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DEPARTMENT OF
WATER RESOURCESSTATE OF IDAHO
DEPARTMENT OF WATER RESOURCESWATER RESOURCES
WESTERN REGION**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): ^{PD} 45-2448B, ^{PD} 45-4217, ^{PD} 45-2448A, ^{PD} 45-40594,
^{PD} 45-4438
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
Grant Baker Service Corporation
% Pacific Intermountain Mortgage Co.
2420 Main St
Baker City, OR 97814
4. Name of Water Right Owner/Claimant(s) Bedke Feedlot, Frank and Phyllis Bedke
5. Expiration Date of Notification Period 2031
6. Is this a Renewal of Request for Notification? ☐ YES ☒ NO
7. Signature(s) (and title if applicable) Penny Devlin, Secretary

For Office Use Only

Received by <u>lgagnon</u>	Date <u>11-21-06</u>	Fee <u>\$125</u>
Received by <u>lgagnon</u>	Date <u>11-21-06</u>	Receipt No. <u>W034898</u>
Processed by _____	AJ Date _____	WR _____ Date _____

REPORT DATA

45-4438

311.864

GRANT-BAKER SERVICE CORPORATION

42121

Mortgagor(s):
BEDKE FEEDLOT, L.L.C., an Idaho limited liability company
FRANK A. BEDKE and PHYLLIS BEDKE
PO BOX 83
OAKLEY, ID 83346
Loan No. 20601237

Mortgagee(s):
Grant-Baker Service Corporation
c/o Pacific Intermountain Mortgage Co.
2420 Main St.
Baker City, OR 97814

REAL ESTATE MORTGAGE

THIS MORTGAGE is made and entered into by BEDKE FEEDLOT, L.L.C., an Idaho limited liability company, and FRANK A. BEDKE and PHYLLIS BEDKE, husband and wife, residing at 1906 S. 600 W., Oakley, Idaho, herein called mortgagor, and Grant-Baker Service Corporation, C/O Pacific Intermountain Mortgage Company, 2420 Main Street, Baker City, Oregon 97814, herein called mortgagee.

Mortgagors in consideration of TWO MILLION SIXTY THOUSAND DOLLARS (\$2,060,000.00) paid to mortgagor does hereby grant, bargain, sell and convey unto Grant-Baker Service Corporation, mortgagee and mortgagee's successors and assigns, that real property situated in Cassia County, State of Idaho, described on Exhibit "A", the irrigation equipment described in Exhibit "A-1", water rights described in Exhibit "B", and equipment described in Exhibit "C", 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 November 4, 2006, in the principal amount of \$2,060,000.00 with the due date of the final installment being January 1, 2022, except that if the mortgaged property is sold or transferred without prior consent of the mortgagee hereunder the payment of the unpaid principal balance of the loan shall be immediately due and payable.

The mortgagor warrants that the proceeds of the loan represented by the Note and this mortgage are for business or commercial purposes.

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.

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.

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).

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.

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.

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.

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.

Mortgagor agrees to provide the current financial statements as requested by the Holder of the

Mortgage not more frequently than annually and at any time when the Mortgage Loan is delinquent or otherwise in default.

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.

If the Lender determines at any time to sell, transfer or assign the Note, this Security Instrument and any other security instruments, and any or all servicing rights with respect thereto, or to grant participation's therein ("Participation's") or issue, in a public offering or private placement, mortgage pass-through certificates or other securities evidencing a beneficial interest in the loan ("Securities"), Lender may forward to each purchaser, transferee, assignee, servicer, participant, investor, or their respective successors in such Participation's and/or Securities ("collectively, the "investor"), any rating agency rating such Securities and each prospective investor, all documents and information which Lender now has or may hereafter acquire relating to the indebtedness and to the Borrower, any Guarantor, any Indemnitors and the Mortgaged Property, which shall have been furnished by Borrower, any Guarantor or any Indemnitors, as Lender determines necessary or desirable.

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.

NOW THEREFORE, 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).

The holder of the Mortgage Note may make advances under the Mortgage to protect the holder's interest in the Mortgaged Property from loss of value, and that repayment of such advances (including reasonable costs of recovery and attorney's fees) plus interest at a default rate of interest is an obligation of the Borrower, secured by the Mortgage.

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.

Upon default Lender shall have the right, without notice to Mortgagor, to take possession of the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Mortgagor irrevocably designates Lender as Mortgagor's attorney-in-fact to endorse instruments received in payment thereof in the name of Mortgagor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

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.

SECURITY AGREEMENT: FINANCING STATEMENTS: The following provisions relating to this Mortgage as a security agreement are a part of this Mortgage:

Security Agreement: This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest: Upon request by Lender, Borrower shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Mortgage in the real property records, Lender may, at any time and without further authorization from Borrower, file executed counterparts, copies or reproductions of this Mortgage as a financing statement. Borrower shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Borrower shall not remove, sever or detach the Personal Property from the Property. Upon default, Borrower shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Borrower and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

Addresses: The mailing addresses of Borrower (debtor) and Lender (secured party) from which information concerning the security interest granted by this Mortgage may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Mortgage.

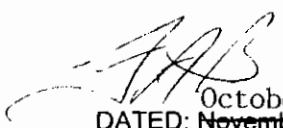
DUE ON SALE: It is understood that a material factor in inducing the mortgagee to make this loan to the Mortgagor is the unique status of the agricultural industry and the expertise and financial strength of the Mortgagor. In the event the Mortgagor ceases to own the mortgaged property, the security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

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

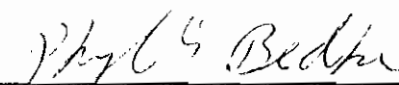
be more than one person. If the context so requires, the singular shall be taken to mean and include the plural. Generally, all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

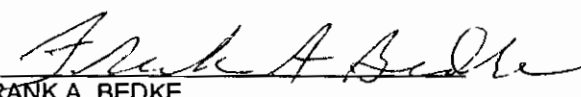
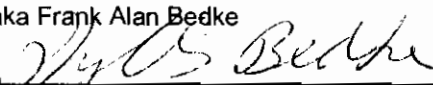
IN WITNESS WHEREOF, the mortgagor has executed this instrument. If the mortgagor is a corporation, it has caused it's name to be signed and it's seal, if any, affixed by an officer or other person duly authorized to do so by order of it's board of directors.


October 30,
DATED: November 1, 2006 *7.0*

BEDKE FEEDLOT L.L.C.:

INDIVIDUALLY:

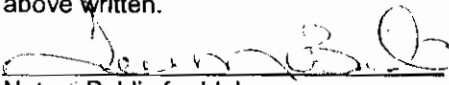

FRANK A. BEDKE

PHYLLIS BEDKE


FRANK A. BEDKE
aka Frank Alan Bedke

PHYLLIS BEDKE
aka G. Phyllis Bedke

STATE OF IDAHO
County of *CASSIA*

On this *30th* day of *October*, 2006, before me, a Notary Public in and for the said state, personally appeared Frank A. Bedke and Phyllis Bedke, known or identified to me to be the person(s) whose name(s) are subscribed to the within Instrument and acknowledged to me that they executed same.

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


Notary Public for Idaho
My commission expires: *2-5-08*

Terri McBride
Notary Public
State of Idaho

STATE OF IDAHO County of Cassia)ss.

On this *30th* day of October, 2006, before me, a Notary Public in and for said state personally appeared Frank A. Bedke and Phyllis Bedke known or identified to me to be the persons whose names are subscribed to the within instrument as members of BEDKE FEEDLOT LLC the limited liability company that executed the foregoing instrument and acknowledged to me that such limited liability company executed the same.

Terri McBride
Notary Public
State of Idaho

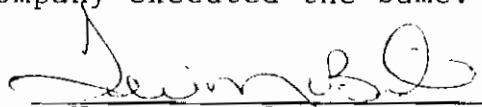

Notary Public
Residing at Rupert, ID
Comis. Expires 2/5/08

EXHIBIT "A"

PARCEL NO. 1:

TOWNSHIP 12 SOUTH, RANGE 22 EAST OF THE BOISE MERIDIAN, CASSIA
COUNTY, IDAHO

Section 31: E1/2SW1/4, SE1/4 Except the following described tract:

Part of the SE1/4 of said Section 31, more particularly described as follows:

Beginning at the Southeast corner of said Section 31,
Thence North 915 feet;
Thence West 586 feet;
Thence South 915 feet;
Thence East 586 feet to the Point of Beginning.

TOWNSHIP 13 SOUTH, RANGE 22 EAST OF THE BOISE MERIDIAN, CASSIA
COUNTY, IDAHO

Section 6: Lot 3, Lot 4, Lot 5 and SE1/4NW1/4

PARCEL NO. 2:

TOWNSHIP 13 SOUTH, RANGE 22 EAST OF THE BOISE MERIDIAN, CASSIA
COUNTY, IDAHO

Section 31: NW1/4NE1/4 and NE1/4NW1/4, ALSO Beginning at the Northeast corner of the
NE1/4 of said Section 31;
Thence South 20 rods;
Thence West 80 rods;
Thence North 20 rods;
Thence East 80 rods to the Point of Beginning.

PARCEL NO. 3:

TOWNSHIP 13 SOUTH, RANGE 22 EAST OF THE BOISE MERIDIAN, CASSIA
COUNTY, IDAHO

Section 31: Beginning 20 rods South of the Northeast corner of Section 31;
Thence South 60 rods;
Thence West 80 rods;
Thence North 60 rods;
Thence East 80 rods to the Point of the Beginning.

PARCEL NO. 4:

TOWNSHIP 12 SOUTH, RANGE 22 EAST OF THE BOISE MERIDIAN, CASSIA
COUNTY, IDAHO

Section 31: Part of the SE1/4SE1/4, more particularly described as follows:

Beginning at the Southeast corner of said Section 31, Thence North 280 feet along the
East Section line to the Point of Beginning;
Thence continuing North along the East Section line for 100 feet;
Thence West parallel with the South Section line for 586 feet;
Thence South parallel with the East Section line for 100 feet;
Thence East parallel with the South Section line for 586 feet to the Point of Beginning.

PARCEL NO. 5:

TOWNSHIP 12 SOUTH, RANGE 22 EAST OF THE BOISE MERIDIAN, CASSIA
COUNTY, IDAHO

Section 31: Part of the SE1/4 SE1/4, more particularly described as follows:

Beginning at the Southeast corner of said Section 31; Thence North 380 feet along the
East Section line to the Point of Beginning;
Thence continuing North along the East Section line for 535 feet;
Thence West parallel with the South Section line for 586 feet;
Thence South parallel with the East Section line for 535 feet;
Thence East parallel with the South Section line for 586 feet to the Point of Beginning.

PARCEL NO. 6:

TOWNSHIP 13 SOUTH, RANGE 22 EAST OF THE BOISE MERIDIAN, CASSIA
COUNTY, IDAHO

Section 30: Lot 4

Section 31: Lot 1 and that portion of Lots 2 and 3 situated North and East of the Oakley Canal
Company right-of-way.

EXHIBIT "A-1"

IRRIGATION EQUIPMENT Bedke

All fixtures (including trade fixtures), supplies, equipment and inventory used for the production of water on the Real Property or for the irrigation or drainage thereof, whether now owned or hereafter acquired, and whether now existing or hereafter arising, and all proceeds (including insurance proceeds) from the sale or other disposition of any of such Property. Said fixtures, supplies, equipment and inventory include, but are not limited to, the following:

Well No. 1: Deep well turbine Layne and Bowler pump, Serial No. 21780 with Louis Allis Co. 200 H.P. electric motor, Serial No. 2425594.

Well No. 2; Deep well turbine Layne and Bowler pump, Serial No. illegible with GE 12.5 H.P. electric motor, Serial No. PTJ 311126.

Middle Pond:

- 75 HP US Electric motor Serial No: R2044746, on a L&B short coupled turbine (SCT) pump
Serial No.: D 30945
- 50 HP US electric motor Serial No: R2039604, on L&B SCT Serial No.: D 36011

South Pond:

- 75 HP US electric motor Serial No.: 1078067, on Fairbanks Morse SCT pump PM7687
- 50 HP electric motor on a SCT pump (Serial Numbers not accessible)

(1) 7-tower Zimmatic Pivot, Serial No. L76994

(1) 8-tower Zimmatic Pivot, Serial No. L76214

(1) 8-tower Zimmatic Pivot, Log No. B992000

Buried Mainline:

- 760 feet of 8" PVC
- 2,060 feet of 6" PVC
- 6,480 feet of 4" PVC

EXHIBIT "B"

WATER RIGHTS

Bedke

All water and water rights, including but not limited to 132.31 Shares in Oakley Canal Company and 2.00 shares in Oakley Canal Company, and if any ditches, appropriations, franchises, privileges, permits, licenses and easements that are on, connected with, or usually had in connection with the property; whether any of the foregoing is owned now or acquired later; all accessions, additions, replacements, and substitutions; all records of any kind relating to any of the foregoing; all proceeds (including insurance, general intangibles and account proceeds); whether any of the foregoing is owned now or acquired later; all accessions, additions, replacements, and substitutions relating to any of the foregoing, all records of any kind relating to any of the foregoing; all proceeds relating to any of the foregoing (including insurance, general intangibles and accounts proceed(s)).

Bedke Feedlot:

Water Right No. 45-2448B for 0.17 CFS for stockwater, priority 6/01/1953, source is groundwater.

Bedke Farms:

Water Right No. 45-4217 for 3.00 CFS for 220 acres irrigation, priority 6-01-1955, source is groundwater.

Water Right No. 45-2448A for 1.23 CFS for 150 acres irrigation, priority 6-01-1953, source is groundwater

Water Right No. 45-10594 for 0.80 CFS for 370 acres irrigation, priority 4-12-1892, source is Big Cottonwood Creek.

Water Right No. 45-443B for 0.583 CFS for 370 acres irrigation, priority 8-31-1882, source is Big Cottonwood Creek.

Water Right No. 45-425A for 1.580 CFS for 370 acres irrigation priority 4-12-1892, source is Big Cottonwood Creek.

132.31 shares of Oakley Canal Company, #3492

2.00 shares of Oakley Canal Company, #3257

EXHIBIT "C"

FEEDLOT EQUIPMENT LIST Bedke

All Equipment and Fixtures; together with the following specifically described property:

- 56 pens with 12,300 lin. ft. of bunk space, 8 ft. concrete apron and concrete manager, the uprights are steel and cable. Water is supplied to each pen by automatic electric heated water troughs.
- One processing facility with hydraulic chute and circular crowd alley, loading chutes and working corrals.
- (2) steel feed tanks, 12,000 bushel, concrete base with legs for gravity feed.
- (2) steel tanks, 2,000 bushel, concrete base with legs for gravity feed.
- (1) feed mill, Model 200 - A Krimper - Kracker.
- (1) feed mill, Model 400 - A Krimper - Kracker with 4,000 bushel per hour elevator leg and dump pit.
- Scales: 11 x 40, Fairbanks Morse, for weighing livestock, 100,000 pounds capacity, with electronic weigh beam.
- 6 silage pits: approximately 45 x 300 x 12 ft. with sloped ends.
- Waste Lagoons: constructed as required by EPA and various state government agencies with capacity of 401,900 cubic feet.
- Office: 1848 sq. ft. double wide home, excellent condition.
- (2) 924 sq. ft. single wide trailer homes in average condition.
- (1) 728 sq. ft. single wide trailer home in average condition.

Whether any of the foregoing is owned now or acquired later; all accessions, additions, replacements, and substitutions; all records of any kind relating to any of the foregoing; all proceeds (including insurance, general intangibles and accounts proceeds), together with the following specifically described property including but not limited to, frame and metal buildings now existing and/or any buildings hereafter erected or additions thereto.

ADJUSTABLE RATE RIDER
(5 Year Treasury Index - No Rate Cap - Convertible)

FAB 30th October 06

This ADJUSTABLE RATE RIDER is made this 30th day of October, 2006 and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note (the "Note") to **Grant-Baker Service Corporation, an Oregon Corporation** (the "Lender") of the same date and covering the property described in the Security Instrument and located at:

1322 South 600 West, Oakley, Idaho and 600 West 1900 South, Oakley, Idaho.

**THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE
INTEREST RATE AND THE SEMI-ANNUAL PAYMENT. THE NOTE ALSO
CONTAINS THE OPTION TO CONVERT THE ADJUSTABLE RATE TO
ANOTHER RATE.**

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. ADJUSTABLE RATE AND SEMI-ANNUAL PAYMENT CHANGES

The Note provides for an initial interest rate of 7.13%. The Note provides for changes in the adjustable interest rate and the semi-annual payments as follows:

1. Payment of Principal and Interest.

(a) Interest shall accrue on the unpaid balance of this Note at a rate equal to the sum of (i) the Current Index (defined below) and (ii) the Margin (defined below) ("the Adjustable Rate"). The Adjustable Rate shall change on the first day of each fifth January 1st commencing January 1, 2012 (each, a "Rate Change Date") until the loan is repaid in full or until the Borrower exercises the option to convert the interest rate to another rate as provided in paragraph (f) below.

(b) The Adjustable Rate shall be 7.13% per annum until January 1, 2012.

(c) A payment of interest only calculated at the Adjustable Rate from the date of closing shall be due on the first day of January, 2007. Thereafter, consecutive semi-annual installments of principal and interest, each in the amount required to pay the unpaid principal balance of this Note in equal semi-annual installments, including accrued interest at the Adjustable Rate calculated over the 15 year period beginning with July 1, 2007 shall be payable on the first day of each January and July, until the entire indebtedness evidenced by this Note is fully paid. Any remaining indebtedness, if not sooner paid, shall be due and payable on January 1, 2022 (as defined below). The initial installment of principal and interest in the amount of One Hundred and Twelve Thousand Nine Hundred and Eighteen Dollars and Ninety Four Cents (\$112,918.94) shall be due on July 1, 2007. Thereafter, to the extent that the Adjustable Rate has changed, the amount of the installment payment shall change in accordance with the second sentence of this paragraph. For purposes of determining the "principal balance" under the second sentence of this paragraph, calculations shall be based on the binding presumption of timely future payments, without any prepayments made after the date of the calculation, through the next scheduled Rate Change Date.

(d) At least 30 days before each Rate Change Date, Lender shall re-calculate the Adjustable Rate and shall notify Borrower (in the manner specified in the Security Instrument for giving notices) of any change in the Adjustable Rate and the installment payment due on each payment date.

(e) If Lender at any time determines, in its sole but reasonable discretion, that it has miscalculated the amount of any installment payment (whether because of a miscalculation of the Adjustable Rate or otherwise), then Lender shall give notice to Borrower of the corrected amount of the installment payment (and the corrected Adjustable Rate, if applicable) and (i) if the corrected amount of the installment payment represents an increase, then Borrower shall, within 30 calendar days thereafter, pay to Lender any sums that Borrower would have otherwise been obligated under this Note to pay to Lender had the amount of the installment payment not been miscalculated, or (ii) if the corrected amount of the installment payment represents a decrease thereof and Borrower is not otherwise in breach or default under any of the terms and provisions of this Note, the Security Instrument or any other loan document evidencing or securing this Note, then Borrower shall thereafter be paid the sums that Borrower would not have otherwise been obligated to pay to Lender had the amount of the installment payment not been miscalculated.

(f) If Borrower timely exercises Borrower's option to convert the interest rate on this Note to another rate pursuant to paragraph 3. ("Interest Rate Conversion Option") of this Note, the applicable interest rate under this Note, beginning on the date the conversion becomes effective and continuing until the Maturity Date, shall not be the rate determined in accordance with subsection (c) above, but shall be the rate established in accordance with Section 3 "Interest Rate Conversion Option" hereof. Such rate shall be reflected in an "Agreement to Convert" substantially in the form attached as Exhibit A to this Note.

(g) For purposes of this Section, the following definitions shall apply:

Current Index: The published Index that is in effect on the 45th day before the applicable Rate Change Date.

Index: The weekly average yield on United States Treasury securities adjusted to a constant maturity of five years published by the Federal Reserve Board. In the event the Federal Reserve Board ceases making the Index available, Lender shall select a comparable publication to determine the Index and provide notice thereof to Borrower. In the event no comparable organization publishes the Index, Lender shall select a method of calculating interest at the Adjustable Rate that Lender deems comparable in its sole discretion and provide notice thereof to Borrower.

Margin: 2.80%

Maturity Date: January 1, 2022.

2. Prepayment.

Prior to the Conversion Date (as defined below), Borrower may prepay all or part of the unpaid principal balance of this Note on the date any payment under this Note is due (without taking into account any grace period) under this Note by paying, in addition to the principal prepayment amount and any scheduled principal payment amount, accrued interest and all

other sums due Lender at the time of prepayment. Prior to the Conversion Date, Borrower may also prepay all or part of the unpaid principal balance of this Note at any other time, by paying, in addition to the principal prepayment amount, interest on the principal prepayment amount to the date the next payment under this Note is due and all other sums due Lender at the time of prepayment.

B. INTEREST RATE OPTION

The Note provides for the Borrower's option to convert from an adjustable interest rate to another interest rate, as follows:

3. Interest Rate Conversion Option.

(a) **Option to Convert to Other Rate.** Borrower may exercise the Conversion Option unless Borrower is in default under this Note or the Security Instrument if the conditions of this Paragraph 3(a) are met. The "Conversion Option" is the Borrower's option to convert the interest rate specified in this Note from an adjustable rate with no interest rate limits to the converted rate calculated under Section 3(b) below.

The conversion can only take place on a date a payment is due under this Note. The date on which the Borrower converts the adjustable interest rate to the converted rate is called the "Conversion Date."

The Borrower's ability to exercise the Conversion Option is conditioned upon: (i) the Borrower giving the Lender written notice at least 21 days prior to the Conversion Date that the Borrower wants to exercise the Conversion Option; (ii) at the Conversion Date, the Borrower must not be in default under the terms of this Note or the Security Instrument; (iii) payment to the Lender prior to the Conversion Date of a conversion fee of the greater of \$1000 or 0.5 percent of the outstanding loan balance, not to exceed \$5000.00; and (iv) the Borrower's completion and execution of any documents the Lender requires to effect the conversion; and (v) the loan product selected for conversion being different from the current loan product.

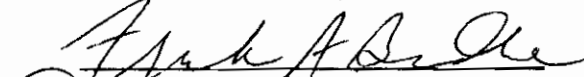
(b) **Calculation of Converted Rate.** The converted interest rate in effect as of the Conversion Date will be equal to the Federal Agricultural Mortgage Corporation's required net yield as of noon, Eastern Time, 7 days prior to the Conversion Date for a conversion to a loan product, other than the loan product under which the current interest rate was established, offered by the Federal Agricultural Mortgage Corporation. Such required net yield shall be that (i) if Borrower elects to have the option to prepay the loan on any date a payment is due without paying a yield maintenance amount, the open prepay comparable (as determined in the Lender's sole discretion) term mortgages (with amortization terms equal to the amortization term of this Note) covered by applicable 1-week mandatory delivery commitments, plus .30%, or (ii) if Borrower agrees that any prepayment of the loan will be subject to Borrower's paying a yield maintenance amount, comparable (as determined in the Lender's sole discretion) term mortgages (with amortization terms equal to the amortization term of this Note) with yield maintenance covered by applicable 1-week mandatory delivery commitments, plus .30%. If this required net yield cannot be determined because the applicable commitments are not available, the Lender will determine the interest rate by using comparable information. If Borrower elects to convert to another adjustable rate product, the Federal Agricultural Mortgage Corporation's required net yield for conversion to the selected loan product will be higher than the applicable required net yield for new originations of the same loan product.

(c) **New Payment and Effective Date.** Upon the Borrower's exercise of the Conversion Option, the Lender will determine the amount of the monthly installment, which will be calculated to repay the unpaid principal (net of any principal payment due on the Conversion Date) in full on the final amortization date at the new interest rate in substantially equal payments.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Adjustable Rate Rider.

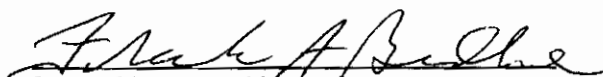
Borrower:

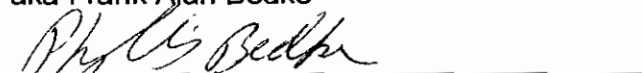
BEDKE FEEDLOT, L.L.C.:


FRANK A. BEDKE

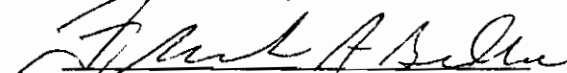

PHYLLIS BEDKE

INDIVIDUALLY:


FRANK A. BEDKE
aka Frank Alan Bedke

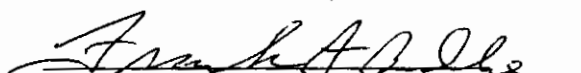

PHYLLIS BEDKE
aka G. Phyllis Bedke

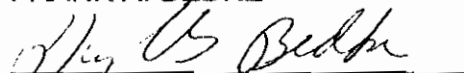
BEDKE FARMS, L.L.C.:


FRANK A. BEDKE


PHYLLIS BEDKE

BEDKE LIVESTOCK, INC.:


FRANK A. BEDKE


PHYLLIS BEDKE

311864

CASSIA COUNTY, IDAHO
LARRY A. MICKELSEN
RECORDER

FEE 420 DEPUTY 26

2003 NOV 2 PM 4 46

RECORDED AT THE REQUEST OF
LAND TITLE & ESCROW

311865

ASSIGNMENT OF MORTGAGE

42121

After recording return to: Grant-Baker Service Corporation
2420 Main St.
Baker City, OR 97814

KNOW ALL MEN BY THESE PRESENTS: Grant-Baker Service Corporation for value received does hereby grant, bargain, sell, assign, transfer and set over unto

U.S. Bank National Association

that certain mortgage bearing date the ~~1st~~ ^{30th} day of ~~November~~ ^{October}, 2006, made and executed by Bedke Feedlot, L.L.C., as mortgagor, to Grant-Baker Service Corporation to secure the sum of \$2,060,000.00 and interest, and recorded on the ^{2nd} day of November, 2006, Instrument Number 311864, Cassia County Mortgage Records, State of Idaho, together with the note thereby secured and the money due and to grow due thereon, with interest.

Dated this 25 day of ~~November~~ ^{October}, 2006.

GRANT-BAKER SERVICE CORPORATION

By:

Ken Errend

Title:

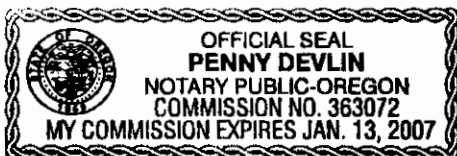
Contract Agent

State of Oregon)

County of Baker)

On this 25 day of ~~November~~ ^{September} ~~October~~, 2006, before me, the undersigned, a Notary Public in and for the State of Oregon, duly commissioned and sworn, personally appeared Ken Errend, to me known to be the Contract Agent of the corporation that executed the foregoing instrument to the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

Witnessed my hand and official seal hereto affixed the day and year first above written.



Penny Devlin
Notary Public for the State of Oregon

RECORDED AT THE REQUEST OF
LAND TITLE & ESCROW

2003 NOV 2 PM 4 47

FEE

300

RECORDER

DEPUTY

26

CASSIA COUNTY, IDAHO
LARRY A. MICKELSEN

311865