

RECEIVED

JAN 11 2008

DEPARTMENT OF
WATER RESOURCESSTATE OF IDAHO
DEPARTMENT OF WATER RESOURCES**Notice of Security Interest in a Water Right****And Request for Notification of a Change in Ownership or Any Proposed
Or Final Action to Amend, Transfer, or Otherwise Modify a Water Right**

Please print or type. Attach pages with additional information. Instructions are on the back of this page.

Incomplete forms will be returned.

37-7808, 37-8005B, 37-8005C, 37-8005D, 37-10607, 37-8487D, 37-7242,

1. Water Right No(s): 37-10597, 37-10600 and 37-10602

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

McFinney Agri-Finance, LLC

P.O. Box 1598

Twin Falls, ID 83303-1598

4. Name of Water Right Owner/Claimant(s) Faulkner Land & Livestock Company, A Corporation,

5. Expiration Date of Notification Period March 1, 2038

6. Is this a Renewal of Request for Notification? ☐ YES ☒ NO7. Signature(s) of Security Interest holder(s) McFinney Agri-Finance, LLC
(and title if applicable)By: Hiram Finney MEMBER
Hiram Finney, Member**For Office Use Only**

Received by

Date

Fee

250.00

Receipted by KAWDate 1/11/08Receipt No. C085680Processed by AJ

Date

WR

Date

SUPPORT DATAIN FILE # 37-07242

G-37129
233800-K

Instrument # 4340

GOODING, GOODING, IDAHO

2007-11-28 02:20:07 No. of Pages: 36

Recorded for : LAND TITLE JEROME

DENISE M. GILL

Fee: 108.00

Ex-Officio Recorder Deputy



**FIRST MORTGAGE, SECURITY AGREEMENT
AND ASSIGNMENT OF RENTS
(AGRI-ACCESS)**

This First Mortgage, Security Agreement and Assignment of Rents (the "Mortgage") is made as of this 27 day of November, 2007, by and among FAULKNER LAND & LIVESTOCK COMPANY, A CORPORATION, also shown of record as FAULKNER LAND & LIVESTOCK COMPANY, FAULKNER LAND AND LIVESTOCK COMPANY, FAULKNER LAND & LIVESTOCK, INC., FAULKNER LAND & LIVESTOCK INC., FAULKNER LAND AND LIVESTOCK, INC., FAULKNER LAND & LIVESTOCK COMPANY, INC. and FAULKNER LAND & LIVESTOCK CO., INC., whose address is 1989 South 1875 East, Gooding, ID 83330 (collectively, the "Mortgagor") and MCFINNEY AGRI-FINANCE, LLC, an Idaho limited liability company whose address is 409 Shoshone St. South, Suite 25, Twin Falls, Idaho 83301 (the "Mortgagee");

W I T N E S S E T H:

Mortgagor, for valuable consideration, the receipt of which is hereby acknowledged, and in consideration of and to secure repayment in accordance with the terms of a first mortgage promissory note of even date to it in hand paid (the "Note"), does hereby irrevocably, GRANT, BARGAIN, SELL, CONVEY, MORTGAGE, ASSIGN, PLEDGE, TRANSFER AND SET OVER unto Mortgagee and to its successors and assigns, all the hereinafter described real and personal property and water rights located in the Counties of Gooding, Camas and Blaine, State of Idaho, described in Exhibit "A" and Exhibit "B" attached hereto and by this reference incorporated herein, whether now owned or hereafter acquired (collectively, the "Property");

TOGETHER WITH all leasehold estate, right, title and interest of Mortgagor in, to or under all leases (including grazing permits, leases and oil and gas leases) or subleases covering the Property or any portion thereof during the period in which this Mortgage is in effect, whether now or hereafter existing or entered into, including, without limitation, all cash or security deposits, advance rentals, and deposits or payments of similar nature;

TOGETHER WITH all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, and all tenements, hereditaments and appurtenances thereof and thereto; and all water, water rights, water appropriations, irrigation works, lines, pivots, drip lines, hand lines, wheel lines, pumps, motors, equipment and electric panels of every kind and nature, ditches, canals, wells, franchises upon, leading to or connected with said property, in addition to any replacements, substitutions and additions thereto, and all other rights and privileges now or hereafter owned by Mortgagor, or belonging to, with, leading to, connected with, or usually had or enjoyed in connection with the Property or appurtenant thereto, whether represented by shares of capital stock in any ditch company, irrigation company, irrigation district or water association, by voting or other rights or interests with respect thereto or by actual individual ownership, or which may hereafter be acquired by Mortgagor, during the existence of this Mortgage;

G-57129
233800-K

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AND ASSIGNMENT OF RENTS
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TOGETHER WITH all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, and all tenements, hereditaments and appurtenances thereof and thereto; and all water, water rights, water appropriations, irrigation works, lines, pivots, drip lines, hand lines, wheel lines, pumps, motors, equipment and electric panels of every kind and nature, ditches, canals, wells, franchises upon, leading to or connected with said property, in addition to any replacements, substitutions and additions thereto, and all other rights and privileges now or hereafter owned by Mortgagor, or belonging to, with, leading to, connected with, or usually had or enjoyed in connection with the Property or appurtenant thereto, whether represented by shares of capital stock in any ditch company, irrigation company, irrigation district or water association, by voting or other rights or interests with respect thereto or by actual individual ownership, or which may hereafter be acquired by Mortgagor, during the existence of this Mortgage;

G-37129
233800K

**FIRST MORTGAGE, SECURITY AGREEMENT
AND ASSIGNMENT OF RENTS
(AGRI-ACCESS)**

CAMAS COUNTY
RECORDED FOR:
LAND TITLE AND ESCROW, I
4:05:45 pm 11-28-2007
2007-081144
NO. PAGES: 36 FEE: \$108.6
ROLLIE BENNETT
COUNTY CLERK
DEPUTY: KBLDGETT

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TOGETHER WITH all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, and all tenements, hereditaments and appurtenances thereof and thereto; and all water, water rights, water appropriations, irrigation works, lines, pivots, drip lines, hand lines, wheel lines, pumps, motors, equipment and electric panels of every kind and nature, ditches, canals, wells, franchises upon, leading to or connected with said property, in addition to any replacements, substitutions and additions thereto, and all other rights and privileges now or hereafter owned by Mortgagor, or belonging to, with, leading to, connected with, or usually had or enjoyed in connection with the Property or appurtenant thereto, whether represented by shares of capital stock in any ditch company, irrigation company, irrigation district or water association, by voting or other rights or interests with respect thereto or by actual individual ownership, or which may hereafter be acquired by Mortgagor, during the existence of this Mortgage;

TOGETHER WITH all right, title and interest of Mortgagor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any road adjoining the Property

TOGETHER WITH any and all buildings, structures, fences, pipelines, pipes, tanks, dams, reservoirs, pumps, pumping equipment and all other improvements and fixtures now located or hereafter erected thereon or used in connection therewith, including, but not limited to, the fixtures, attachments, equipment, machinery, and other articles attached to said buildings and improvements, including all livestock fixtures and other non-rolling stock necessary to run sheep thereon (collectively, the "Improvements"), but not including farm machinery and vehicles;

TOGETHER WITH, all the estate, interest, right, title, other claim or demand, including claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Mortgagor now has or may hereafter acquire in the Property, and any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Mortgaged Property; and

TOGETHER WITH all accounts arising out of, or in connection with, leases, bonuses, royalties, subleases, franchises, rents, issues and profits in connection with the Property, and all the estate, right, title and interest of every nature whatsoever of the Mortgagor in and to the same. Mortgagor will execute such assignments as Mortgagee may from time to time reasonably request, which shall include, but not be limited to, assignments of rents, issues and profits in reasonable form acceptable to Mortgagee. Mortgagor shall pay the cost of recording any such assignments. Mortgagee is authorized to notify any or all lessees, tenants or occupants of all or part of said Property of the assignment of rents, issues or profits made hereunder or under any such special assignments. Mortgagee shall have no personal liability and shall not be responsible for the performance of Mortgagor's covenants under any of said leases or rentals. Mortgagee shall not be liable to Mortgagor for any action taken or omitted in connection with any such leases or rentals or the operation of said Property. Until the occurrence of a default as hereinafter provided, Mortgagor may use and occupy the Property and receive all rents, issues and profits thereof.

The entire estate, property (both real and personal) and interest hereby conveyed to Mortgagee may hereafter collectively be referred to as the "Mortgaged Property." All property except the real property may hereinafter be referred to as the "Personal Property." Personal Property does not include farm machinery, vehicles, livestock, crops, household furnishings, household appliances or unattached household fixtures, or any income therefrom.

FOR THE PURPOSE OF SECURING:

- (a) Payment of indebtedness in the total principal amount of up to Four Million Four Hundred Thousand and No/100ths Dollars (\$4,400,000.00), together with interest on the unpaid balance thereof, from date of funding by the Mortgagee until paid, evidenced by that certain Note of even date herewith with a maturity date of March 1, 2038, executed by Mortgagor, which has been delivered to and is payable to the order of Mortgagee, and which by this reference is hereby made a part thereof, together with any and all modifications, extensions and renewals

thereof; both principal and interest and all other indebtedness accruing hereunder or thereunder being payable in lawful money of the United States which shall be legal tender for the payment of all debts and dues, public and private, at the time of payment, at the following address and with the following notations, or at such other place as may be designated in writing by the Mortgagee:

Agri-Access
P.O. Box 7005
Albert Lea, MN 56007-8005

Lender: McFinney Agri-Finance, LLC
Borrower: Faulkner Land & Livestock Company

- (b) Performance of all obligations of Mortgagor under any loan application, report, commitment letter, loan agreement, mortgage, deed of trust, security agreement, financing statement, assignment, assignment of bonuses, rentals and royalties, guaranty, or other agreement given as security for the Note or entered into in connection with the transactions contemplated hereby (collectively, with the Note and this Mortgage, the "Credit Documents").
- (c) Payment of all sums advanced by Mortgagee to protect the Mortgaged Property, with interest thereon at the rates set forth in the Note.
- (d) Performance of all obligations of any guarantor of any of the obligations of Mortgagor contained in the Credit Documents or any other instrument given to evidence or further secure the payment and performance of any obligation secured hereby or thereby.

TO PROTECT THE SECURITY OF THIS MORTGAGE, MORTGAGOR HEREBY
COVENANTS AND AGREES:

ARTICLE I

COVENANTS AND AGREEMENTS OF MORTGAGOR

Mortgagor hereby represents, covenants and agrees:

- 1.01 Title. That other than with respect to the Pauls Property (as such term is defined below), at the time of delivery hereof, Mortgagor is the lawful owner of the property hereinabove granted, and is seized of good, marketable and indefeasible title in fee simple therein, free and clear of all encumbrances, and that Mortgagor will warrant and defend the same in the quiet and peaceful possession of the Mortgagee, its successors and assigns, forever, against the claims of all persons whomsoever. That at the time of delivery hereof, the Mortgagor has equitable title to real property legally described as follows (collectively, the "Pauls Property") pursuant to a Contract between Ronald E. Pauls and Debbrah Pauls as

Seller and the Mortgagor as Buyer (the "Purchase Agreement"), which is evidenced by the Memorandum of Contract by and between Ronald E. Pauls, Debbrah Pauls and the Mortgagor dated March 18, 2004 and recorded March 26, 2004 as Instrument No. 205469, records of Gooding County:

Township 6 South, Range 14 East of the Boise Meridian, Gooding County, Idaho

Section 8: N1/2N1/2;
Section 9: NW1/4NW1/4

That there has been no default or breach of the Purchase Agreement by the Mortgagor, and that upon final payment under the Purchase Agreement in accordance with the Escrow Agreement dated the date hereof by and among the Borrower and the Mortgagee (as such term is defined in the Note), the Mortgagor shall be the lawful owner of the Pauls Property, and shall be seized of good, marketable and indefeasible title in fee simple therein, free and clear of all encumbrances, and that Mortgagor will warrant and defend the same in the quiet and peaceful possession of the Mortgagee, its successors and assigns, forever, against the claims of all persons whomsoever.

- 1.02 Payment of Secured Obligations. That Mortgagor has executed and delivered to Mortgagee the Note, the Loan Agreement dated as of the date hereof by and among the Mortgagor, John L. Faulkner and Laura Jo Faulkner, husband and wife, Michael Faulkner and Helen Faulkner, husband and wife, Jack Faulkner and Kathleen R. Pullman-Faulkner, husband and wife, Mark Faulkner and the Mortgagee (the "Loan Agreement") and this Mortgage and agrees to pay when due the principal of, and the interest on, the indebtedness evidenced by the Note, charges, fees and all other sums as provided in the Credit Documents, and the principal of, and interest on, any future advances secured by this Mortgage.
- 1.03 Maintenance, Repair, Alterations and Good Standing. To keep the Mortgaged Property in good condition and repair, not to remove, demolish or substantially alter (except such alterations as may be required by laws, ordinances or regulations) any of the Improvements; to complete promptly and in good and workmanlike manner any building or other improvement which may be constructed on the Property and promptly restore in like manner any Improvement which may be damaged or destroyed thereon, and to pay when due all claims for labor performed and materials furnished therefore, to comply with all laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Mortgaged Property or any part thereof; not to commit, suffer or permit any waste or deterioration of the Mortgaged Property; not to commit, suffer or permit any act to be done in or upon the Mortgaged Property in violation of any law, ordinance or regulation; in the event the Mortgagor is a corporation, partnership, limited liability company, cooperative, business trust or other entity, to keep the Mortgagor in existence and in good standing.

1.04 Required Insurance. To at all times provide, maintain and keep in force the following policies of insurance:

- (a) If Mortgagor constructs or installs improvements on the Property that were not existing on the Property on the date of this Mortgage, then Mortgagee may require that Mortgagor keep and maintain in force with respect to said improvements such of the following policies of insurance ("insurance" or "policies of insurance") as may be reasonably requested. Insurance may, in the discretion of Mortgagor, be in the form of individual policies or blanket policies covering other improvements.
- (b) Physical hazard insurance covering the perils of fire, flood, tornado, lightning, and extended coverage in an amount equal to at least the full insurable value of the Mortgaged Property, and such additional coverage as Mortgagee may from time to time reasonably require.
- (c) Such other insurance, and in such amounts, as may from time to time reasonably be required by Mortgagee against the same or other hazards.
- (d) All policies of insurance required by the terms of this Mortgage shall contain an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act or negligence of Mortgagor which might otherwise result in forfeiture of said insurance and the further agreement of the insurer waiving all rights of setoff, counterclaim or deductions against Mortgagor.

1.05 Delivery of Policies, Payment of Premiums. That all policies of insurance shall be issued by companies and in amounts in each company satisfactory to Mortgagee. All policies of insurance shall have attached thereto a lender's loss payable endorsement for the benefit of Mortgagee in form satisfactory to Mortgagee. Mortgagor shall furnish Mortgagee copies of all policies of required insurance. All such policies shall contain a provision that such policies will not be canceled or materially amended, which term shall include any reduction in the scope or limits of coverage, without at least thirty (30) days' prior written notice to Mortgagee. In the event Mortgagor fails to provide, maintain, keep in force or deliver and furnish to Mortgagee the policies of insurance required by this Section, Mortgagee may procure such insurance or single-interest insurance for such risks covering Mortgagee's interest, and Mortgagor will pay all premiums thereon promptly upon demand by Mortgagee, and until such payment is made by Mortgagor the amount of all such premiums together with interest thereon at the rate provided in the Note shall be secured by this Mortgage.

1.06 Insurance Proceeds. That after the happening of any casualty to the Mortgaged Property or any part thereof, Mortgagor shall give prompt written notice thereof to Mortgagee.

- (a) In the event of any damage or destruction of the Improvements, Mortgagee shall have the option in its sole discretion of applying all or part of the insurance proceeds (i) to any indebtedness secured hereby and in such order as Mortgagee may determine, (ii) to the restoration of the Improvements, provided the Improvements are restored to good working condition, or (iii) to Mortgagor; provided that at Mortgagor's election, the insurance proceeds shall be applied to restoration of the Improvements if Mortgagor has had a satisfactory credit record with Mortgagee, is not then in default under the Note or the other Credit Documents, and establishes to Mortgagee's reasonable satisfaction that the insurance proceeds together with Mortgagor's other resources, if required, would be sufficient to restore the Improvements to a condition satisfactory for operation of Mortgagor's farming business.
- (b) In the event of such loss or damage, all proceeds of insurance shall be payable to Mortgagee, and Mortgagor hereby authorizes and directs any affected insurance company to make payment of such proceeds directly to Mortgagee. After applying the proceeds to all indebtedness secured hereby, the balance of such proceeds, if any, shall be promptly paid to Mortgagor. Mortgagee is hereby authorized and empowered by Mortgagor to settle, adjust or compromise any claims for loss, damage or destruction under any policy or policies of insurance.
- (c) Except to the extent that insurance proceeds are received by Mortgagee and applied to the indebtedness secured hereby, nothing herein contained shall be deemed to excuse Mortgagor from repairing or maintaining the Mortgaged Property or restoring all damage or destruction to the Mortgaged Property, regardless of whether or not there are insurance proceeds available or whether any such proceeds are sufficient in an amount, and the application or release by Mortgagee, of any insurance proceeds shall not cure or waive any default or notice of default under this Mortgage or invalidate any act done pursuant to such notice.

1.07 Assignment of Policies Upon Foreclosure. That in the event of foreclosure of this Mortgage or other transfer of title or assignment of the Mortgaged Property in extinguishment, in whole or in part, of the debt secured hereby, all right, title and interest of Mortgagor in and to all policies of insurance required by this Section shall inure to the benefit of and pass to the successor in interest to Mortgagor or the purchaser or grantee of the Mortgaged Property.

1.08 Indemnification; Subrogation; Waiver:

- (a) If Mortgagee or any of its members, officers, employees and agents (each in its capacity as an indemnified party, a "Mortgagee Indemnitee") is a party or is threatened to be made a party to any threatened, pending or

completed action, suit or proceeding, whether civil, criminal, administrative or investigative, concerning this Mortgage or the Mortgaged Property or any part thereof or interest therein or the occupancy thereof by Mortgagor, then Mortgagor shall indemnify, defend, protect and hold harmless each Mortgagee Indemnitee from and against any and all claims, losses, liabilities, damages, assessments, adjustments, costs and expenses (including specifically, but without limitation, attorneys' fees and expenses of investigation) (collectively, "Damages") incurred by such Mortgage Indemnitee in connection with such suit or proceeding, unless such Damages arise as a direct result of the gross negligence or willful misconduct of the Mortgagee. If Mortgagee commences an action against Mortgagor to enforce any of the terms hereof or because of the breach by Mortgagor of any of the terms hereof, or for the recovery of any such secured hereby, Mortgagor shall pay to Mortgagee attorney's fees and expenses, and the right to such attorney's fees and expenses shall be deemed to have accrued on the commencement of such action, and shall be enforceable whether or not such action is prosecuted to judgment. If Mortgagor breaches any term of this Mortgage, Mortgagee may employ an attorney or attorneys to protect its rights hereunder, and in the event of such employment following any breach by Mortgagor, Mortgagor shall pay Mortgagee attorney's fees and expenses incurred by Mortgagee, whether or not an action is actually commenced against Mortgagor by reason of breach.

- (b) Mortgagor waives any and all right of claim or recovery against Mortgagee, its members, officers, employees and agents, for loss of or damage to Mortgagor, the Mortgaged Property, Mortgagor's property or the property of others under Mortgagor's control from any cause insured against or required to be insured against by the provisions of this Mortgage.
- (c) All sums payable by Mortgagor hereunder shall be paid without notice, demand counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of Mortgagor hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein) by reason of:
 - (i) any damage to or destruction of or any condemnation or similar taking of the Mortgaged Property or any part thereof; (ii) any restriction or prevention of or interference with any use of the Mortgaged Property or any part thereof; (iii) any title defect or encumbrance or any eviction from the Property or the Improvements or any part thereof by title paramount or otherwise; (iv) subject to provisions of applicable law, any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Mortgagee, or any action taken with respect to this Mortgage by any trustee or receiver of Mortgagee, or by any court, in any such proceeding; (v) any claim which

Mortgagor has or might have against Mortgagee; (vi) any default or failure on the part of Mortgagee to perform or comply with any of the terms hereof or of any other agreement with Mortgagor; or (vii) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not Mortgagor shall have notice or knowledge of any of the foregoing. Except as expressly provided herein, and except as otherwise prohibited by applicable law, Mortgagor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any sum secured hereby and payable by Mortgagor.

- (d) To the extent applicable and permitted by law, the Mortgagor waives all homestead exemption rights relating to the Mortgaged Property.

1.09 Taxes and Impositions.

- (a) Mortgagor agrees to pay, prior to delinquency, all real property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever, including without limitation payments with respect to water rights (collectively, the "Impositions"); *provided, however*, that if, by law, any such Imposition is payable, or may at the option of the taxpayer be paid, in installments, Mortgagor may pay the same together with any accrued interest on the unpaid balance of such Imposition in installments as the same become due and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest.
- (b) Mortgagor covenants to furnish Mortgagee within forty-five (45) days after the date upon which any such Imposition is due and payable by Mortgagor, official receipts of the appropriate taxing authority, or other proof satisfactory to Mortgagee, evidencing the payments thereof.
- (c) Mortgagor shall have the right before any delinquency occurs to contest or object to the amount or validity of any such Imposition by appropriate legal proceedings, but this shall not be deemed or construed in any way as relieving, modifying or extending Mortgagor's covenant to pay any such Imposition at the time and in the manner provided in this Section.

1.10 Power and Utilities. Mortgagor agrees to pay when due all power and utility charges which are incurred by Mortgagor for the benefit of the Mortgaged Property or which may become a charge or lien against the Mortgaged Property.

1.11 Actions by Mortgagee to Preserve Mortgaged Property. That should Mortgagor fail to make any payment or to do any act as and in the manner provided in any of the Credit Documents, Mortgagee, in its own discretion, without obligation so to do and without notice to or demand upon Mortgagor and without releasing Mortgagor from any obligation, may reasonably make or do the same is such

manner and to such extent as it may deem necessary to protect the security hereof. Mortgagor shall, immediately upon demand therefore by Mortgagee, pay all reasonable costs and expenses incurred by Mortgagee in connection with the exercise by Mortgagee of the foregoing rights, including without limitation costs of evidence of title, court costs, appraisals, surveys and attorney's fees.

That in the event Mortgagee is called upon to pay any sums of money to protect this Mortgage and the Note secured hereby as aforesaid, all monies advanced or due hereunder shall become immediately due and payable, together with interest at a rate as is set forth in the Note for regular and default interest.

- 1.12 Survival of Warranties. To fully and faithfully satisfy and perform the obligations of Mortgagor contained in the Mortgagor's loan application and any of the Credit Documents. All representations, warranties and covenants of Mortgagor contained therein shall survive the close of escrow and funding of the loan evidenced by the Note and shall remain continuing obligations, warranties and representations of Mortgagor during any time when any portion of the obligations secured by this Mortgage remain outstanding.
- 1.13 Eminent Domain. That should the Mortgaged Property, or any part thereof or interest therein, be taken or damaged by reason of any public improvement or condemnation proceeding, or in any other manner ("Condemnation"), or should Mortgagor receive any notice or other information regarding such proceeding, Mortgagor shall give prompt written notice thereof to Mortgagee.
- (a) Mortgagee shall be entitled to all compensation, awards and other payments or relief therefore, and shall be entitled at its option to commence, appear in and prosecute in its own name any action or proceedings. Mortgagee shall also be entitled to make any compromise or settlement in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds awarded to Mortgagor (the "Proceeds") are hereby assigned to Mortgagee and Mortgagor agrees to execute such further assignments of the Proceeds as Mortgagee may require.
- (b) In the event any portion of the Mortgaged Property is so taken or damaged, Mortgagee shall have the option, in its sole and absolute discretion, to apply all such Proceeds, after deducting therefrom all costs and expenses (regardless of the particular nature thereof and whether incurred with or without suit), including attorney's fees, incurred by it in connection with such Proceeds, upon any indebtedness secured hereby and in such order as Mortgagee may determine, or to apply all such Proceeds, after such deductions, to the restoration of the Mortgaged Property upon such conditions as Mortgagee may determine. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. After applying the

Proceeds to the restoration of the Mortgaged Property, the balance of such Proceeds, if any, shall be promptly paid to Mortgagor.

- 1.14 Additional Security. That in the event Mortgagee at any time holds additional security for any of the obligations secured hereby, it may enforce the sale thereof or otherwise realize upon the same, at its option, either before or concurrently herewith or after a sale is made hereunder.
- 1.15 Successors and Assigns. That this Mortgage applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term "Mortgagee" shall mean the owner and holder of the Note, whether or not named as Mortgagee herein. In this Mortgage, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.
- 1.16 Inspections. That Mortgagee, or its agents, representatives or workmen, upon giving reasonable notice to Mortgagor, are authorized to enter at any reasonable time upon or in any part of the Mortgaged Property for the purpose of inspecting the same and for the purpose of performing any of the acts it is authorized to perform under the terms of any of the Credit Documents.
- 1.17 Liens. To pay and promptly discharge, at Mortgagor's cost and expense, all liens, encumbrances and charges upon the Mortgaged Property, or any part thereof or interest therein. Mortgagor shall have the right to contest in good faith the validity of any such lien, encumbrance or charge, provided Mortgagor shall first deposit with Mortgagee a bond or other security satisfactory to Mortgagee in such amounts as Mortgagee shall reasonably require, but not more than one and one-half (150%) of the amount of the claim, and provided further that Mortgagor shall thereafter diligently proceed to cause such lien, encumbrance or charge to be removed and discharged. If Mortgagor shall fail to discharge any such lien, encumbrance or charge, then, in addition to any other right or remedy of Mortgagee, Mortgagee may, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due, or by procuring the discharge or such lien by depositing in court a bond or the amount claimed or otherwise giving security for such claim, or in such manner as is or may be prescribed by law.
- 1.18 Other Mortgages. That Mortgagor will not create, assume or suffer to exist in respect of the Mortgaged Property, or any part thereof, any mortgage other than this Mortgage, with the exception of the following (the "Zions Mortgage"), which Zions Mortgage shall be released and terminated on or before January 1, 2008:
- 1.18.1 Mortgage and Fixture Filing of Faulkner Land & Livestock Company, an Idaho Corporation, (a/k/a Faulkner Land & Livestock Company, a Corporation; a/k/a Faulkner Land And Livestock Company; a/k/a Faulkner Land And Livestock Company, Inc.; a/k/a Faulkner Land And Livestock, Inc.; and a/k/a Faulkner Land and Livestock Co., Inc.) in favor of Zions First National Bank dated May 9, 2002 and recorded May 21, 2002 as

Instrument No. 195360, records of Gooding County, Idaho, as assigned to U.S. Bank National Association, as custodian/trustee by an Assignment of Mortgage/Deed of Trust from Zions First National Bank, dated May 9, 2002 and recorded May 21, 2002 as Instrument No. 195361, records of Gooding County, Idaho, and modified by Partial Release dated June 10, 2002 and recorded August 7, 2002 as Instrument No. 196363, records of Gooding County, Idaho.

- 1.19 Financial Statements. That Mortgagor will cause to be delivered to Mortgagee, without expense to Mortgagee, such financial records and information as are required by the Mortgagee from time to time.
- 1.20 Mortgagor's Waiver of Certain Rights. The Mortgagor waives to the extent not prohibited by applicable law that cannot be waived (a) the benefit of all laws now existing or hereafter enacted providing for any appraisal before sale of any portion of the Mortgaged Property, and (b) the benefit of all laws now existing or hereafter enacted in any way extending the time for enforcement or collection of the obligations contained in the Credit Documents. To the extent it may lawfully do so, the Mortgagor agrees that it will not at any time insist upon, plead, claim or take the benefit or advantage of, any law now or hereafter in force providing for any appraisal, valuation, stay or extension, and the Mortgagor hereby waives and releases all rights of valuation, appraisal, stay of execution, notice of election to mature or declare due the whole of the obligations contained in the Credit Documents and marshaling in the event of foreclosure of the liens hereby created. To the extent permitted by applicable law, the Mortgagee shall not be required in connection with any foreclosure, pursuant to any power of sale herein granted, or in connection with any deed in lieu of foreclosure, to foreclose, to sell or to take a deed in lieu of foreclosure, covering all or any specific portion of the Mortgaged Property and the Mortgagee may elect to foreclose, to sell or to take a deed in lieu of foreclosure to all or any portion of the Mortgaged Property and the Mortgagee's rights in connection with any foreclosure, pursuant to the power of sale herein granted, or in connection with any deed in lieu of foreclosure hereunder granted by the Mortgagor, may be exercised in any combination with respect to some or all of the Mortgaged Property. To the extent permitted by applicable law, the Mortgagee shall not be required to marshal or sell the Mortgaged Property, the leases, rents, issues and profits assigned by the Mortgagor or any other security by which the obligations contained in the Credit Documents are secured in any particular order.

ARTICLE II

SECURITY AGREEMENT

- 2.01 Creation of Security Interest. Mortgagor hereby grants to Mortgagee a security interest in the Personal Property described in the Credit Documents and in this Mortgage, including without limitation any and all property of similar type or

kind hereafter located on or at the Property for the purpose of securing all obligations of Mortgagor contained in any of the Credit Documents.

2.02 Warranties, Representations and Covenants of Mortgagor. Mortgagor hereby warrants, represents and covenants as follows:

- (a) Except for the security interest granted hereby, Mortgagor is, and as to portions of the Personal Property to be acquired after the date hereof will be, the sole owner of the Personal Property, free from any adverse lien, security interest, encumbrance or adverse claims thereon of any kind whatsoever. Mortgagor will notify Mortgagee of, and will defend the Personal Property against, all claims and demands of all persons at any time claiming the same or any interest therein.
- (b) Mortgagor will not lease, sell, convey or in any manner transfer the Personal Property without the prior written consent of Mortgagee, except such portions or items of Personal Property which are consumed or worn out in ordinary usage, all of which shall be promptly replaced by Mortgagor.
- (c) The Personal Property will be kept on or at the Property and Mortgagor will not remove the Personal Property from the Property without the prior written consent of Mortgagee, except such portions or items of Personal Property which are consumed or worn out in ordinary usage, all of which shall be promptly replaced by Mortgagor. Mortgagor may replace any item of Personal Property in the ordinary course of business, without the prior consent of Mortgagee.
- (d) Mortgagor maintains a place of business in the State of Idaho that is Mortgagor's chief executive office and Mortgagor will immediately notify Mortgagee in writing of any change in its place of business as set forth in the beginning of this Mortgage.
- (e) At the request of Mortgagee, Mortgagor will join Mortgagee in executing one or more financing statements and renewals and amendments thereof pursuant to the Uniform Commercial Code in form satisfactory to Mortgagee, and will pay the cost of filing the same in all public offices wherever filing is deemed by Mortgagee to be necessary or desirable.
- (f) All covenants and obligations of Mortgagor contained herein relating to the Mortgaged Property shall be deemed to apply to the Personal Property whether or not expressly referred to herein.
- (g) Mortgagor understands and agrees that certain items of irrigation equipment hereinbefore described or referred to as "personal property" actually and as a matter of law are fixtures and are deemed a part of the land covered by this Mortgage, and that said designation as "personal property" is for convenience only and shall be disregarded in the case of

any fixtures described or referred to following such designation. The Mortgagor will not sell or dispose of any of said personal property, nor attempt to do so, nor part with possession of any of the same, nor remove the mortgaged personal property or any of the same, nor permit it to be removed, from the mortgaged premises, or from the adjoining or adjacent lands where said personal property may be located, while this Mortgage shall remain in force and affect, without the written consent of the Mortgagee; *provided, however*, that the language of this paragraph shall not prevent the Mortgagor from replacing or upgrading any personal property subject to this Mortgage in the ordinary course of business without the written consent of the Mortgagee. All upgrades or replacements shall become subject to this Mortgage and security interest herein provided for. All the mortgaged Personal Property shall at all times while this Mortgage remains in force and effect be kept and maintained by the Mortgagor, at Mortgagor's own cost and expense, in good working order, condition and repair, and the Mortgagor will from time to time make all replacements of such Personal Property which may reasonably be necessary for the irrigation and cultivation of the mortgaged premises and Mortgagor will neither commit nor suffer any damages or waste on or to the mortgaged premises and said personal property nor do or permit to be done anything that may lessen or impair the value of the mortgaged property, real or personal, or the lien or security thereof.

- (h) This Mortgage constitutes a Security Agreement as that term is used in the Uniform Commercial Code of Idaho.

ARTICLE III

ASSIGNMENT OF RENTS, ISSUES, PROFITS AND CONTRACT RIGHTS

- 3.01 Assignment of Rents. Mortgagor hereby assigns and transfers to Mortgagee all accounts arising out of, or in connection with, leases, bonuses, royalties, subleases, franchises, rents, issues and profits in connection with the Mortgaged Property (hereinafter collectively referred to as "rents"), and hereby gives to and confers upon Mortgagee the right, power and authority to collect such rents. Mortgagor irrevocably appoints Mortgagee its true and lawful attorney-in-fact, at the option of Mortgagee at any time from time to time, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, in the name of Mortgagor or Mortgagee, for all such rents, and apply the same to the indebtedness secured hereby; *provided, however*, that Mortgagor shall have the right to collect such rents (but not more than thirty days in advance) prior to or at any time there is not an event of default under any of the Credit Documents.
- 3.02 Collection Upon Default. Upon any event of default under any of the Credit Documents, Mortgagee may, at any time without notice, enter upon and take possession of the Mortgaged Property, or at any part thereof, in its own name sue for or otherwise collect such rents, including those past due and unpaid, and apply

the same, less costs and expenses of operation and collection, including attorney's fees, upon any indebtedness secured hereby, and in such order as Mortgagee may determine. The collection of such rents or the entering upon and taking possession of the Mortgaged Property, or the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default.

3.03 Restriction on Further Assignments, etc. Except as herein specifically provided, Mortgagor will not, without prior written consent of the Mortgagee, assign the rents, or any part thereof, from the Mortgaged Property; and will not consent to the modification, cancellation or surrender of any lease or sublease covering the Mortgaged Property, or any part thereof. Any action of Mortgagor in violation of the terms of this Section shall be void as against Mortgagee in addition to being a default under this Mortgage.

3.04 Assignment of Contract Rights.

(a) Mortgagor hereby assigns and transfers to Mortgagee all the rights of the Mortgagor in and to, but none of the obligations or responsibilities under, the Purchase Agreement. Mortgagor will execute such assignments as Mortgagee may from time to time reasonably request, which shall include, but not be limited to, an assignment of rights in such Purchase Agreement in reasonable form acceptable to Mortgagee. Mortgagor shall pay the cost of recording any such assignments. Mortgagee is authorized to notify any or all other parties to any such Purchase Agreement of the assignment of rights made hereunder or under any such special assignments. Mortgagee shall have no personal liability and shall not be responsible for the performance of Mortgagor's covenants under said Purchase Agreement. Mortgagee shall not be liable to Mortgagor for any action taken or omitted in connection with such Purchase Agreement. Until the occurrence of a default as hereinafter provided, Mortgagor may receive all rights under the Purchase Agreement. Mortgagor irrevocably appoints Mortgagee its true and lawful attorney-in-fact, at the option of Mortgagee at any time from time to time, to demand and enforce the Purchase Agreement, and to sue, in the name of Mortgagor or Mortgagee, for all performance under the Purchase Agreement; *provided, however*, that Mortgagor shall have the right to exercise such rights under the Purchase Agreement prior to or at any time there is not an event of default under any of the Credit Documents.

(b) Collection Upon Default. Upon any event of default under any of the Credit Documents, Mortgagee may, at any time without notice, exercise the Mortgagee's rights under the Purchase Agreement. The exercise of such rights under the Purchase Agreement shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default.

- (c) Performance; After-Acquired Property. Mortgagor covenants and agrees to perform all of its obligations under the Purchase Agreement. The Mortgagor further acknowledges and agrees that upon the Mortgagor's acquisition of the Pauls Property in accordance with such Purchase Agreement, such property shall be subject to this Mortgage as Mortgaged Property, and the Mortgagor agrees to promptly execute any and all documents deemed necessary or desirable by the Mortgagee to evidence the same.
- (d) Restriction on Further Assignments, etc. Except as herein specifically provided, Mortgagor will not, without prior written consent of the Mortgagee, assign its rights under the Purchase Agreement; and will not consent to the modification, cancellation or amendment of the Purchase Agreement. Any action of Mortgagor in violation of the terms of this Section shall be void as against Mortgagee in addition to being a default under this Mortgage.

ARTICLE IV

REMEDIES UPON DEFAULT

- 4.01 Event of Default. The occurrence of any one or more of the following events shall constitute a default hereunder:
 - a) the occurrence of an Event of Default under the Note, including without limitation the sale, assignment, lease with the option of sale disposal or other transfer of the Mortgaged Property or any interest in the Mortgage; or
 - b) failure to observe or perform any covenant, agreement, condition, term or provision of this Mortgage or any other Credit Document (other than an Event of Default described in clause (a) above).
- 4.02 Remedies. In the event of the occurrence and during the continuance of any default, the Mortgagee may at any time thereafter, subject to the provisions set forth in this Section 4.02, exercise any or all of the following remedies:
 - a) all of the rights and remedies provided in the Note, including declaring the entire amount of the indebtedness and obligations immediately due and payable, and the indebtedness and obligations thereupon shall become immediately due and payable without presentment, protest or further demand or notice of any kind, all of which are hereby expressly waived;
 - b) all of the rights and remedies of a secured party under the Uniform Commercial Code in effect in the jurisdiction in which the Property is located;
 - c) the right to foreclose this Mortgage or specifically enforce any of the covenants hereof;

- d) the right to appoint a receiver of the Mortgaged Property, which appointment, to the extent permitted by applicable law, may be made either before or after foreclosure sale, upon notice, without regard to the solvency or insolvency of the Mortgagor at the time of application for such receiver and without regard to the then value of the Mortgaged Property; and
- e) such other actions or proceedings available to the Mortgagee under applicable law as it deems necessary or advisable to protect its interest in the Mortgaged Property and the indebtedness and obligations secured thereby.
- f) the right to receive rent under Article III, including without limitation the right to receive payments under any assignment of bonuses, rentals and royalties, governmental subsidy or program referenced in Section 5.04 hereof; and

In the event of default hereunder, the interest rate shall be as is set forth in the Note.

To the extent it may lawfully do so, the Mortgagor agrees that it will not (i) invoke or utilize any law now or hereafter in force which might prevent, cause a delay in or otherwise impede the enforcement of the rights of the Mortgagor in the Mortgaged Property or (ii) protest the appointment of a receiver of the Property pursuant to Section 4.02(d) hereof.

Notwithstanding the foregoing, prior to exercising any remedy with respect to an Event of Default under Section 4(a) of the Note, the Mortgagor shall have ten (10) days to effect a full and complete cure of such Event of Default by paying all amounts due and payable in accordance with the terms thereof.

Notwithstanding the foregoing, prior to exercising any remedy with respect to any such default (other than an Event of Default under Sections 4(a) or 4(i) of the Note), the Mortgagee shall first give written notice to the Mortgagor at the address set forth in Section 5.02 via registered mail, which notice shall specify in writing each and every claimed default. The Mortgagor shall have twenty (20) days from the receipt of such notice to effect a cure of each and every claimed default. If any claimed default remains uncured after such twenty (20) day period, the Mortgagee may then proceed to exercise any of the remedies to which it may be entitled, including those set forth in this Section 4.02, without the obligation to provide further notice to the Mortgagor.

- 4.03 Remedies Not Exclusive. Mortgagee shall be entitled to enforce payment and performance of any indebtedness or obligations secured hereby and to exercise all rights and powers under this Mortgage or under any Credit Document or other agreement or any laws now or hereafter in force, notwithstanding some or all of the said indebtedness and obligations secured hereby may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Mortgage nor its enforcement, whether by court action or pursuant to the power of sale or other powers herein contained,

shall prejudice or in any manner affect Mortgagee's right to realize upon or enforce any other security now or hereafter held by Mortgagee, it is being agreed that Mortgagee shall be entitled to enforce this Mortgage and any other security now or hereafter held by Mortgagee in such order and manner as it may in its absolute discretion determine. No remedy herein conferred upon or reserved to Mortgagee is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Credit Documents to Mortgagee or to which it may be otherwise entitled, may be exercised from time to time and as often as may be deemed expedient by Mortgagee.

ARTICLE V

MISCELLANEOUS

- 5.01 Interpretation; Governing Law; etc. Time is (and shall be) of the essence in this Mortgage and the other Credit Documents. All covenants, agreements, representations and warranties made in this Mortgage or any other Credit Document or in certificates delivered pursuant hereto or thereto shall be deemed to have been relied on by the Mortgagee, notwithstanding any investigation made by the Mortgagee on its behalf, and shall survive the execution and delivery to the Mortgagee hereof and thereof. The invalidity or unenforceability of any provision hereof shall not affect the validity or enforceability of any other provision hereof, and any invalid or unenforceable provision shall be modified so as to be enforced to the maximum extent of its validity or enforceability. The headings in this Mortgage are for convenience of reference only and shall not limit or otherwise affect the meaning hereof. This Mortgage and the other Credit Documents constitute the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior and contemporaneous understandings and agreements, whether written or oral. This Mortgage may be executed in any number of counterparts which together shall constitute one instrument. This Mortgage, and any issue, claim or proceeding arising out of or relating to this Mortgage or the conduct of the parties hereto, whether now existing or hereafter arising and whether in contract, tort or otherwise, shall be governed by and construed in accordance with the laws (other than the conflict of laws rules) of the State of Idaho, provided that the laws of the state in which the Mortgaged Property is located shall govern lien perfection, lien priority and validity of this Mortgage and the procedures with respect to the enforcement hereof.
- 5.02 Notices. Except as otherwise specified in this Mortgage or any other Credit Document, any notice required to be given pursuant to this Mortgage or any other Credit Document shall be given in writing. Any notice, consent, approval, demand or other communication in connection with this Mortgage or any other Credit Document shall be deemed to be given if given in writing addressed as provided below (or to the addressee at such other address as the addressee shall

have specified by notice actually received by the addressor), and if either (a) actually delivered in fully legible form to such address or (b) in the case of a letter, unless actual receipt of the notice is required by any Credit Document, five days shall have elapsed after the same shall have been deposited in the United States mails, with first-class postage prepaid and registered or certified.

a) If to the Mortgagor, to it at the addresses listed on the signature page hereto.

5.03 Joint and Several Obligations; Heirs and Assigns. In the event the Mortgagor consists of more than one individual or entity, the covenants, agreements, conditions, provisions, representations, warranties or obligations of each hereunder or under any Credit Document shall be joint and several. A default hereunder shall also apply with respect to the act or omission of any one or more individuals or entities comprising the Mortgagor. This Mortgage and the other Credit Documents shall bind the heirs, personal representatives, successors and assigns of each of the Mortgagor; *provided, however*, that neither this Mortgage nor any other Credit Document be assigned without the express written consent of the Mortgagee.

5.04 Subsidy and Payment in Kind Compensation.

a) Mortgagor shall not register the Property, or any portion thereof, with any federal, state or local government office for the purpose of obtaining subsidy or payment-in-kind compensation without first obtaining Mortgagee's prior written consent. Mortgagor hereby grants to Mortgagee a security interest in any such subsidy or payment-in-kind compensation whether or not Mortgagee gives its written consent to Mortgagor to register the Property, or any portion thereof, for such compensation. Mortgagor, upon the written request of Mortgagee, shall execute any documents necessary to further perfect Mortgagee's security interest in such compensation. Any such document is to be in form and substance acceptable to Mortgagee. Mortgagor hereby appoints Mortgagee its attorney-in-fact to execute such documents in Mortgagor's name and behalf. Upon Mortgagee's request, Mortgagor shall deliver to Mortgagee any document of title Mortgagee desires to hold to secure Mortgagee's interest in any such government compensation.

b) Upon any event of default under any of the Credit Documents, Mortgagee may, at any time without notice, take possession of any such subsidy or payment-in-kind compensation, or at any part thereof, in its own name sue for or otherwise collect such subsidy or payment-in-kind compensation, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including attorney's fees, upon any indebtedness secured hereby, and in such order as Mortgagee may determine. The collection of such government compensation or the entering upon and taking possession of any subsidy or payment-in-kind compensation, or the application thereof as aforesaid, shall not cure or waive any default or notice

of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default.

- 5.05 Habendum Clause. Upon payment in full of the indebtedness secured hereby and the performance by Mortgagor of all of the obligations imposed on Mortgagor herein and in the Loan Agreement and the Note, these presents shall be null and void, and Mortgagee shall release this Mortgage and the lien hereof by proper instrument executed in recordable form.
- 5.06 Hazardous Substances. Mortgagor represents and warrants that to the best of its knowledge (1) the Property (including, without limitation, the subsurface soil and the ground water thereunder) does not contain any "hazardous or toxic substances" (as hereinafter defined); (2) Mortgagor has no knowledge of any generation, transportation, storage, treatment or disposal of any hazardous or toxic substances on the Property, or within one-half mile thereof, now or in the past; (3) Mortgagor is not aware of any pending or threatened litigation or proceedings before any court or administrative agency in which any person or entity alleges, or threatens to allege, the presence, release, threat of release, placement on or in the Property, or the generation, transportation, storage, treatment, or disposal at the Property, of any hazardous substance; (4) Mortgagor has not received any notice of and has no knowledge that any governmental authority or any employee or agent thereof has determined or alleged, or is investigating the possibility, that there is a presence, release, threat of release, placement on or in the Property, or the generation, transportation, storage, treatment, or disposal at the Property, of any hazardous or toxic substance; (5) to Mortgagor's knowledge, there have been no communications or agreements with any governmental authority or agency (federal, state or local) or any private person or entity (including, without limitation, any prior owner of the Property) relating in any way to the presence, release, threat of release, placement on or in the Property, or the generation, transportation, storage, treatment or disposal at the Property, of any hazardous or toxic substance.

For the purpose of this paragraph, "hazardous or toxic substance" shall mean and include (1) a "hazardous substance" as defined in 42 U.S.C. § 9601(14) and as hereafter amended from time to time, or as defined under applicable state health, safety and water codes, and (2) any other material, gas or substance known or suspected to be toxic or hazardous (including, without limitation, any radioactive substance, methane gas,¹ volatile hydrocarbons, industrial solvents and asbestos) or which could cause a material detriment to, or materially impair the beneficial use of the Property, or constitute a material health, safety or environmental risk to tenants, occupants or patrons of the Property. The term "hazardous substance" shall not include water containing nutrients from livestock waste lawfully stored or applied to the real property of the Mortgagor or third parties.

¹ Methane gas generated by animal manure is not included so long as Mortgagor is in full compliance with any and all codes and regulations governing animal manure and its by-products.

- 5.07 Legal Compliance. The Mortgagor shall furnish evidence satisfactory to the Mortgagee confirming the issuance on terms and conditions satisfactory to the Mortgagee, by the appropriate federal, state, county, regional or local authorities (including authorities whose jurisdiction involves environmental protection), of all licenses, approvals or permits necessary in connection with (a) the operation of the Mortgagor's business and the lawful occupancy thereof for the purpose for which such project was created (including the issuance by any federal, state, county, regional or local authorities of such licenses, approvals or permits where jurisdiction involves environmental protection), and (b) the possession of all Property in connection therewith. The Mortgagor covenants to continue to maintain compliance with all such licenses, approvals or permits as well as any applicable federal, state, county, regional or local laws and regulations.
- 5.08 INTEREST RATE ADJUSTMENTS. THE NOTE SECURED HEREBY EXPRESSLY PROVIDES FOR INTEREST RATE ADJUSTMENTS AS SET FORTH THEREIN.
- 5.09 Amendment. This Mortgage may not be amended, modified or restated without the express written consent of the Mortgagor and the Mortgagee.

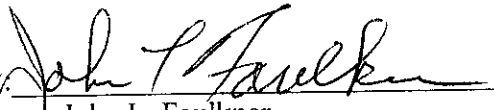
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IN WITNESS WHEREOF, Mortgagor has executed this Mortgage as of the day and year first above written.

Mortgagor

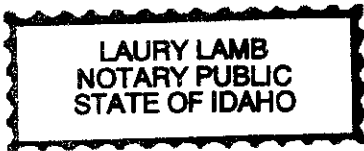
1989 South 1875 East
Gooding, ID 83330

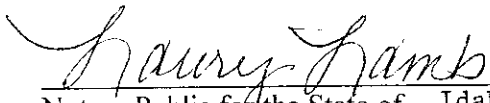
FAULKNER LAND & LIVESTOCK COMPANY, A
CORPORATION

BY: 
Name: John L. Faulkner
Title: President

STATE OF IDAHO)
 : ss.
County of Gooding)

On this 27 day of November, in the year 2007, before me, a notary public for the State of Idaho, personally appeared **John L. Faulkner**, known or identified to me to be the person listed above, and the President of **Faulkner Land & Livestock Company, a Corporation**, and acknowledged to me on this day under oath, that, being informed of the contents of this document, he or she executed the same on behalf of such entity as his or her free and voluntary act and deed.




Notary Public for the State of Idaho
Residing at: Jerome
My Commission Expires: 4/2/, 2010

Gooding County Parcels

TRACT I:

TOWNSHIP 6 SOUTH, RANGE 15 EAST OF THE BOISE MERIDIAN,
GOODING COUNTY, IDAHO

Section 7: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$; and the SW $\frac{1}{4}$ SE $\frac{1}{4}$;

EXCEPTING THEREFROM the Main South Gooding Canal;

AND

EXCEPTING THEREFROM that portion of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ deeded to the State of Idaho by Right of Way Deed recorded December 11, 1937 in Book 28 Page 623, Gooding County records.

ALSO EXCEPTING THEREFROM a strip of land 40 feet in width for highway purposes lying over and across part of Lot 1 and NE $\frac{1}{4}$ NW $\frac{1}{4}$, Section 7, Township 6 South, Range 15, East of the Boise Meridian, as set forth in Deed to The State of Idaho dated December 28, 1937 and recorded January 20, 1938 in Book 30 Deeds at Page 1, Gooding County records.

ALSO EXCEPTING THEREFROM that portion deeded to the State of Idaho for U.S. Highway 20 and 26 Project No. F-2351 (3) Highway Survey across NE $\frac{1}{4}$ NW $\frac{1}{4}$, Section 7, Township 6 South, Range 15, East of the Boise Meridian, and Lot 28 South Gooding Acreage, recorded August 31, 1965 as Instrument Number 15706, Gooding County records.

EXCEPTING THEREFROM a tract of land in part of the SW $\frac{1}{4}$ of Section 7, and part of N $\frac{1}{2}$ of Section 18, Township 6 South, Range 15, East Boise Meridian, described as follows:

Beginning at the Southwest corner of said Section 7;
Thence North 174.21 feet along the Westerly boundary of said SW $\frac{1}{4}$, Section 7;
Thence North 89°53'37" East, 1938.68 feet;
Thence North 8°17'17" East, 208.41 feet to the center of the South Gooding Main Canal;
Thence Southeasterly along the center of said Main Canal the following courses and distances, South 58°41'07" East, 439.08 feet;
Thence South 45°56'32" East, 180.56 feet;
Thence South 30°57'07" East, 29.92 feet to the Northerly boundary of said N $\frac{1}{2}$ of Section 18;
Thence South 30°57'07" East, 104.71 feet;
Thence South 47°05'06" East, 82.09 feet;
Thence South 70°06'39" East, 22.21 feet to the Easterly boundary of the NW $\frac{1}{4}$ of Section 18;
Thence South 0°12'35" West, along the Easterly boundary of the NW $\frac{1}{4}$, 442.09 feet to the center of the Big Wood Canal Company L S Ditch;
Thence along the center of said L S Ditch the following courses and distances, South 80°58'36" West, 51.01 feet;
Thence South 89°37'37" West, 103.67 feet;
Thence North 79°38'54" West, 61.52 feet;
Thence North 64°10'06" West, 15.44 feet;
Thence North 64°10'06" West, 47.19 feet;
Thence North 65°58'35" West, 43.78 feet;
Thence North 63°25'20" West, 189.64 feet;
Thence North 74°15'30" West, 71.27 feet;
Thence North 86°37'47" West, 154.83 feet;
Thence South 82°58'09" West, 92.65 feet;
Thence South 77°02'37" West, 261.18 feet;
Thence South 70°50'33" West, 166.50 feet;
Thence South 63°46'38" West, 213.93 feet;
Thence South 86°36'48" West, 176.66 feet;
Thence North 72°01'32" West, 230.99 feet;
Thence North 82°09'10" West, 42.82 feet;
Thence South 72°33'35" West, 34.31 feet;
Thence South 41°15'43" West, 40.01 feet;
Thence South 12°16'50" West, 95.50 feet;
Thence South 3°35'33" West, 161.15 feet;
Thence South 10°52'18" West, 68.71 feet;
Thence South 33°14'04" West, 69.99 feet;

Thence South 49°38'13" West, 69.26 feet;
Thence South 66°09'32" West, 264.76 feet;
Thence South 73°21'55" West, 74.32 feet;
Thence South 84°48'34" West, 278.52 feet to the Westerly boundary of said NW¼ Section 18;
Thence North 1,201.18 feet along the Westerly boundary of said NW¼ to THE POINT OF BEGINNING.

TOGETHER WITH the right of ingress and egress South and West of the South Gooding Main Canal.

Lots 29, 33, 34, 35, 36, 39, 70, the South one-half of Lot 30 and the South 1,636 feet of Lot A of South Gooding Acreage, located in Section 7, Township 6 South, Range 15, East of the Boise Meridian, Gooding County, Idaho according to the plat thereof, recorded in the Office of the County Recorder of said County.

Also, the following described tract:

Beginning at a point South 0°04' East, 162 feet from the Northwest corner of Lot 30;
Thence South 0°04' East, 2125.5 feet to the North boundary of the North Side Canal Company right of way;
Thence North 77°18' West, 91.8 feet;
Thence North 0°04' West, 2105.7 feet;
Thence East 90.0 feet to the Point of Beginning.

EXCEPTING THEREFROM the following described tracts:

- a. Beginning at the Southeast corner of said Lot 70;
Thence West 150 feet;
Thence North 280 feet;
Thence East 150 feet;
Thence South 280 feet to the point of beginning.
- b. Deed dated February 8, 1957 to the State of Idaho for State Highway 46 Project No. St-2371 (501) Highway Survey across Lots 33, 36, 45 and South one-half of Lot 30 South Gooding Acreage, recorded March 13, 1957 in Book 46 Deeds page 617, records of Gooding County, Idaho

Lots 40, 43, 44, 51, 60, 69 the North one-half of Lot 79 and Lot 45 West of the Section line between Sections 7 and 8 of South Gooding Acreage, located in Section 7, Township 6 South, Range 15, East of the Boise Meridian, Gooding County, Idaho, according to the plat thereof, recorded in the Office of the County Recorder of said County, AND ALSO a strip of land on the East and West half Section line of said Section 7, more particularly described as follows:

Beginning at the Southeast corner of Lot 44 of South Gooding Acreage;
Thence South 50 feet to the North Line of Lot 51;
Thence West along the North line of Lot 51 to the Northwest corner of Lot 51;
Thence North to the Southwest corner of Lot 44;
Thence East along the South line of Lot 44 to the Point of Beginning.

Lot 28 of South Gooding Acreage, located in Section 7, Township 6 South, Range 15, East of the Boise Meridian, Gooding County, Idaho, according to the plat thereof, recorded in the Office of the County Recorder of said County.

EXCEPTING THEREFROM the following described tracts:

- a. Deed dated May 12, 1965 to the State of Idaho for U.S. Highway 20 and 26 Project No. F-2351 (3) Highway Survey across NE¼NW¼, Section 7, Township 6 South, Range 15, East of the Boise Meridian, and Lot 28 South Gooding Acreage, recorded August 31, 1965 as Instrument Number 15706, Gooding County records.
- b. Commencing at the point where the West line of said Lot 28 intersects the South line of the State Highway;
Thence East 300 feet along the South line of the Highway;
Thence South 300 feet;
Thence West 300 feet;
Thence North 300 feet along the West line of Lot 28 to the point of beginning.

TOWNSHIP 6 SOUTH, RANGE 15 EAST OF THE BOISE MERIDIAN,
GOODING COUNTY, IDAHO

Section 8: The SE $\frac{1}{4}$ SW $\frac{1}{4}$, lying West of the North Side Canal Company lateral and that part of the NE $\frac{1}{4}$ SW $\frac{1}{4}$ lying South and West of the Canal.

Lots 49 and 53 lying South and West of the Canal; The East one-half of Lots 58, 62 and 67 all of Lots 72, 77 and 82 of South Gooding Acreage, located in Section 8, Township 6 South, Range 15, East of the Boise Meridian, Gooding County, Idaho, according to the plat thereof, recorded in the Office of the County Recorder of said County.

EXCEPTING THEREFROM that portion deeded to the State of Idaho for State Highway 46 Project No. St-2371 (501) Highway Survey across Lots 49 and 53 of South Gooding Acreage, recorded April 10, 1957 in Book 46 of Deeds at Page 639, records of Gooding County, Idaho.

AND EXCEPTING THEREFROM that portion of Lots 72, 77 and 82 condemned by Second Judgment and Decree in Condemnation dated August 28, 1957, recorded August 28, 1957 in Book 13 at Page 12, Gooding County records.

AND EXCEPTING THEREFROM that part of Lots 49 and 53 South Gooding Acreage, described as follows:

Beginning at the Southwest corner of Section 8, Township 6 South, Range 15, East Boise Meridian;
Thence North 0°25'04" East, 1982.76 feet to the Southwest corner of Lot 53;
Thence along the South boundary of said Lot 53 South 89°37'56" East, 56.96 feet to the Easterly boundary of State Highway 46 and THE REAL POINT OF BEGINNING;
Thence from this REAL POINT OF BEGINNING and along the Easterly boundary of State Highway 46 North 0°25'28" East, 406.22 feet to the Southerly boundary of the North Side Canal Company right of way known as Lateral B-5;
Thence along the Southerly boundary of said canal right of way South 77°11'24" East, 170.35 feet;
Thence along a curve to the right having a central angle of 5°50'55", a radius of 1357.69 feet, a tangent of 69.36 feet, an arc length of 138.59 feet, a long chord of 138.53 feet on a bearing of South 74°15'57" East;
Thence departing said canal right of way South 0°25'28" West, 332.81 feet to the South boundary of Lot 53;
Thence along the South boundary of Lot 53 North 89°37'56" West, 300.00 feet to THE REAL POINT OF BEGINNING.

TOWNSHIP 6 SOUTH, RANGE 15 EAST OF THE BOISE MERIDIAN,
GOODING COUNTY, IDAHO

Sections 7 and 18: That part of the Southwest Quarter of Section 7 and that part of the North one-half of the Northwest Quarter of Section 18, described as follows:

Beginning at the Southwest corner of said Section 7;
Thence North 174.21 feet along the Westerly boundary of said Southwest Quarter of said Section 7;
Thence North 89°53'37" East, 1,938.68 feet;
Thence North 8°17'17" East 208.41 feet to the center of the South Gooding Main Canal;
Thence Southeasterly along the center of said Main Canal the following courses and distances:
South 58°41'07" East, 439.08 feet;
South 45°56'32" East, 180.56 feet;
Thence South 30°57'07" East, 29.92 feet to the Northerly boundary of said North one-half of said Section 18;
Thence South 30°57'07" East, 104.71 feet;
Thence South 47°05'06" East, 82.09 feet;
Thence South 70°06'39" East, 22.21 feet to the Easterly boundary of the Northwest Quarter of Section 18;
Thence South 0°12'35" West along the Easterly boundary of the Northwest Quarter for a distance of 442.09 feet to the center of the Big Wood Canal Company L S Ditch;
Thence along the center of said L S Ditch the following courses and distances:
South 80°58'36" West, 51.01 feet;
South 89°37'37" West, 103.67 feet;
North 79°38'54" West, 61.52 feet;
North 64°10'06" West, 15.44 feet;
North 64°10'06" West, 47.19 feet;

North 65°58'35" West, 43.78 feet;
 North 63°25'20" West, 189.64 feet;
 North 74°15'30" West, 71.27 feet;
 North 86°37'47" West, 154.83 feet;
 South 82°58'09" West, 92.65 feet;
 South 77°02'37" West, 261.18 feet;
 South 70°50'33" West, 166.50 feet;
 South 63°46'38" West, 213.93 feet;
 South 86°36'48" West, 176.66 feet;
 North 72°01'32" West, 230.99 feet;
 North 82°09'10" West, 42.82 feet;
 South 72°33'35" West, 34.31 feet;
 South 41°15'43" West, 40.01 feet;
 South 12°16'50" West, 95.50 feet;
 South 3°35'33" West, 161.15 feet;
 South 10°52'18" West, 68.71 feet;
 South 33°14'04" West, 69.99 feet;
 South 49°38'13" West, 69.26 feet;
 South 66°09'32" West, 264.76 feet;
 South 73°21'55" West, 74.32 feet;

Thence South 84°48'34" West, 278.52 feet to the Westerly boundary of said Northwest Quarter of Section 18;

Thence North 1,201.18 feet along the Westerly boundary of said Northwest Quarter of Section 18 to the POINT OF BEGINNING.

EXCEPTING THEREFROM a part of the Northeast Quarter of the Northwest Quarter, described as follows:

Beginning at the North Quarter corner of said Section 18;

Thence South along the East boundary of the Northeast Quarter of the Northwest Quarter of said Section 18 for a distance of 265 feet to the TRUE POINT OF BEGINNING;

Thence West parallel with the North boundary of said Northeast Quarter of the Northwest Quarter for a distance of 228.50 feet;

Thence South parallel with the East boundary of said Northeast Quarter of the Northwest Quarter for a distance of 330.00 feet, more or less, to the centerline of the L S Canal of the Big Wood Canal Company System;

Thence East along the centerline of the L S Canal to the East boundary of the Northeast Quarter of the Northwest Quarter;

Thence North along said East boundary of said Northeast Quarter of the Northwest Quarter a distance of 332 feet, more or less, to the TRUE POINT OF BEGINNING.

TRACT II:

PARCEL NO. 1:

TOWNSHIP 6 SOUTH, RANGE 13 EAST OF THE BOISE MERIDIAN,
 GOODING COUNTY, IDAHO

Section 3: S½SW¼;

Section 4: SE¼SE¼, EXCEPT the following:

- a. Railroad right of way
- b. Deed dated June 25, 1956 to State of Idaho for U.S. Highway 20 and 26 recorded August 1, 1956 in Book 46 Deeds Page 489, records of Gooding County. (SE¼SW¼, Section 3, SE¼SE¼, Section 4)
- c. Right for Highway purposes granted to the State of Idaho, Department of Highways, by Right of Way No. 1-07146 recorded September 6, 1957 in Book 7 Misc. Page 560, Gooding County records, as to the SW¼SW¼, Section 3.

PARCEL NO. 2:

TOWNSHIP 6 SOUTH, RANGE 13 EAST OF THE BOISE MERIDIAN,
 GOODING COUNTY, IDAHO

Section 3: S¼SE¼;

PARCEL NO. 3:

**TOWNSHIP 6 SOUTH, RANGE 13 EAST OF THE BOISE MERIDIAN,
GOODING COUNTY, IDAHO**

Section 9: NE $\frac{1}{4}$, EXCEPTING THEREFROM that portion deeded to the State of Idaho, described as follows:

Beginning at the North quarter corner of said Section 9, Township 6 South, Range 13, East Boise Meridian;
Thence East along the North boundary of said Section 9, 2641.70 feet, more or less, to the Northeast corner of said Section 9;
Thence South along the East boundary of said Section 9, 204.70 feet;
Thence Northwesterly to a point on the West boundary of NE $\frac{1}{4}$ NE $\frac{1}{4}$, 202.00 feet South of the Northwest corner of said NE $\frac{1}{4}$ NE $\frac{1}{4}$;
Thence North along the West boundary of said NE $\frac{1}{4}$ NE $\frac{1}{4}$, 140.00 feet;
Thence Northwesterly to a point on the West boundary of the NW $\frac{1}{4}$ NE $\frac{1}{4}$, 60.00 feet South of the Northwest corner of said NW $\frac{1}{4}$ NE $\frac{1}{4}$ (North quarter corner);
Thence North along the West boundary of said NW $\frac{1}{4}$ NE $\frac{1}{4}$, 60.00 feet to THE POINT OF BEGINNING.

AND EXCEPTING THEREFROM a parcel of land located in the NE $\frac{1}{4}$, more particularly described as follows:

Commencing at the Northeast corner of said Section 9;
Thence South 0°17'00" West along the East boundary of Section 9 for a distance of 4.7 feet to a point on the centerline of State Highway #26;
Thence South 89°56' West along the centerline of State Highway #26 for a distance of 2644.3 feet to centerline station 188+58.30;
Thence South 0°04' East for a distance of 60.0 feet to a right of way monument being a point on the Southerly right of way line of State Highway #26 and being a point on the West boundary of the NW $\frac{1}{4}$ of Section 9 and being THE TRUE POINT OF BEGINNING;
Thence South 0°30'00" West along the West boundary of the NW $\frac{1}{4}$ of Section 9 for a distance of 535.10 feet;
Thence South 82°28'49" East for a distance of 362.10 feet;
Thence North 73°27'46" East for a distance of 79.17 feet;
Thence North 0°30'00" East parallel with the West boundary of the NW $\frac{1}{4}$ of Section 9 for a distance of 560.46 feet to a point on the Southerly right of way line of State Highway #26;
Thence South 89°56'00" West along the Southerly right of way line of State Highway #26 for a distance of 435.10 feet to THE TRUE POINT OF BEGINNING.
Subject to a 25.0 foot wide access easement for the purpose of ingress and egress along the Westerly boundary of the described parcel.

TOGETHER WITH a Grant of Easement dated May 18, 1988, recorded May 20, 1988 as Instrument Number 132249, Gooding County records.

TRACT III:

PARCEL NO. 1:

**TOWNSHIP 5 SOUTH, RANGE 12 EAST OF THE BOISE MERIDIAN,
GOODING COUNTY, IDAHO**

Section 28: S $\frac{1}{2}$ SE $\frac{1}{4}$;

Section 33: NE $\frac{1}{4}$ NE $\frac{1}{4}$;

Section 34: Approximately one acre located in the Northwest corner of the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 34 being North and West of the fence as now located along an irrigation ditch in said corner, described in Warranty Deed recorded April 19, 1967 as Instrument Number 21573, Gooding County records.

N $\frac{1}{2}$ NW $\frac{1}{4}$; SW $\frac{1}{4}$ NW $\frac{1}{4}$, EXCEPTING THEREFROM that portion deeded to the State of Idaho by Right of Way Deed recorded May 18, 1937 in Book 28 Page 375 as Instrument Number 67620, Gooding County records.

AND EXCEPTING THEREFROM that part of the Southwest Quarter of the Southwest Quarter of Section 27 and that part of the Northwest Quarter of the Northwest Quarter of Section 34, described as follows:

Beginning at a point that is West 4,505.83 feet along the Section line and North 81.51 feet from the Northeast corner of Section 34;
Thence South 30°24'22" East, 150.00 feet;
Thence South 59°35'38" West, 400.00 feet;
Thence North 30°24'22" West, 150.00 feet;
Thence North 59°35'38" East, 400.00 feet to THE POINT OF BEGINNING.

PARCEL NO. 2:

TOWNSHIP 5 SOUTH, RANGE 12 EAST OF THE BOISE MERIDIAN,
GOODING COUNTY, IDAHO

Section 27: That part of the S½SW¼ and that part of the SW¼SE¼ lying 60 feet South and East of the following described line:

Beginning at a point that is West 2065.47 feet along the Section line from the Southeast corner of said Section 27;
Thence North 515.44 feet;
Thence North 45°38'48" West, 236.27 feet;
Thence North 77°11'38" West, 424.53 feet;
Thence South 88°59'08" West, 883.81 feet;
Thence North 86°50'44" West, 664.34 feet;
Thence South 18°58'30" West, 536.12 feet;
Thence South 32°37'36" West, 249.37 feet to the Northeasterly side of the Powerhouse Site Parcel at a point that is South 30°24'22" East, 3.37 feet from the most Northerly corner of the Powerhouse Site Parcel;
Thence in a Southwesterly direction to the South line of said Section 27.

EXCEPTING THEREFROM that part of the Southwest Quarter of the Southwest Quarter of Section 27 and that part of the Northwest Quarter of the Northwest Quarter of Section 34, described as follows:

Beginning at a point that is West 4,505.83 feet along the Section line and North 81.51 feet from the Northeast corner of Section 34;
Thence South 30°24'22" East, 150.00 feet;
Thence South 59°35'38" West, 400.00 feet;
Thence North 30°24'22" West, 150.00 feet;
Thence North 59°35'38" East, 400.00 feet to THE POINT OF BEGINNING.

TRACT IV:

PARCEL NO. 1:

TOWNSHIP 6 SOUTH, RANGE 14 EAST OF THE BOISE MERIDIAN,
GOODING COUNTY, IDAHO

Section 8: N¼N¼;

Section 9: NW¼NW¼;

PARCEL NO. 2:

TOWNSHIP 6 SOUTH, RANGE 14 EAST OF THE BOISE MERIDIAN,
GOODING COUNTY, IDAHO

Section 9: E¼NW¼ lying West of Malad River; SW¼NW¼; NW¼SW¼; S¼SW¼;

PARCEL NO. 3:

TOWNSHIP 6 SOUTH, RANGE 14 EAST OF THE BOISE MERIDIAN,
GOODING COUNTY, IDAHO

Section 8: E¼SE¼; SE¼NE¼; SW¼NE¼; NW¼SE¼; S¼NW¼; N¼SW¼;

TRACT V:

PARCEL NO. 1:

TOWNSHIP 5 SOUTH, RANGE 12 EAST OF THE BOISE MERIDIAN,
GOODING COUNTY, IDAHO

Section 27: S $\frac{1}{2}$ S $\frac{1}{2}$

EXCEPTING THEREFROM a parcel of land described as follows:

Beginning at the Southeast corner of Section 27, Township 5 South, Range 12 East, Boise Meridian, said corner marked by a U.S. Government pipe with brass cap which shall be THE POINT OF BEGINNING;

Thence South 89°50'09" West along section line for 1475.65 feet to a point in a canal;
Thence on the following courses and distances in the water way of a canal;

North 26°41'07" East for 405.22 feet;
North 40°40'03" East for 374.80 feet;
North 59°07'01" East for 302.95 feet;
North 81°15'11" West for 448.21 feet;

North 46°13'04" West for 128.18 feet to a point on the West line of the SE $\frac{1}{4}$ SE $\frac{1}{4}$;
Thence North 0°08'47" West along the West line of the SE $\frac{1}{4}$ SE $\frac{1}{4}$ for 357.28 feet to the Northeast corner of the SW $\frac{1}{4}$ SE $\frac{1}{4}$;

Thence South 89°51'57" West along the North line of the SW $\frac{1}{4}$ SE $\frac{1}{4}$ for 384.92 feet to a point in a canal;

Thence on the following courses and distances in the water way of a canal;

North 25°39'44" West for 25.48 feet;
North 64°14'57" West for 99.90 feet;
North 37°10'28" West for 233.51 feet;
North 86°38'31" West for 111.15 feet;
North 58°47'49" West for 102.60 feet;
North 69°35'26" West for 343.25 feet;
North 44°26'23" West for 256.30 feet;
North 23°36'44" West for 363.30 feet;
North 44°00'32" West for 239.72 feet;
North 23°58'39" West for 258.69 feet;
North 6°01'31" West for 215.52 feet;
North 20°03'51" East for 183.67 feet;
North 50°15'42" East for 14.12 feet;

Thence South 89°26'24" East for 13.09 feet to a $\frac{1}{2}$ " rebar;

Thence South 89°26'24" East for 984.88 feet to a P.K. Nail on the centerline of a county road;

Thence North 26°09'01" West along the centerline of said county road for 134.70 feet to a P.K. Nail;

Thence North 89°48'38" East (East recorded) for 107.58 feet along a fence line to a railroad tie;

Thence North 0°17'10" West (North recorded) along said fence for 300.00 feet to a railroad tie;

Thence South 89°49'46" West (West recorded) for 107.00 feet along said fence to a point;

Thence North 30°58'31" West for 16.87 feet to a $\frac{1}{2}$ " rebar;

Thence North 7°27'02" West for 208.89 feet to a $\frac{1}{2}$ " rebar;

Thence North 8°13'11" East for 219.83 feet to a $\frac{1}{2}$ " rebar;

Thence North 5°29'33" West for 766.86 feet to a $\frac{1}{2}$ " rebar;

Thence North 87°10'27" East for 2139.12 feet to a $\frac{1}{2}$ " rebar on section line;

Thence South 0°16'06" East along section line for 2152.66 feet to a U.S. Government pipe with brass cap;

Thence South 0°16'00" East along section line for 2629.69 feet to THE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM a tract of land in the W $\frac{1}{2}$ N $\frac{1}{2}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$ and the SW $\frac{1}{4}$ SE $\frac{1}{4}$, more particularly described as follows:

Beginning at a point that is 2065.47 feet West of the Southeast corner of Section 27;
 Thence North 515.44 feet, to the POINT OF BEGINNING;
 Thence in a Northeasterly direction to a point that is the most Southwesterly corner of the
 Northside Canal Company property as described in Record of Tax Numbers, Gooding
 County, Idaho for Tax 1, Section 27, Township 5 South, Range 12 East of the Boise Meridian,
 recorded June 3, 1935 as Instrument Number 61746, Official Records;
 Thence North 1°07' West, 435 feet;
 Thence North 36°30' East, 376 feet to the North line of the Southwest Quarter of the Southeast Quarter;
 Thence South 89°51'57" East, 67.08 feet to a point in a canal;
 Thence on the following courses and distances in the water way of a canal:
 North 25°39'44" West for 25.48 feet;
 North 64°14'57" West for 99.90 feet;
 North 37°10'28" West for 233.51 feet;
 North 86°38'31" West for 111.15 feet;
 North 58°47'49" West for 102.60 feet;
 North 69°35'26" West for 343.25 feet;
 North 44°26'23" West for 256.30 feet;
 North 23°36'44" West for 363.30 feet;
 North 44°00'32" West for 239.72 feet;
 North 23°58'39" West for 258.69 feet;
 North 6°01'31" West for 215.52 feet;
 North 20°03'51" East for 183.67 feet;
 North 50°15'42" East for 14.12 feet;
 Thence South 89°26'24" East for 13.09 feet to a ½" rebar;
 Thence South 89°26'24" East for 984.88 feet to a P.K. Nail on the centerline of a county road;
 Thence North 26°09'01" West along the centerline of said county road for 134.70 feet to a P.K. Nail;
 Thence South 89°48'38" West (West recorded) for 192.55 feet;
 Thence North 0°15'43" West (North recorded) along said fence for 300.00 feet;
 Thence North 89°49'46" East (East recorded) for 193.00 feet along said fence to a point;
 Thence North 30°58'31" West for 16.87 feet to a ½" rebar;
 Thence North 7°27'02" West for 208.89 feet to a ½" rebar;
 Thence North 8°13'11" East for 219.83 feet to a ½" rebar;
 Thence North 5°29'33" West for 766.86 feet to a ½" rebar;
 Thence North 87°10'27" East for 550 feet to a point;
 Thence North 175 feet;
 Thence East parallel to the North Section line to a point on the 16th line between the Northwest Quarter
 of the Northeast Quarter and the Northeast Quarter of the Northeast Quarter;
 Thence North along said 16th line to the Northeast corner of the Northwest Quarter of the Northeast
 Quarter;
 Thence South 89°58'30" West along the North Section line to a point that is 756 feet East of the
 Northwest corner of the Northwest Quarter of the Northwest Quarter;
 Thence South on a line parallel to the West boundary line a distance of 200 feet to a point;
 Thence West parallel to the North boundary line 756 feet to a point in the West boundary line;
 Thence South along the West boundary line to the Northwest corner of the Southwest Quarter of the
 Southwest Quarter;
 Thence Southeasterly to a point that is 60 feet Northerly of a 120 foot wide right of way line;
 Thence continuing parallel to and 60 feet Northerly of said center line the following courses and
 distances;
 Thence South 86°50'44" East, 664.34 feet;
 Thence North 88°59'08" East, 883.81 feet;
 Thence South 77°11'38" East, 424.53 feet;
 Thence South 45°38'48" East, 236.27 feet to the POINT OF BEGINNING.

AND ALSO EXCEPTING THEREFROM:

Section 27:

That part of the S½SW¼ and that part of the SW¼SE¼ lying 60 feet South and East of the following described line:

Beginning at a point that is West 2065.47 feet along the Section line from the Southeast corner of said Section 27;

Thence North 515.44 feet;

Thence North 45°38'48" West, 236.27 feet;

Thence North 77°11'38" West, 424.53 feet;

Thence South 88°59'08" West, 883.81 feet;

Thence North 86°50'44" West, 664.34 feet;

Thence South 18°58'30" West, 536.12 feet;

Thence South 32°37'36" West, 249.37 feet to the Northeasterly side of the Powerhouse Site Parcel at a point that is South 30°24'22" East, 3.37 feet from the most Northerly corner of the Powerhouse Site Parcel;

Thence in a Southwesterly direction to the South line of said Section 27.

AND ALSO EXCEPTING THEREFROM:

That part of the Southwest Quarter of the Southwest Quarter of Section 27 and that part of the Northwest Quarter of the Northwest Quarter of Section 34, described as follows:

Beginning at a point that is West 4,505.83 feet along the Section line and North 81.51 feet from the Northeast corner of Section 34;

Thence South 30°24'22" East, 150.00 feet;

Thence South 59°35'38" West, 400.00 feet;

Thence North 30°24'22" West, 150.00 feet;

Thence North 59°35'38" East, 400.00 feet to THE POINT OF BEGINNING.

Camas & Blaine County Parcels

Parcel I

Part of the SW1/4NW1/4 of Section 35, T1N, R16E., B.M., Blaine County, Idaho and more particularly described as follows:

Beginning at the Northwest corner of the SW1/4NW1/4 of Section 35 of T1N, R16E., B.M., said corner marked by a 5/8" rebar which shall be the Point of Beginning:

Thence

S. 89°41'16" East along the North line of the SW1/4NW1/4 for a distance of 1,314.89 feet to the Northeast corner of the SW1/4NW1/4 marked by a 5/8" rebar; thence

S. 00°06'28" East along the East line of the SW1/4NW1/4 for a distance of 1,316.04 feet to a Southeast corner of the SW1/4NW1/4 marked by a 5/8" rebar; thence

N. 89°55'18" West along the South line of the SW1/4NW1/4 for a distance of 766.75 feet to a 1/2 inch rebar; thence

N. 00° 02'35" West for a distance of 826.25 feet to a 1/2" rebar; thence

N. 39° 07'35" West for a distance of 459.00 feet to a 1/2" rebar; thence

N. 85° 38'35" West for a distance of 261.00 feet to a 1/2" rebar on the West line of the SW1/4NW1/4; thence

N. 00° 02'35" West along said line for a distance of 120.00 feet to the Point of Beginning.

Township 1 North, Range 17 East B.M., Blaine County, Idaho and more particularly described as follows:

Section 5: SW1/4

Section 6: Lots 2, 5 & 6, SE1/4NW1/4, NE1/4SW1/4, S1/2NE1/4, N1/2SE1/4, SE1/4SE1/4

Section 7: E1/2NE1/4

Section 17: Lots 1, 2, 4, 5, 6, W1/2NE1/4, NW1/4

Section 18: Lots 6, 7 & 8, E1/2NE, NESE

Section 19: Lot 5, E1/2SE1/4

Section 20: Lots 3, 4, 5, 6 & 7, SE1/4NW1/4, SW1/4NE1/4, W1/2SE1/4, E1/2SW1/4, SW1/4SW1/4

Section 29: N1/2NW

Section 30: NENE

Parcel II

Township 1 North, Range 12 East B.M., Camas County, Idaho and more particularly described as follows:

Section 5: SW1/4NE1/4, E1/2SW1/4, SW1/4SE1/4, N1/2SE1/4

Section 8: E1/2NW1/4

Section 9: NW1/4

Together with any and all water, water rights, ditches and ditch rights, storage rights and permits, licenses, certificates or shares of stock belonging or in any way appurtenant to the real property described in this Exhibit A, whether now owned or hereafter acquired, whether now existing or hereafter arising, and all proceeds from the sale or other disposition of any such property. Such water rights shall include without limitation the following:

Idaho Department of Water Resources

Number	Priority Date	Source	Diversion Rate	Volume	Use
37-7808	11/16/1979	Groundwater	3.26 CFS	570.5 AFA	Irrigation
37-8005B	3/20/1982	Groundwater	2.02 CFS	444 AFA	Irrigation
37-8005C	3/20/1982	Groundwater	1.6 CFS	488 AFA	Irrigation
37-8005D	3/20/1982	Groundwater	0.41 CFS	124 AFA	Irrigation
37-10607	12/31/1971	Groundwater	0.06 CFS		Stockwater
37-8487D	1/25/1989	Groundwater	0.86 CFS	115.7 AFA	Irrigation
37-7242	6/14/1973	Groundwater	4 CFS	800 AFA	Irrigation
37-10597	12/31/1949	Groundwater	0.17 CFS	26.9 AFA	Stockwater
			0.06 CFS	2.4 AFA	Domestic
37-10600	12/31/1962	Groundwater	0.06 CFS		Stockwater
			0.06 CFS		Domestic
37-10602	12/31/1933	Groundwater	0.1 CFS		Stockwater
			0.1 CFS		Domestic

North Side Canal Company

Certificate No.	Shares
23326	10.00
23327	60.00
25136	5.00
21438	70.00
23470	3.71
22154	81.57
23469	4.98
20284	45.00
20287	25.00
17376	32.00
Total :	337.26

Big Wood Canal Company

Certificate No.	Shares
10766	172.65
10029	35.00
9987	97.31
10768	63.90
9990	214.00
64	15.00
63	74.65
Total:	672.51

Exhibit B

Any and all goods; as-extracted collateral (including without limitation oil, gas and other minerals); fixtures (including without limitation trade fixtures and windmills); equipment (including without limitation all livestock handling equipment, equipment relating to power generation, irrigation equipment, pivots, pumps, motors, sprinkler systems, mainlines, hand lines, wheel lines, siphon tubes, gated pipe and all other irrigation equipment used for the production or transportation of water on the real property described in the attached Exhibit A or for the irrigation or drainage thereof); embedded software relating to the foregoing; permits, licenses, agreements and documents necessary to own or operate the real property described in the attached Exhibit A; supplies; accounts arising out of, or in connection with, leases, bonuses, royalties, subleases, franchises, rents, issues and profits in connection with the real property described in the attached Exhibit A; documents and contracts (if any) in connection with the acquisition of all or part of the real property described in the attached Exhibit A; and all the estate, right, title and interest of every nature in and to the same; whether now owned or hereafter acquired, whether now existing or hereafter arising, and all accessions, parts, additions, replacements and substitutions for any of such property, and all proceeds (including without limitation insurance proceeds) from the sale or other disposition of any such property, but excluding farm machinery rolling stock, vehicles, crops and livestock. The foregoing shall include without limitation the following:

Pivots, including:

- 2- 5 tower pivots
- 3- 10 tower pivots
- One (1) Reinke 10-Tower Center Pivot
- One (1) 2002 Zimmatic Pivot, 6-tower, 1169' Complete; W/SR100 end gun, field basic panel, Z# 46414, S# L77199
- One (1) 2002 Zimmatic Pivot, 6-tower, 1125' Complete; w/WR100 end gun, field basic panel, Z# 46413, S# L77221
- One (1) 2003 Zimmatic 5-tower center pivot irr. system, complete, w/all equipment and accessories, S# L82219
- One (1) 2003 Zimmatic 3-tower center pivot irr. system, complete, w/all equipment and accessories, S# L82221
- 1- 1300' 8-Tower Lindsay Zimmatic center pivot irrigation system, S/N L85407

Pumps and motors, including:

- General Electric 75 horsepower electric motor – serial number WD392019
- Gould short-coupled turbine pump – serial number P9415
- General Electric 200 horsepower electric motor – serial number FJJ606108
- Layne & Bowler deep well turbine pump – serial number 80839
- General Electric 50 horsepower electric pump – serial number ESJ514341
- Layne & Bowler short coupled turbine pump – serial number 21722
- U.S. 40 horsepower electric motor – serial number 6228A-50-X05X098R075M
- Gould short-coupled turbine pump – serial number 1P5109
- U.S. 75 horsepower electric motor – R-6326-05-166R3227248

Peerless short-coupled turbine pump – serial number F18430
General Electric 50 horsepower electric motor – serial number DSJ402276
Vertiline short-coupled turbine pump – serial number D21371
U.S. 20 horsepower electric motor – serial number Z08Z129R083F
Gould short-coupled turbine pump – serial number 07119
1- Model TP125 Layne 125 HP Deepwell pump, S/N LP-04043
1- Model TP075 Layne 75 HP SCT pump, S/N LP-04068
1- Model TP 075 Layne 75 HP SCT Pump, S/N LP-04069
60 hp horizontal motor & centrifugal pump
60 hp submersible pump and motor
125 hp General Electric motor, Serial Number CRJ307142
Aurora pump
1- 50 hp motor
2- 75 hp motors
One 50 hp motor, hollow shaft, Model Number R-2080-01-171-G
Well line pump
75 hp General Electric motor, Model Number 5K365DT6865D20
50 hp High thrust U.S. motor, ID Number 9202266-405 R1002888
75 hp High thrust U.S. electric motor, ID Number R-6326-05-325 R433 3763
75 hp U S Electric Motor ID# R1998-01-169
20 hp U S Motor ID# Z08Z129R083F

2002 Ancillary Equipment including,
60 HP turbine pump
Valve LC on/off Elec. 6", IA01512 pressure filter
VL04508 Chemigation valve 8"

Mainline, including:
13,150 +/- feet of buried mainline of various diameters

Handlines, including:
4- 1/4 handlines
Sixteen hand lines

Wheellines, including:
18- 1/4 Wheellines
Five wheel lines

Panels

Surge Capacitors

Stable Storage and corrals

Hay sheds

Irrigation equipment (if any) shall include without limitation underground pipeline and all allied equipment such as switch panels, pivot controls, wiring, shafting, openers, tubing, bowls, suction pipe, cones, valves, reducers, end plugs, sprinkler heads and nozzles.