiration Date of Notification Period

July 1, 2033

6. Is this a Renewal of Request for Notification?

YES

☒ NO

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

David E. Dunlap

(and title if applicable)

Sr. Vice President**For Office Use Only**Received by Jah Date 9-15-08 Fee \$50
Received by _____ Date _____ Receipt No. W030912
Processed by _____ AJ Date _____ WR Jah Date 9-15-08

SUPPORT DATA

IN FILE # 65-13268

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

Drew K. Theophilus
Baird Holm LLP
1500 Woodmen Tower
1700 Farnam Street
Omaha, Nebraska 68102

Loan No. BHM03TLG3

(For Recorder's use only)

Instrument # 354672

PAYETTE COUNTY
7-11-2008 09:01:52 No. of Pages: 15
Recorded for: AMERITITLE
BETTY J DRESSEN Fee: 45.00
Ex-Officio Recorder Deputy
Index to: MORTGAGE & FIXTURE FILING

0024236

**MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT
OF RENTS AND FIXTURE FILING**

THIS SECURITY INSTRUMENT IS INTENDED AS A MORTGAGE AND AS A FIXTURE FILING UNDER SECTION 28-9-502(b) OF THE IDAHO UNIFORM COMMERCIAL CODE. THIS SECURITY 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 July 1, 2008 by and between **DAVID W. HOLM** and **SHARYL L. HOLM**, husband and wife, dba Holm Dairy, having an address for notice under this Mortgage of 3223 N.W. 3rd Avenue, Fruitland, Idaho 83619 (jointly and severally, "**Mortgagor**"), and **HARTFORD LIFE INSURANCE COMPANY**, a Connecticut corporation, having an address for notice under this Mortgage of 5260 North Palm Avenue, Suite 205, Fresno, California 93704, Attn: Loan Administration ("**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 mortgages, grants, bargains, sells, transfers and conveys to and for the benefit and security of Mortgagee, with power of sale as applicable, 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 Payette 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;

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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 rights to water under the IDWR License Nos. 65-4142, 65-6246, 65-9385 and 65-21278, Water Rights, ditches, ditch rights, flumes, aqueducts, canals, appropriations, franchise, 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, panals, 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;

G. All right, title and interest of Mortgagor in and to all crop storage equipment and related facilities, now or hereafter located on the Property;

H. All right, title and interest of Mortgagor in and to all (i) irrigation, drainage, and frost protection equipment; (ii) all milk, cream, butter, butter fats, and other dairy products of any kind or character or inventory arising from or related to the farm operation or dairy operations conducted on the Property; (iii) 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; (iv) all fences, corrals, chutes, and other structures; (v) all milk barn and associated equipment at, pertaining to, or used in the dairy facilities located on the Property (excluding any rolling stock), 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; and (vi) property related general intangibles; and

I. 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 a certain Promissory Note dated of even date herewith in the principal sum of up to \$1,980,000.00, with a scheduled final maturity of July 1, 2033, 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 (as amended or modified from time to time, 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 (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

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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

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(vi) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not Mortgagee shall have notice or knowledge of any of the foregoing.

2. **WARRANTY OF TITLE:** (a) Mortgagee is lawfully seized and possessed of good and marketable title to the Collateral, and Mortgagee hereby warrants the Collateral to be free and clear of all liens and encumbrances, other than Permitted Liens. Mortgagee 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, Mortgagee 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) Mortgagee 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 Mortgagee 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 Mortgagee and without releasing Mortgagee 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 Mortgagee 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) Mortgagee'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 Mortgagee 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 Mortgagee, 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:** Mortgagee 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 Mortgagee 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 Mortgagee 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

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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 releases 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

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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) Upon request of Mortgagor and so long as no Event of Default exists, Mortgagee shall subordinate its security interest in crops growing on the Property to a security interest granted by Mortgagor to an entity that provides crop financing to Mortgagor; provided that only one such subordination may be in effect at any time. Any such subordination must be in writing pursuant to an agreement in form and substance reasonably satisfactory to Mortgagee.

(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 of Mortgagor, as applicable, is as follows:

Name: David W. Holm and Sharyl L. Holm
Type of Organization: n/a
Jurisdiction of Principal Residence: Idaho
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

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Default exists, the following are permitted: (1) sales of crops in the ordinary course of business, and (2) 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) Mortgagor hereby irrevocably constitutes and appoints Mortgagee and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact (which power of attorney is coupled with an interest and is irrevocable) with full power and authority to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or useful to accomplish the purposes of this Paragraph 9, including the power and right (without notice to or assent by Mortgagor): (i) to, upon the occurrence of an Event of Default, sell, transfer, pledge, make any agreement with respect to or otherwise dispose of or deal with any of the Personal Property, in a manner that is consistent with the UCC; and (ii) to do, at Mortgagor's sole costs and expense, all acts and things which Mortgagee deems necessary or useful to protect, preserve or realize upon the Personal Property and Mortgagee's security interest therein, all no less fully and effectively as Mortgagor might do, including the execution, delivery and recording, in connection with any sale or other disposition of any Personal Property, of endorsements, assignments or other instruments of conveyance or transfer with respect to such Personal Property. To the extent permitted by law, Mortgagor hereby ratifies all lawful actions taken by Mortgagee pursuant to this Subparagraph (h). The powers conferred on Mortgagee pursuant to this Subparagraph (h) are solely to protect its interests in the Personal Property and shall not impose any duty to exercise any such powers. Mortgagee shall be accountable only for the amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible for any act or failure to act, except for Mortgagee's gross negligence or willful misconduct. Mortgagee's sole duty with respect to the custody, safe keeping and physical preservation of the Personal Property in its possession, under §9-207 of the UCC or otherwise, shall be to deal with such Personal Property in the same manner as Mortgagee deals with similar property for its own account.

(i) If an Event of Default occurs, Mortgagee, without any notice to or demand upon Mortgagor (except as otherwise expressly required pursuant to this Agreement), 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 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.

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(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: (i) 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; (ii) each instrument of conveyance executed by or on behalf of Mortgagee containing a warranty (general or otherwise) of title shall be binding upon Mortgagor, and any recital contained in any such instrument of conveyance shall conclusively establish the truth and accuracy of the matters recited therein; (iii) any prerequisites to the validity of such sale shall be conclusively presumed to have been performed; (iv) any receipt issued by or on behalf of Mortgagee shall be a sufficient discharge to the purchaser for any purchase money, and no such purchaser, or any successors thereto, shall be obligated to see to the application of such purchase money or be in any way liable for any loss, misapplication or non-application thereof; and (v) to the extent permitted by law, Mortgagor shall be completely and irrevocably divested of all right, title, interest, claim, equity, equity of redemption and demand whatsoever, either at law or in equity, in and to the Personal Property sold, and such sale shall be a perpetual bar both at law and in equity against Mortgagor, and against all other Persons claiming the sold Personal Property by, through or under Mortgagor. 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) dispose of the Personal Property in wholesale rather than retail markets, (viii) disclaim disposition warranties, (ix) 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 (x) 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

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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, 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 of Idaho 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

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(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) Reserved.

(c) 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.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

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(h) 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. **RESERVED.**

12. **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 12(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) Mortgagor hereby irrevocably appoints Mortgagee and its successors and assigns, as its attorney-in-fact, which agency is coupled with an interest: (i) to execute and/or record any notices of completion, cessation of labor, or any other notices that Mortgagee reasonably deems appropriate to protect Mortgagee's interest in the Collateral if Mortgagor shall fail to do so within three days after written request by Mortgagee, (ii) upon the Issuance of a deed pursuant to the foreclosure of this Mortgage or the delivery (and acceptance by Mortgagee) of a deed in lieu of foreclosure, to execute all instruments of assignment, conveyance or further assurance with respect to Leases, Rents and the other Collateral in favor of the grantee of any such deed and as may be necessary or desirable for such purpose, and (iii) upon the occurrence of an Event of Default, to perform any duty or obligation of Mortgagor under this Mortgage or under any of the other Loan Documents (including payment of Taxes and Insurance Premiums) in accordance with the terms of Section 5.3 of the Loan Agreement; provided, however, that: (1) Mortgagee shall not under any circumstances be obligated to perform any duty or obligation of Mortgagor; (2) any sums advanced by Mortgagee in such performance shall be added to and included in the Obligations, shall bear interest at the Default Rate and shall be payable by Mortgagor in accordance with Section 5.3 of the Loan Agreement; (3) Mortgagee, as such attorney-in-fact, shall only be accountable for such funds as are actually received by Mortgagee; and (4) Mortgagee shall not be liable to Mortgagor or any other Person for any failure to take any action which it is empowered to take under this Paragraph 12(c).

(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.

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(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.

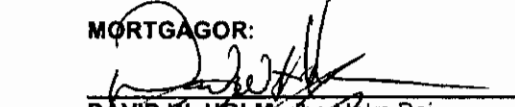
(k) Mortgagor, at any time following the request of Mortgagee, shall at Mortgagor's expense execute, acknowledge and deliver all such reasonable documents and instruments and all such further assurances of title, and will do or cause to be done all further acts and things, as may be proper or reasonably 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.

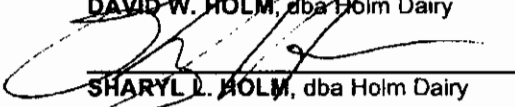
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IN WITNESS WHEREOF, this Mortgage has been executed by Mortgagor and is effective as of the day and year first above written.

MORTGAGOR:

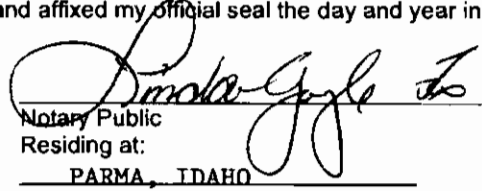

DAVID W. HOLM, dba Holm Dairy


SHARYL L. HOLM, dba Holm Dairy

STATE OF IDAHO)
)ss.
COUNTY OF PAYETTE)

On this 7TH day of JULY in the year 2008, before me
LINDA-GAYLE FOX, personally appeared DAVID W. HOLM dba Holm Dairy, 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 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:

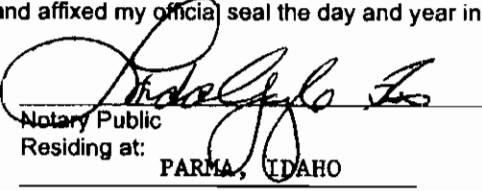
PARMA, IDAHO

My commission expires on: 02/21/14

STATE OF IDAHO)
)ss.
COUNTY OF PAYETTE)

On this 7TH day of JULY in the year 2008, before me
LINDA-GAYLE FOX, personally appeared SHARYL L. HOLM dba Holm Dairy, 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 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:

PARMA, IDAHO

My commission expires on: 02/21/14

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EXHIBIT A

Real Property Description

In Twp. 8., R. 4 W., B.M., in Payette County, Idaho:

In Sec. 19: SE $\frac{1}{4}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$, and all that part of the SE $\frac{1}{4}$ SW $\frac{1}{4}$ lying East of the drain ditch;

In Sec. 30: NE $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$;
NE $\frac{1}{4}$ NW $\frac{1}{4}$, SAVE AND EXCEPTING that portion of the following described tract contained therein:
Beginning at a point on the North line of said Sec. 30, which point is S. 89°36' E. 1229.0 feet from the NW corner of said Sec. 30;
Thence N. 89°36' E. along said Section line 890.55 feet;
Thence S. 4°16' W. 597.55 feet;
Thence N. 57°59' W. 622.35 feet;
Thence N. 49°32' W. 423 feet to the point of beginning.
AND FURTHER EXCEPTING the following parcel of land:
Commencing at the NW corner of said NE $\frac{1}{4}$ NW $\frac{1}{4}$;
Thence S. 0°14'10" W. along the Westerly boundary of said NE $\frac{1}{4}$ NW $\frac{1}{4}$, 315.73 feet to the True Point of Beginning;
Thence S. 48°36'50" E. 46.48 feet;
Thence S. 0°14'10" W. parallel to the Westerly boundary of said NE $\frac{1}{4}$ NW $\frac{1}{4}$, 979.66 feet;
Thence N. 89°17'30" W. 35.00 feet;
Thence N. 0°14'10" E. along the Westerly boundary of said NE $\frac{1}{4}$ NW $\frac{1}{4}$, 1,009.96 feet to the True Point of Beginning.

SW $\frac{1}{4}$ NE $\frac{1}{4}$;

SE $\frac{1}{4}$ NW $\frac{1}{4}$, SAVE AND EXCEPTING the South 46.2 feet thereof;
AND FURTHER EXCEPTING the South 175 feet of the West 250 feet of the East 570 feet thereof.

Government Lot 2, SAVE AND EXCEPTING THEREFROM the South 46.2 feet thereof, and ALSO EXCEPTING the following tract:
Beginning on the West side line of said Government Lot 2 at a point 46.2 feet North of the SW corner of said Lot 2;
Thence North following said West side line to the NW corner of said Lot 2;
Thence East following the North side line of said Lot 2 to a point 197 feet East of the center line of a certain slough or swale (said point being approximately 494 feet East of the NW corner of said Lot 2);
Thence South 210 feet;
Thence West to the center line of said slough or swale;
Thence Southeasterly following said center line of said slough or swale to a point 46.2 feet North of the South side line of said Lot 2 and 618.75 feet East of the West side line of said Lot 2;
Thence West in a straight line to the point of beginning.

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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, and substitutions, replacements, additions or accessions thereto and proceeds thereof:

IRRIGATION, DRAINAGE, AND FROST PROTECTION EQUIPMENT: All water production, distribution, irrigation, and drainage equipment and facilities, all frost protection equipment and facilities, including all pumps, pumping stations, motors, panels, switchboxes, transformers, engines, gear heads, booster pumps, machinery, tanks, pivots, hoses, fan jets, pipes, sprinklers, flumes, wheel lines, drip irrigation lines, drip hose, underground pipeline, wind machines, and other water, irrigation or frost protection 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, including any such items not located on the Property but used to deliver water to the Property.

MILK, DAIRY PRODUCTS, ACCOUNTS, GENERAL INTANGIBLES: Milk, cream, butter, butter fats, and other dairy products of any kind or character or inventory arising from or related to the farming operations or 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 and associated equipment at, pertaining to, or used in the dairy facilities and farming operations located on the Property (excluding any rolling stock), 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.

WATER RIGHTS: The ground water on, under, pumped from or otherwise available to the Property ditches, ditch rights, flumes, aqueducts, canals, appropriations, franchise, 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; 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 the rights to water under IDWR License Nos. 65-4142, 65-6246, 65-9385 and 65-21278, IDWR Permit Nos. 65-13268 and 65-23033 and pursuant to the Noble Ditch Company, LTD. Shares Certificate Nos. 3131 and 3132.

PROPERTY RELATED 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 but not limited to, any and all permits and licenses associated with the use of the Property as a Confined Animal Facility, use permits, agricultural processor licenses, and contracts with others for processing milk and other commodities.