



February 21, 2007

RECEIVED

FEB 28 2007

DEPARTMENT OF
WATER RESOURCES

State Of Idaho
Department Of Water Resources
1301 North Orchard Street
Statehouse Mail
Boise, Idaho 83720

Re: Loan No. F-612111.00
Big Sky Farms – Paid in full

Dear Sir or Madam:

Please be advised of the above referenced loan which has been paid in full. The Mutual Life Insurance Company of New York (MONY) does hereby release any and all interest in the assigned properties outlined below:

- ✓ Assignment And Pledge Of Water Rights, Licenses And Permits (Please See Attached Copy)

We appreciate you noting this release in your records.

Sincerely,

Wendy M. Irwin
Loan Closing Specialist
Rabo Agrifinance, Inc.

Enclosed (1)

cc: Jim Davis, Relationship Manager
Phone: (208) 733-0044

Loan No. 12111

COPY PAID
JAN 31 2007

**STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES**

**ASSIGNMENT AND PLEDGE OF WATER
RIGHTS, LICENSES AND PERMITS**

THIS AGREEMENT, made this 21st day of October, 1994, between MCFARLAND AGRICULTURAL COMPANY, an Idaho corporation and BIG SKY, a General Partnership, hereinafter collectively referred to as "Mortgagor", and THE MUTUAL LIFE INSURANCE COMPANY OF NEW YORK, a New York corporation, hereinafter referred to as "Mortgagee",

WITNESSETH:

as additional security for the payment of that certain Promissory Note in the amount of One Million Four Hundred Thousand and 00/100 Dollars (\$1,400,000.00) of even date herewith, made by Mortgagor to the order of the Mortgagee, which said Note is secured by a Mortgage of even date therewith made by Mortgagor to Mortgagee covering the premises and appurtenances set forth in Exhibit "A" attached hereto and made a part hereof for all purposes (hereinafter referred to as the "mortgaged premises"), the said Mortgagor, for security purposes only, does hereby assign and transfer to Mortgagee, all right, title and interest pertaining to all water rights, licenses and permits to appropriate the public waters of the State of Idaho, used in connection with said premises, together with all renewals and substitutions, including but not limited to, those listed below:

**SEE EXHIBIT "B" ATTACHED HERETO
AND INCORPORATED HEREIN BY THIS REFERENCE**

It is also agreed between Mortgagor and Mortgagee that said water rights, licenses and permits shall be appurtenant to the mortgaged property and used in connection with said property during the life of said loan and any extensions thereof.

Mortgagor covenants that Mortgagor will observe and perform all of the obligations imposed upon the Mortgagor under said instruments; they will not permit to be done anything to impair the validity thereof and the right to use said water rights, licenses and permits so that same will at all times be appurtenant to the mortgaged premises; it will not convey any further rights thereunder to any party other than the owner of the mortgaged premises; and to permit no act that will cause a cancellation or termination of said water rights, licenses and permits.

In the event of a failure of the Mortgagor to keep in full force and effect said water rights, licenses and permits and to perform all acts required thereunder, then such cancellation of said water rights, licenses and permits shall constitute an event of default under the Note and Mortgagee above described and, at the election of the Mortgagee, shall entitle Mortgagee to all remedies included in said Note and Mortgage.

It is agreed that the Mortgagee shall not be liable for the performance of any of the terms and conditions of said water rights, licenses or permits, but Mortgagee, at its option, and not at its obligation, is hereby granted the right to cure any default under said water rights, licenses or permits, at the cost of the Mortgagor, whereas said cost, including any attorney fees incurred, is thereupon to be immediately due and payable to the Mortgagee under the terms of the Mortgage.

David M. Brown
Senior Counsel
MONY Agricultural Investment

Mutual Of New York
One Mid Rivers Drive Suite 120
St. Peters, MO 63376
314 278-5555
Telecopier 314 278-6763



October 18, 1994

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

P A I D
JAN 31 2007

Idaho Department of Water Resources
1301 North Orchard St.
Statehouse Mail
Boise, ID 83720

COPY

**Re: MONY Loan No. 12111
Big Sky, a General Partnership
Water Rights - Lienholder's Interest**

Gentlemen:

The Mutual Life Insurance Company of New York (MONY) has closed a loan transaction with MCFARLAND AGRICULTURAL COMPANY, an Idaho corporation and BIG SKY, a General Partnership. In connection with said loan transaction, MONY has mortgaged certain real estate owned by MCFARLAND AGRICULTURAL COMPANY, an Idaho corporation and BIG SKY, a General Partnership, and taken a security interest in the water rights appurtenant to and used in connection with said real property.

It is my understanding that State of Idaho Department of Water Resources now has all water rights on a computer system and that a notice of MONY's security interest will be entered into that system. For your use, I now enclose duplicate copies of the legal descriptions for the real property encumbered by MONY's mortgage and the water rights appurtenant thereto. It is my understanding that one copy will be dated the day that you receive it and returned to me to acknowledge receipt, and that the second copy will be retained by your department for your file.

The lienholder's name and address to be registered in you system and used for all required notifications and correspondence is as follows:

The Mutual Life Insurance Company of New York
One Mid Rivers Mall Drive
Suite 120
St. Peters, MO 63376

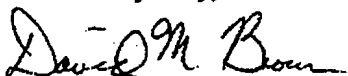
Copy to:
The Mutual Life Insurance Company of New York
1740 Broadway
New York, NY 10019

Idaho Department of Water Resources
October 18, 1994
Page 2 of 2 Pages

Upon receipt of this letter I request that you return one copy of the legal description and appurtenant water rights with your date stamp attached in the enclosed self-addressed, stamped envelope, for our records. If there is anything further you require to register MONY's lienholder's interest in these water rights please contact me at your earliest convenience.

Thank you for your cooperation and assistance in this regard.

Yours very truly,



David M. Brown
Senior Counsel
MONY Agricultural Investment

Enclosures