

RECEIVED

AUG 07 2006

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

DEPARTMENT OF WATER RESOURCES

Notice of Security Interest in a Water Right**And Request for Notification of a Change in Ownership or Any Proposed
Or Final Action to Amend, Transfer, or Otherwise Modify a Water Right**Please print or type. Attach pages with additional information. Instructions are on the back of this page.
Incomplete forms will be returned.1. Water Right No(s): 51-2031 and 51-4015

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

Pacific Intermountain Mortgage Co.2420 Main St.Baker City, OR 97814

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

The Smith Ranch, L.L.C.5. Expiration Date of Notification Period 7/1/20316. Is this a Renewal of Request for Notification? ☐ YES ☐ NO7. Signature(s) (and title if applicable) by Bradley Mark Martin - member
by Shane Kelley Fager - member**For Office Use Only**

Received by	Date	Fee
Received by <u>AMR</u>	Date <u>3-27-07</u>	<u>25 each</u>
Processed by	Date	Receipt No. <u>COS 3481</u>
		WR _____ Date _____

COMPUTER DATA

51-2031

MALHEUR FEDERAL CREDIT UNION

Mortgagor(s):
THE SMITH RANCH, L.L.C.
BRADLEY M. and CONNIE J. MASTRE
SHANE A. REDGER
28765 CATTLE DRIVE RD.
BRUNEAU, ID 83604

Mortgagee(s):
Malheur Federal Credit Union
C/O Pacific Intermountain Mortgage Company
2420 Main Street
Baker City, OR 97814

REAL ESTATE MORTGAGE

THIS MORTGAGE is made and entered into by The Smith Ranch, L.L.C., Bradley M. Mastre and Connie J. Mastre, and Shane A. Redger, residing in Owyhee County, Idaho, herein called mortgagor, and Malheur Federal Credit Union, C/O Pacific Intermountain Mortgage Company, 2420 Main Street, Baker City, Oregon 97814, herein called mortgagee.

Mortgagors in consideration of FOUR HUNDRED AND TWENTY FIVE THOUSAND DOLLARS (\$425,000.00) paid to mortgagor does hereby grant, bargain, sell and convey unto Malheur Federal Credit Union, mortgagee and mortgagee's successors and assigns, that real property situated in Owyhee County, State of Idaho, described on Exhibit "A", the Bureau of Land Management Grazing Allotment described on Exhibit "B", the Grazing Permits described on Exhibit "C", and the Water Rights described on Exhibit "D", all attached hereto and by this reference made a part hereof, together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in any way appertaining and which may hereafter thereto belong or appertain, and the rents, issues and profits therefrom, and any and all fixtures upon the premises at the time of the execution of the mortgage or at any time during the term of this mortgage.

TO HAVE AND TO HOLD the premises with the appurtenances unto mortgagee and mortgagee's personal representative, successors and assigns forever.

This mortgage is intended to secure the payment of a promissory note dated July 26, 2006, in the principal amount of \$425,000.00 with the due date of the final installment being July 1, 2031.

The mortgagor warrants that the proceeds of the loan represented by the Note and this mortgage are (line out whichever is not applicable):

- (a) ~~primarily for mortgagor's personal, family or household purposes, or~~
(b) for an organization or (even if mortgagor is a natural person) for business or commercial purposes.

This mortgage is further conditional upon the faithful observance by the mortgagor of the following Articles of covenants hereby expressly entered into by the mortgagor, to-wit:

ARTICLE I

MORTGAGOR FURTHER AGREES THAT THE LOAN SECURED BY THIS INSTRUMENT WILL BE IN DEFAULT SHOULD ANY LOAN PROCEEDS BE USED FOR A PURPOSE THAT WILL CONTRIBUTE TO EXCESSIVE EROSION OF HIGHLY ERODIBLE LAND OR TO THE CONVERSION OF WETLAND TO PRODUCE OR TO MAKE POSSIBLE THE PRODUCTION OF AN AGRICULTURAL COMMODITY, SUBJECT TO 7 CFR PART 1940, SUBPART G, EXHIBIT M.

ARTICLE II

HAZARDOUS SUBSTANCES: Notwithstanding any provision in the Mortgages or any other Loan Document, the provisions of this Article shall not be secured by the Mortgages and shall survive termination of this Mortgage, repayment of the Loan, and foreclosure of the Mortgages or similar proceedings.

(1) Definition of Hazardous Substance: For purposes of this Agreement, a "Hazardous Substance" is defined to mean any substance, material or waste, including asbestos and petroleum (including crude oil

or any fraction thereof), which is or becomes designated, classified or regulated as "toxic", "hazardous", a "pollutant" or similar designation under any federal, state or local law, regulation or ordinance.

(2) Indemnity regarding Hazardous Substances: Mortgagor agrees to indemnify, defend with counsel acceptable to Lender, and hold Lender, its parent and affiliated companies, and their respective officers, directors, employees and agents, harmless from and against all actual or threatened liabilities, claims, actions, damages (including foreseeable fees) and losses directly or indirectly arising out of or resulting from the presence of any Hazardous Substance in or around any part of the Properties or in the soil or groundwater under the Properties, including (a) any expenses incurred in connection with any reasonably necessary investigation of site conditions or any clean-up, remedial, removal or restoration work, and (b) any resulting damages or injuries to the person or property of any third parties or to any natural resources. In addition, Mortgagor shall similarly indemnify, defend and hold harmless any persons purchasing the Properties through a foreclosure sale or following a foreclosure sale, and any persons purchasing the Loan or any portion of or interest in it.

(3) Representation and Warranty: Before signing this Agreement, Mortgagor researched and inquired into the previous, current and contemplated uses and ownership of the Properties. Based on that due diligence, Mortgagor represents and warrants that, to the best of his knowledge, no Hazardous Substance has been or will be disposed of, released onto or otherwise exists in, on, or under the Properties, except as Mortgagor has disclosed to Lender in writing.

(4) Compliance with Law; Notices: Mortgagor has complied, and shall comply and cause all occupants of the Properties to comply, with all laws, regulations and ordinances governing or applicable to Hazardous Substances as well as the recommendations of any qualified environmental engineer or other expert. Mortgagor shall promptly notify Lender if he/she/they know(s) or suspects there may be any Hazardous Substance in or around the Properties, or in the soil or groundwater under the Properties, or if any action or investigation by any governmental agency or third party pertaining to Hazardous Substances is pending or threatened.

(5) Site Visits: Mortgagor shall allow Lender access to the Properties at any reasonable time for the purposes of performing an appraisal, inspecting the Properties, taking soil or groundwater samples, and conducting tests, among other things, to investigate for the presence of Hazardous Substances, as defined in Article V. Such appraisals, inspections and audits shall be at the Lender's expense except if Lender performs such appraisals, inspections or audits after the occurrence of an Event of a Default as in hereinafter defined. Lender is under no duty to visit or observe the Properties. Any site visit, observation or examination by Lender shall be solely for the purpose of protecting Lender's security and preserving Lender's rights under the Loan Documents. Lender owes no duty of care to protect Mortgagor or any other party against, or to inform Mortgagor or any other party of, any adverse condition affecting the Properties, including any defects in the design or construction of any improvements on the Properties or the presence of any Hazardous Substances on the Properties.

ARTICLE III

(1) Mortgagor is lawfully seized of the premises and now has a valid and unencumbered fee simple title thereto, except easements and rights of way of record and mortgagor will warrant and defend said title against the claims and demands of all persons.

(2) Mortgagor will pay the promissory note(s) and all installments of interest thereon promptly as the same become due, according to the tenor of the note(s). The final due date for payment of principal and interest of the promissory note is July 1, 2031.

(3) So long as this mortgage remains in force, mortgagor will pay all taxes, assessments, and other charges of every nature levied or assessed upon or against the premises when due and payable, according to law, and before the same becomes delinquent, and will also pay all taxes levied or assessed on this mortgage or the debt thereby secured, and will promptly pay and satisfy any mechanics' liens or other encumbrances that, by operation of law or otherwise, become a lien upon the mortgaged premises superior to the lien of this mortgage.

(4) Mortgagor will keep the improvements (including but not limited to the dwelling, other outbuildings, fences, attached irrigation equipment) erected on the premises in good order and repair and will not commit or suffer any waste of the premises. At the request of the mortgagee, the mortgagor shall join with the mortgagee in executing one or more financing statements pursuant to the Uniform Commercial Code, in form satisfactory to the mortgagee and will pay for filing the same in the proper public office(s), as well as the cost of any lien search made by filing officers or searching agencies as may be deemed desirable by the mortgagee. Mortgagor will not make any changes in or alterations to the improvements on the mortgaged premises which will materially decrease the value of the same.

(5) This mortgage covers all water rights and ditch rights and mortgagor agrees that mortgagor will put to beneficial use all waters and maintain said water rights and not allow any water rights to be abandoned.

(6) Mortgagor agrees that mortgagee or its agents, successors or assigns and their agents may at all reasonable times inspect the property to ascertain whether the covenants and agreements contained herein are being performed. Said inspections will be on at least an annual basis.

(7) So long as this mortgage shall remain in force, mortgagor will keep the buildings now erected, or any which may hereafter be erected on the premises, insured against loss or damage by fire, with extended coverage, to the extent of the contributory value on the primary dwelling and the remaining outbuildings in some company or companies acceptable to the mortgagee and for the benefit of both parties hereto as their interests may appear, and will deliver all the policies and renewals thereof to the mortgagee.

(8) WARNING: Unless mortgagor provides mortgagee with evidence of insurance coverage as required by the contract or loan agreement between them, mortgagee may purchase insurance at mortgagor's expense to protect mortgagee's interest. This insurance may, but need not, also protect mortgagor's interest. If the collateral becomes damaged, the coverage purchased by mortgagee may not pay any claim made by or against mortgagor. Mortgagor may later cancel the coverage by providing evidence that mortgagor has obtained property coverage elsewhere. Mortgagor is responsible for the cost of any insurance coverage purchased by mortgagee, which cost may be added to mortgagor's contract or loan balance. If it is so added, the interest rate on the underlying contract or loan will apply to it. The effective date of coverage may be the date mortgagor's prior coverage lapsed or the date mortgagor failed to provide proof of coverage. The coverage mortgagee purchases may be considerably more expensive than insurance mortgagor might otherwise obtain alone and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

NOWHEREFORE, if the mortgagor shall pay the promissory note(s) and shall fully satisfy and comply with the covenants hereinbefore set forth, then this conveyance shall be void, but otherwise it shall remain in full force and virtue as a mortgage to secure the payment of the promissory note(s) in accordance with the terms thereof and the performance of the covenants and agreements herein contained. Any failure to make any of the payments provided for in the note(s) or this mortgage when the same shall become due or payable, or to perform any agreement herein contained, shall give to the mortgagee the option to declare the whole amount due on the note(s), or unpaid thereon or on this mortgage, at once due and payable, and this mortgage by reason thereof may be foreclosed at any time thereafter. If the mortgagor shall fail to pay any taxes or other charges or any lien or insurance premium as herein provided to be done, the mortgagee shall have the option to pay the same. Any payment so made shall be added to and become a part of the debt secured by this mortgage, and draw interest at the same rate as the note(s) without waiver, however, of any right arising from breach of any of the covenants herein. Time is of the essence with respect to all sums due hereunder, and the promissory note(s).

In case a suit or action is brought to foreclose this mortgage, the court may, upon motion of the holder of the mortgage, without respect to the condition of the property, appoint a receiver to collect the rents and profits arising out of the premises and direct the receiver to apply such rents and profits to the payment and satisfaction of the amount due under this mortgage, first deducting all proper charges and expenses of the receivership, including a reasonable charge for attorney fees.

In the event any suit or action to foreclose this mortgage is commenced, the losing party therein agrees to pay the attorney fees, costs and disbursements of the prevailing party, including statutory costs and

disbursements and costs of title report(s) and /or title search. If any appeal is taken from any judgment or decree entered pursuant to such suit or action, the losing party on appeal therein promises to pay the attorney fees, costs and disbursements, including all statutory costs and disbursements, of the prevailing party. To the extent permitted by law, all such sums shall be and are secured by the lien of this mortgage and shall be included in the judgment or decree of foreclosure.

Each and all of the covenants and agreements herein contained shall apply to, inure to the benefit of, and bind the personal representatives, successor and/or assigns of the mortgagor and of the mortgagee respectively.

In construing this mortgage and related note(s), it is understood that the mortgagor or mortgagee may be more than one person. If the context so requires, the singular shall be taken to mean and include the plural. Generally, all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

All covenants and provisions of this mortgage shall bind the successors and assigns of mortgagor and shall inure to the benefit of successors and assigns of mortgagee, provided however mortgagor understands that a sale or other transfer of the mortgaged premises or any part thereof, without prior written consent of mortgagee, shall constitute a default of this mortgage.

IN WITNESS WHEREOF, the mortgagor has executed this instrument the day and year first above written. If the mortgagor is a corporation, it has caused it's name to be signed and it's seal, if any, affixed by an officer or other person duly authorized to do so by order of it's board of directors.

THE SMITH RANCH, L.L.C.:

by Bradley M. Mastre - member
BRADLEY M. MASTRE

INDIVIDUALLY:

Bradley M. Mastre
BRADLEY M. MASTRE

Connie J. Mastre
CONNIE J. MASTRE

Shane A. Redger
SHANE A. REDGER

STATE OF Idaho)
COUNTY OF Elmore)

On this 26th day of July
In the year 2006, before me, the undersigned, a Notary Public in and for
said State, personally appeared

Bradley M. Mastre

Known or identified to me to be the person (s) whose name (s) are/is subscribed
to the within instrument, and acknowledged to me that he/she/they executed the
same.



Signature Sheryl A. Reymont

Residing at Mountain Home

Comm. Exp: 12-27-11

STATE OF Idaho)
COUNTY OF Elmore)

On this 26th day of July
In the year 2006, before me, the undersigned, a Notary Public in and for
said State, personally appeared

Connie J. Mastre

Known or identified to me to be the person (s) whose name (s) are/is subscribed
to the within instrument, and acknowledged to me that he/she/they executed the
same.



Signature Sheryl A. Reymont

Residing at Mountain Home

Comm. Exp: 12-27-11

STATE OF Idaho)
)
COUNTY OF Elmore)

On this 24th day of July
In the year 2006, before me, the undersigned, a Notary Public in and for
said State, personally appeared

Shane A. Redger

Known or identified to me to be the person (s) whose name (s) are/is subscribed
to the within instrument, and acknowledged to me that he/she/they executed the
same.



Signature Sheryl Reymert
Residing at Mountain Home
Comm. Exp: 12-27-11

STATE OF Idaho)
)
COUNTY OF Elmore)

On this 24th day of July in the year 2006, before me a Notary Public,
personally appeared Bradley Earl Martne known or identified to me to be on
of the members in the limited liability company of The Smoky Ranch LLC
and the member or on of the members who subscribed said limited liability company name to the foregoing
instrument, and acknowledged to me that he/she/they executed the same in said limited liability company
name.



Signature: Sheryl Reymert
Residing at: Mountain Home
Comm. Exp: 12-27-11

File No.: 200604278

EXHIBIT A

TRACT I:

In Township 13 South, Range 5 East, Boise Meridian, Owyhee County, Idaho.

Section 26: Southeast Quarter of the Southwest Quarter, West One-Half of the Southwest Quarter

TRACT II:

In Township 13 South, Range 5 East, Boise Meridian, Owyhee County, Idaho.

Section 27: South One-Half of the Southeast Quarter, South One-Half of the Southwest Quarter

Excepting therefrom: The North One-Half of the Southeast Quarter of the Southwest Quarter of the Southeast Quarter

TRACT III:

In Township 13 South, Range 5 East, Boise Meridian, Owyhee County, Idaho.

Section 28: Southeast Quarter of the Southeast Quarter

Tract IV:

In Township 13 South, Range 5 East, Boise Meridian:

Section 27: North One-Half of the Southeast Quarter of the Southwest Quarter of the Southeast Quarter

Tract V:

A portion of North half of the Southeast Quarter of Section 2, Township 7 South, Range 4 East, Boise Meridian, Owyhee County, Idaho. Being further described as follows:

Beginning at a point on the West boundary of said North half of the Southeast Quarter of Section 2 from which the Center Quarter corner bears North 00°03'05" East a distance of 678.75 feet; thence leaving said West boundary, North 85°01'50" East a distance of 516.73 feet; thence from a tangent which bears South 79°34'44" West, along a circular curve to the left with a radius of 2351.69 feet and a central angle of 03°27'28" an arc length of 141.92 feet (with a chord bearing of North 81°18'28" East, and a chord distance of 141.90 feet); thence

South 00°03'05" West to the South boundary of said North half of the Southeast Quarter of Section 2, a distance of 706.65 feet; thence along said South boundary, South 89°57'54" East to said West boundary, a distance of 655.00 feet; thence along said West boundary, North 00°03'05" East a distance of 640.04 feet to the POINT OF BEGINNING.

Continued on next page.

File No : 200604278

EXCEPTING THEREFROM

"Any minerals, mineral rights, or related matters, including but not limited to oil, gas, coal and other hydrocarbons" as shown in the deed from B.B. Burroughs, etux to Wilbur C. Mastre, etux recorded October 17, 1996 as Instrument No. 220095, records of Owyhee County, Idaho.

EXHIBIT "B"
The Smith Ranch, L.L.C.

All right, title, and interest of Mortgagor in any permits used or operated by the Mortgagor in conjunction with the property described herein, including that certain Bureau of Land Management Grazing Allotment Number 00852 for 1,029 AUM's and Bureau of Land Management Grazing Allotment Number 00858 for 1,112 AUM's, are hereby mortgaged, assigned, and transferred to the Mortgagee, together with all renewals thereof; Mortgagor will pay all rents, fees and other charges payable under the terms of said leases, permits, privileges or allotments, and perform all acts and things necessary to preserve and keep in good standing all of said leases, permits, privileges or allotments and renewals thereof; Mortgagor will take no action which would adversely affect any of Mortgagor's right or preference status thereunder; in the event of the foreclosure of this Mortgage, Mortgagor will waive all claims for preference, or any of such rights upon the demand from the purchaser of the Property at the foreclosure sale, or any successor to such purchaser; the lands covered by said leases, permits, privileges, or allotments, and by any renewals thereof, shall at all times be operated in conjunction with the property and neither shall be transferred to any other person separately from the other; and in case of the failure of the Mortgagor to pay any rents, fees, or other charges payable under the terms of any of said leases, permits, privileges or allotments, Mortgagee may, at its option, make payment thereof in any amounts so paid with interest thereon at the then existing default rate of interest as defined in the note secured hereby, shall be a part of the debt secured by this Mortgage and a lien on the property repayable immediately upon demand, the leases, permits, privileges, or allotments now held by the Mortgagor.

Should title in fee simple to any of the lands covered by the aforesaid leases, permits, privileges, or allotments or to any other lands lying within the exterior boundaries of the Property, hereafter be acquired by the Mortgagor, such lands, upon such acquisition, shall become subject to the lien of this Mortgage to the same extent as though such lands had been originally included herein as part of the property, and further, all of the terms, covenants, and conditions of the Mortgage, applicable to the property, shall extend and be applicable to such lands hereafter as acquired.

EXHIBIT "C"
The Smith Ranch, L.L.C.

GRAZING PERMITS

All grazing leases, permits, allotments, licenses and privileges (the "Permits") covering state or federally owned lands used or operated in connection with the Real Property, together with all renewals of such Permits. Said Permits include, but are not limited to, the following:

State of Idaho Grazing Permit

Lease # G-6708 74 AUM's

Lease # G-6709 95 AUM's

Forest Service Permit

Permit # 60158 1,248 AUM's
Allotment: Merritt Creek C & H

EXHIBIT "D"
The Smith Ranch, L.L.C.

WATER RIGHTS

All water, water rights, ditches and ditch rights, any permits, licenses, certificates or shares of stock evidencing any such water or ditch rights, and any such rights acquired in the future, which entitle Mortgagee to use water for any purpose upon the Real Property. The above includes, but is not limited to, the following:

Idaho Department of Water Resources:

Water Right No.: 51-2031

Water Right No.: 51-4015

WARRANTY DEED

FOR VALUE RECEIVED

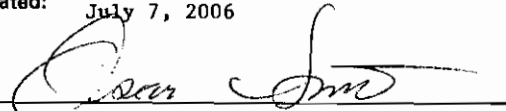
Oscar Smith and Anne J. Smith, husband and wife

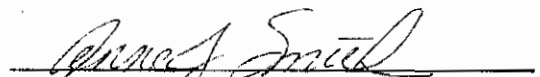
GRANTOR(S), does(do) hereby GRANT, BARGAIN, SELL and CONVEY unto
The Smith Ranch, LLCGRANTEE(S), whose current address is: 28765 Cattle Drive Rd. Bruneau, ID 83604
the following described real property in Owyhee County, State of Idaho,
more particularly described as follows, to wit:

SEE ATTACHED

TO HAVE AND TO HOLD the said premises, with their appurtenances unto the said Grantee(s), and Grantee(s) heirs and assigns forever. And the said Grantor(s) does(do) hereby covenant to and with the said Grantee(s), that Grantor(s) is/are the owner(s) in fee simple of said premises; that said premises are free from all encumbrances, EXCEPT those to which this conveyance is expressly made subject and those made, suffered or done by the Grantee(s); and subject to reservations, restrictions, dedications, easements, rights of way and agreements, (if any) of record, and general taxes and assessments, (including irrigation and utility assessments, if any) for the current year, which are not yet due and payable, and that Grantor(s) will warrant and defend the same from all lawful claims whatsoever. , except those of record.

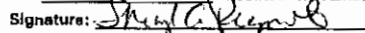
Dated: July 7, 2006


 Oscar Smith


 Anne J. Smith
STATE OF Idaho, County of Elmore, ss.

On this 7th day of July
 In the year of 2006, before me, the undersigned, a Notary
 Public in and for said State, personally appeared
Oscar Smith, Anne J. Smith

known or identified to me to be the person S whose name
 are _____ subscribed to the within instrument, and
 acknowledged to me that they executed the same.

Signature: Name: SHERYL A REINERT
(Type or print)Residing at: Mountain HomeMy commission expires: 12-27-11

File No.: 200604278

EXHIBIT A

TRACT I:

In Township 13 South, Range 5 East, Boise Meridian, Owyhee County, Idaho.

Section 26: Southeast Quarter of the Southwest Quarter, West One-Half of the Southwest Quarter

TRACT II:

In Township 13 South, Range 5 East, Boise Meridian, Owyhee County, Idaho.

Section 27: South One-Half of the Southeast Quarter, South One-Half of the Southwest Quarter

Excepting therefrom: The North One-Half of the Southeast Quarter of the Southwest Quarter of the Southeast Quarter

TRACT III:

In Township 13 South, Range 5 East, Boise Meridian, Owyhee County, Idaho.

Section 28: Southeast Quarter of the Southeast Quarter

QUITCLAIM DEED

06-401

FOR VALUE RECEIVED

Anne J. Smith, spouse of Oscar Smith

HEREINAFTER "GRANTOR" DOES RELEASE AND FOREVER QUITCLAIM UNTO
The Smith Ranch, LLC

WHOSE ADDRESS IS: 28765 Cattle Drive Rd. Bruneau, ID 83604

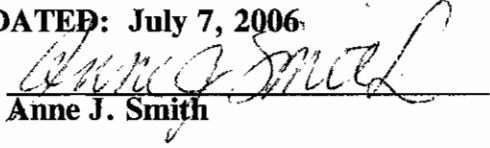
HEREINAFTER "GRANTEE," AND TO HIS HEIRS AND ASSIGNS, ALL RIGHT, TITLE AND INTEREST
GRANTOR HAS OR MAY HEREAFTER ACQUIRE THE FOLLOWING DESCRIBED REAL PROPERTY:

Township 13 South, Range 5 East, B.M. Owyhee County

Section 27: N1/2SE1/4SW1/4SE1/4

TO HAVE AND TO HOLD, ALL AND SINGULAR THE SAID PREMISES, TOGETHER WITH THEIR
APPURTENANCES, UNTO GRANTEE, AND TO HIS HEIRS AND ASSIGNS FOREVER.

DATED: July 7, 2006


Anne J. Smith

STATE OF IDAHO, COUNTY OF Elmore

On this 7th day of July 2006,
before me, a notary public in and for said
State personally appeared

Anne J. Smith

known to me to be the person(s) whose name(s)
is subscribed to the within instrument and
acknowledged to me that she executed the same

