

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

Notice of Security Interest in a Water Right

And Request for Notification of a Change in Ownership or Any Proposed
Or Final Action to Amend, Transfer, or Otherwise Modify a Water Right

Please print or type. Attach pages with additional information. Instructions are on the back of this page.
Incomplete forms will be returned.

1. Water Right No(s): 45-7331, 45-11912, 45-11913, 45-11914, 45-7290

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

Persons Holding Security Interest Exhibit A See attached Exhibit A

Don McFarland and Carol McFarland Marshall J. McFarland
P.O. Box 5178 1025 Darren Drive
Twin Falls, ID 83303-5178 Stephenville, TX 76801

4. Name of Water Right Owner/Claimant(s) William J. and Susan J. Millenkamp

5. Expiration Date of Notification Period 11/15/2016

6. Is this a Renewal of Request for Notification? ☐ YES ☒ NO

7. Signature(s) (and title if applicable) Don McFarland
Carol McFarland

For Office Use Only

Received by [Signature] Date 12/5/05 Fee 125.00
Receipted by [Signature] Date 12/5/05 Receipt No. 5628208
Processed by AJ Date _____ WR _____ Date _____

SUPPORT DATA

IN FILE # 45-7290

RECEIVED
DEC 05 2005
Department of Water Resources
Southern Region
RECEIVED
DEC 06 2005
DEPARTMENT OF
WATER RESOURCES

Exhibit A

Persons Holding Security Interest

Don McFarland and Carol McFarland
P.O. Box 5178
Twin Falls, ID 83303-5178

Marshall J. McFarland
1025 Darren Drive
Stephenville, TX 76801

305231**MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT RENTS**

This MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT RENTS (the "Mortgage") is dated as of November 15, 2005 by William J. Millenkamp and Susan J. Millenkamp, husband and wife residing at 471 North 300 West, Jerome, Idaho 83338 (collectively, the "Mortgagor"), in favor of Marshall J. McFarland, an individual residing at 1025 Darren Drive, Stephenville, TX 76401 ("Marshall McFarland"), and Don McFarland and Carol McFarland, husband and wife residing at 2112 Highway 25, Eden, ID 83325 (collectively with Marshall McFarland, the "Mortgagees").

1. Definitions. This Mortgage is entered into in connection with the Real Estate Purchase and Sale Agreement dated as of November 15, 2005 by and among the Mortgagors and the Mortgagees (the "Purchase and Sale Agreement"). Each of this Mortgage, the DFS Promissory Note dated as of the date hereof by the Mortgagors in favor of Don McFarland and Carol McFarland (the "DFS Promissory Note"), the MONY Promissory Note dated as of the date hereof by the Mortgagors in favor of Don McFarland and Carol McFarland (the "MONY Promissory Note"), the Parcel 1-4 Promissory Note dated as of the date hereof by the Mortgagors in favor of the Mortgagees (the "Parcel 1-4 Promissory Note"), the Parcel 5 Promissory note dated as of the date hereof by the Mortgagors in favor of Don McFarland and Carol McFarland (the "Parcel 5 Promissory Note," and together with the DFS Promissory Note, MONY Promissory Note and the Parcel 1-4 Promissory Note, the "Promissory Notes") is referred to herein as a "Credit Document." All obligations of the Mortgagors to any of the Mortgagees party to a Credit Document are referred to as "Credit Obligations."

2. Mortgage, etc. For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Mortgagors hereby grant, bargain, sell, convey, mortgage, assign, transfer and set over unto the Mortgagees so much of the Property (as hereinafter defined) as constitutes the Premises (as hereinafter defined), and the Mortgagors hereby create in and grant to the Mortgagees a security interest in and to all of their right, title and interest in (but none of its obligations with respect to) so much of the Property as constitutes the Collateral (as hereinafter defined) and all proceeds and products thereof, whether now owned or hereafter acquired, in each case to secure the payment and performance by the Mortgagors of the Credit Obligations, including without limitation:

(a) the payment of indebtedness in the total principal amount of one hundred ninety thousand seven hundred forty-eight and 85/100ths dollars (\$190,748.85) in favor of Don McFarland and Carol McFarland, together with interest on the unpaid balance thereof, from the date hereof until paid, as evidenced by the DFS Promissory Note, which has a maturity date of February 25, 2011;

(b) the payment of indebtedness in the total principal amount of two hundred twenty-nine thousand six hundred fifteen and 43/100ths dollars (\$229,615.43) in favor of Don McFarland and Carol McFarland, together with interest on the unpaid balance thereof, from the date hereof until paid, as evidenced by the MONY Promissory Note, which has a maturity date of May 20, 2009;

(c) the payment of indebtedness in the total principal amount of six hundred seventy-four thousand eight hundred ten and 61/100ths dollars (\$674,810.61) in favor of the Mortgagees, together with interest on the unpaid balance thereof, from the date hereof until paid, as evidenced by the Parcel 1-4 Promissory Note, which has a maturity date of November 15, 2015;

(d) the payment of indebtedness in the total principal amount of five hundred four thousand eight hundred twenty-five and 11/100ths dollars (\$504,825.11) in favor of Don McFarland and Carol McFarland, together with interest on the unpaid balance thereof, from the date hereof until paid, as evidenced by the Parcel 5 Promissory Note, which has a maturity date of November 15, 2015;

(e) the payment and performance of all obligations of the Mortgagors under, and all amounts from time to time secured by, this Mortgage, including without limitation all amounts referred to in Section 7.2; and

(f) the payment and performance of all other obligations under the Credit Documents even if the aggregate amount of such obligations at any one time or from time to time exceeds the principal amount of such loans and reimbursement obligations or the face amount of any notes or other evidence of such indebtedness.

The term "Property" shall mean the parcels of land located described on Exhibit A hereto, together with:

(a) all buildings, structures and improvements now existing or hereafter constructed thereon;

(b) all rights of way or use, servitudes, licenses, tenements, appurtenances, easements, profits, mineral rights and other rights now or hereafter existing, belonging or pertaining thereto;

(c) all fixtures and other articles of every kind whatsoever now or hereafter owned or leased by the either Mortgagor and used in connection with the operation and maintenance of the foregoing, insofar as the same are, or can by agreement of the parties be made, a part of the real estate, including without limitation any irrigation equipment listed on Exhibit B affixed to the real estate, pumps, tanks, and other equipment;

(d) all right, title and interest in and to any award or payment upon a Taking (as defined in Section 5) of all or any part of the foregoing;

(e) the 1962 Marlett mobile home, all irrigation equipment listed on Exhibit B but not covered by clause (c) above and the water rights listed on Exhibit C ("Water Rights"); and

(f) all right, title and interest in and to any insurance proceeds with respect to all or any part of the Premises or the Collateral.

The land, buildings, structures, improvements, rights, fixtures and other items referred to in Exhibit A and in clauses (a) through (d) above are referred to collectively as the "Premises." The personal property and the goods, rights and interests, together with all proceeds and products

thereof referred to in clauses (e) and (f) above are referred to collectively as the "Collateral." The Premises and the Collateral are referred to collectively as the "Property."

3. Assignment of Rents, Issues, Profits, etc. The Mortgagors hereby assign to the Mortgagees all of the rights, interests and privileges which the Mortgagors have or may have in rents, issues, profits, royalties and income of all or any portion of the Property. Upon the occurrence and during the continuance of an Event of Default (as such term is defined herein) and written notice to the Mortgagors, with or without entering upon or taking possession of the Property the Mortgagees shall be entitled to collect such rents, issues, profits, royalties and income of the Property including those past due. Upon the occurrence and during the continuance of such an Event of Default, the Mortgagees shall also have the right, but not the duty, to enter upon, take possession of and manage the Property. In the event the Mortgagees do not so collect the rents, issues, profits, royalties and income, or a court of competent jurisdiction denies the Mortgagees the right to such rents, issues, profits, royalties and income, then the Mortgagors or whatever person or entity collects such amounts on behalf of the Mortgagors shall hold the amount of such rents, issues, profits, royalties and income in trust for the benefit of the Mortgagees and upon request shall promptly pay the same to the Mortgagees.

4. General Covenants of the Mortgagors. The Mortgagors covenant that, until all of the Credit Obligations shall have been paid in full, the Mortgagors will comply with the following provisions:

4.1. *No Conveyance.* The Mortgagors will not directly or indirectly convey, sell, assign, transfer or otherwise dispose of the Property nor any part thereof without the express written consent of the Mortgagees.

4.2. *No Further Encumbrances.* The Mortgagors will not permit the Property to become subject to any mortgage, lien, attachment, lis pendens, security interest, encumbrance or restriction other than the existing liens under the MONY Loan and the DFS Loan (as such terms are defined in the Purchase and Sale Agreement) or refinancing of the MONY Loan by the Mortgagees, and will promptly take all action necessary to cause any such mortgage, lien, attachment, lis pendens, security interest, encumbrance or other restriction not permitted hereby to be discharged. The Mortgagors will diligently contest any action or proceeding which purports to affect the title to the Property or the validity or the priority of this Mortgage.

4.3. *Construction and Completion of Improvements.* The Mortgagors will cause any improvements to the Premises to be completed in a workmanlike manner, and in accordance with all applicable governmental laws, rules, regulations and requirements. The Mortgagors will take all reasonable action to correct any defects or faults in any such improvements, and to pursue diligently any remedies or recourse which the Mortgagors may have under agreements, warranties and guarantees related to the construction thereof.

4.4. *Operation of the Property.*

(a). *Leases.* The Mortgagors will furnish to the Mortgagees copies of all leases as executed by either Mortgagor. The Mortgagors will perform punctually and comply with all the terms, covenants and agreements on the part of the Mortgagors to be performed

under each lease and agreement to which the Property or any part thereof is at any time subject and use all reasonable means available to the Mortgagors to enforce the terms, covenants and agreements on the part of the other parties to such leases and agreements to be performed.

(b). *Taxes and Governmental Charges.* The Mortgagors agree to pay, at least 10 days prior to delinquency, all applicable real property taxes and assessments, general and special, all applicable payments in lieu of taxes, if any, and all other applicable taxes and assessments of any kind or nature whatsoever, including without limitation assessments or fees relating to the Water Rights, which are assessed or imposed upon the Property or become due and payable, and which create or may create a lien upon the Property or any part thereof.

(c). *Utility Charges.* The Mortgagors will pay when due all utility charges which are incurred by either Mortgagor for the benefit of the Property or which may become a charge or lien against the Property for gas, telephone, electricity, water or sewer services furnished to the Property and all other assessments or charges of a similar nature, whether public or private, affecting the Property or any portion thereof, whether or not such assessments or charges constitute liens thereon.

(d). *Repairs.* The Mortgagors will make such repairs and replacements and take such other steps as may be reasonably necessary to maintain the Property in at least as good repair, order and condition as currently existing while this Mortgage is outstanding, deterioration incidental to reasonable wear excepted; *provided, however*, that the foregoing exception for reasonable wear shall not relieve the Mortgagors from the obligation to repair or replace worn-out or inoperative elements of the Property reasonably necessary for the operation of the Property.

(e). *Inspection.* The Mortgagors will permit the Mortgagees, their employees and agents to inspect the Property at any time upon reasonable notice during regular business hours.

(f). *Third-Party Notices.* The Mortgagors will deliver to the Mortgagees promptly upon receipt copies of all notices, certificates, documents and instruments received by either Mortgagor which materially affect the Property or its use, including without limitation notices from parties to any leases of any part of the Property claiming that either Mortgagor is in default in the performance or observance of any terms thereof.

(g). *No Cooperative.* The Mortgagors will not operate the Property, or permit it to be operated, as a cooperative property in which any tenant or occupant has the right to participate in the ownership, control or management of the Property.

4.5. *Escrow Account.* Upon the occurrence and during the continuance of an Event of Default and written notice from the Mortgagees, the Mortgagors hereby covenant to pay directly to the Mortgagees, or such other person or entity as the Mortgagees may from time to time designate by written notice to the Mortgagors, on the first day of each month, one twelfth of such amount as the Mortgagees from time to time reasonably estimate will be required to be paid, before the same becomes past due, of all taxes, assessments and other governmental liens, charges or levies, water fees, sewer use fees, utility charges, insurance premiums and other

charges against the Property. The Mortgagees shall not be deemed a trustee with respect to such payments and shall not be required to keep such payment separate from its general accounts or to pay interest thereon to the Mortgagors. If at any time such payments are insufficient to discharge the amounts actually required to pay such taxes, assessments and other governmental liens, charges or levies, water fees, sewer use fees, utility charges, insurance premiums and other charges as may then or thereafter be due, any deficiency shall be promptly paid by the Mortgagors to the Mortgagees. The Mortgagors shall transmit to the Mortgagees all bills for such insurance premiums, taxes, betterments, assessments, sewer use fees, liens and charges as soon as received. When the Mortgagees have received from the Mortgagors or on the Mortgagors' account funds sufficient to pay such taxes, assessments and other governmental liens, charges or levies, water rates, sewer use fees, utility charges, insurance premiums and other charges, such obligations shall, except as hereinafter provided, be paid when due. Should the amount paid by the Mortgagors in any year exceed the aggregate required, such excess shall be applied to the first escrow payments for the succeeding year. The obligations of the Mortgagors to pay taxes, assessments and other governmental liens, charges or levies, water fees, sewer use fees, utility charges, insurance premiums and other charges provided for herein shall not be affected except to the extent that such obligations have been actually met by compliance with this Section 4.5.

4.6. *Further Assurances.* The Mortgagors will execute and deliver such further instruments and perform such further acts as may from time to time be requested by the Mortgagees to confirm the provisions and carry out the purposes of this Mortgage.

4.7. *Documentary and Other Stamps.* If at any time the United States of America, the State of Idaho or any political subdivision thereof, or any department or bureau of any of the foregoing, shall require any documentary, revenue or other stamps on this Mortgage or any other Credit Document, the Mortgagors shall, at the Mortgagees' request, pay for such stamps together with any interest or penalties payable thereon.

4.8. *Certain Taxes.* If any law or ordinance now or hereafter imposes a tax directly or indirectly on the Mortgagees with respect to the Property or the value of the Mortgagors' equity therein as a result of the Mortgagees' interest under the Credit Documents, the Mortgagors shall promptly pay such tax.

5. Eminent Domain; Application of Award. In case of (a) any condemnation for public use of, or any damage by reason of action of any public or governmental authority to, all or any part of the Property, or (b) any other injury to, or decrease in value of, the Property resulting from any such event as described in clause (a) above or (c) the acquisition of the whole or any part of the Property pursuant to the terms of any redevelopment plan or agreement affecting the Property (in each case a "Taking"), or in case of the commencement of any proceedings or negotiations which might result in a Taking, the Mortgagors shall promptly give written notice to the Mortgagees, generally describing the nature and extent of the Taking or the nature of such proceedings and negotiations and the nature and extent of the Taking which might result therefrom, as the case may be. The Mortgagees may, at their option, appear in any proceeding for a Taking or any negotiations relating to a Taking and the Mortgagors shall promptly give to the Mortgagees copies of all notices, pleadings, determinations and other papers in any such proceedings. The Mortgagors shall in good faith and with due diligence, and with counsel

reasonably satisfactory to the Mortgagees, file and prosecute the Mortgagors' claims for any award or payment on account of any Taking. The Mortgagors shall not settle any such claims without the Mortgagees' prior written consent, which consent may not be unreasonably withheld. The Mortgagors hereby assign to the Mortgagees all of the Mortgagors' right, title and interest in and to any claim to damages or to participation in any award in connection with a Taking and hereby authorizes such awards to be paid directly to the Mortgagees. If either Mortgagor collects any such claims by settlement, judicial decree or otherwise, the Mortgagors shall promptly pay the same to the Mortgagees. Any such payments, after deducting therefrom all costs and expenses, including reasonable attorneys' fees, incurred by the Mortgagees in connection therewith shall, at the Mortgagees' option, be applied by the Mortgagees to the reduction of the Credit Obligations or applied by the Mortgagees to the restoration or repair of so much of the Property as remains.

6. Reconstruction, Repair or Replacement. In the event of an insured loss, the Mortgagees shall make the net proceeds from such insured loss available to the Mortgagors for the reconstruction, repair or replacement of the damaged portions of the Property upon the following terms and conditions:

6.1. Prior to each advance of such proceeds to the Mortgagors, all zoning and other permits, variances and approvals necessary for reconstruction, repair or replacement of the damaged portions of the Property shall have been obtained and be in full force and effect;

6.2. The Mortgagees may choose to make such proceeds available to the Mortgagors on terms and conditions consistent with construction loan policies, including without limitation advances against completion, retainage and the like;

6.3. The Mortgagees shall be obligated to make such net proceeds available only if no Event of Default exists; and

6.4. The Mortgagees shall be obligated to make such net proceeds available only if the amount thereof from time to time remaining unadvanced to the Mortgagors, together with the funds of the Mortgagors reasonably determined by the Mortgagees to be available for such reconstruction, repair or replacement, is adequate for completing reconstruction, repair or replacement of the damaged portions of the Property.

7. Rights and Remedies of the Mortgagees.

7.1. *Rights Exercisable Regardless of Default.* Whether or not an Event of Default shall have occurred and be continuing, the Mortgagees shall have the rights set forth below. Such rights may be exercised by the Mortgagees at any time, but only after notice to the Mortgagors, and only to the extent permitted by law and necessary to protect its rights hereunder and in the Property.

(a). *Advances.* The Mortgagees shall have the right at their sole option to make any or all payments required to be made by either Mortgagor either hereunder or otherwise in respect of the Property. Such payments may include without limitation payments for taxes, assessments and other governmental levies, water fees, insurance premiums, maintenance, repairs or improvements constituting part of the Premises.

(b). *Right to Perform.* The Mortgagees shall have the right at their sole option to perform any obligations of either Mortgagor related to the Property, without waiving any other rights or releasing the Mortgagors from the obligation which they have to perform such obligation.

(c). *Legal Proceedings.* The Mortgagees shall have the right at their sole option to intervene or otherwise participate in any legal or equitable proceeding which affects the Property or any of the rights created by this Mortgage.

7.2. *Effect of Exercise of Rights.* Any reasonable amounts paid, and any reasonable costs or expenses, including reasonable attorney's fees, incurred by the Mortgagees pursuant to the Mortgagees' exercise of rights referred to in this Mortgage or in any of the other Credit Documents, including without limitation any payments made as contemplated by Section 7.1, any costs incurred as a result of the exercise of its rights under Section 7.1(c) and any costs or expenses, including without limitation appraisers', auctioneers', accountants' or attorneys' fees incurred as a result of the exercise of its rights under Section 7.4, shall:

(a). until paid in full, constitute a part of the Credit Obligations and be secured by this Mortgage, and unless otherwise paid, be paid from the proceeds of a foreclosure sale, any insurance proceeds, the proceeds of any Taking, any amount escrowed with the Mortgagees as provided in Section 4.5 or any other amount received from the Mortgagors or the Property; and

(b). be payable by the Mortgagors on demand to the Mortgagees, together with interest thereon from the date due at a per annum rate equal to the highest rate of interest then provided in the Promissory Notes, unless such rate would not be permitted by law, in which event interest shall be at the highest rate permitted by law.

7.3. *Defaults.* The occurrence of any one or more of the following events (each an "Event of Default") shall constitute a default under and breach of this Mortgage and permit the Mortgagees, at the Mortgagees' option, to take any action permitted by Section 7.4:

(a). the occurrence of a default under any of the Promissory Notes; or

(b). the conveyance or disposition of the Property in violation of Section 4.1;

or

(c). failure to observe or perform any covenant, agreement, condition, term or provision of this Mortgage (other than an Event of Default described in clauses (a) or (b) of this Section 7.3).

7.4. *Remedies.* In the event of the occurrence and during the continuance of any Event of Default, the Mortgagees may at any time thereafter, subject to the provisions set forth in this Section 7.4, exercise any or all of the following remedies:

(a). all of the rights and remedies provided in the Promissory Notes, including declaring the entire amount of the Credit Obligations immediately due and payable, and the Credit 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, apply to a court of competent jurisdiction for the appointment of a receiver, or specifically enforce any of the covenants hereof; and

(d). such other actions or proceedings available to the Mortgagees under applicable law as it deems necessary or advisable to protect its interest in the Property and the Credit Obligations.

Notwithstanding anything to the contrary herein, prior to exercising any remedy with respect to an Event of Default, the Mortgagees shall first give written notice to the Mortgagors at the address set forth in Section 8.2 hereof via registered mail, which notice shall specify in writing each and every claimed Event of Default. The Mortgagors shall have twenty (20) days from the receipt of such notice to effect a cure of each and every claimed Event of Default. If any claimed Event of Default remains uncured after such twenty (20) day period, the Mortgagees may then proceed to exercise any of the remedies to which they may be entitled, including those set forth in this Section 7.4. The Mortgagors' cure shall include without limitation reimbursement of the Mortgagees for any additional amounts, fees, penalties or expenses with respect to the MONY Loan incurred as a result of such claimed Event of Default.

Such remedies shall continue until all Events of Default shall cease to exist, and may be exercised individually, sequentially or in concert, all such remedies being cumulative, the exercise of one remedy not being deemed a waiver of any of the other remedies or a cure of any Event of Default.

7.5. *Possession.* In addition to and not in limitation of anything contained in this Mortgage, upon the occurrence and during the continuance of an Event of Default hereunder, the Mortgagees may enter into possession of the Property, with or without legal action and by force if necessary, and collect therefrom all rents, issues, profits, royalties and income. The taking of possession and collection of rents, issues, profits, royalties and income by the Mortgagees shall not be construed to be a cure or waiver of any Event of Default or an affirmation of any lease of all or any portion of the Property.

7.6. *Receiver.* At any time after the occurrence and during the continuance of any Event of Default, the Mortgagees shall be entitled at their option to the appointment of a receiver of the Property. Such appointment may be made either before or after foreclosure sale, upon notice, without regard to the solvency or insolvency of the Mortgagors at the time of application for such receiver and without regard to the then value of the Property. The Mortgagees may be appointed as such receiver.

7.7. *No Waiver or Release.* The failure of the Mortgagees to exercise any right or remedy or option provided for herein or otherwise shall not be deemed to be a waiver of any of the covenants or obligations secured by this Mortgage or otherwise. No sale of all or any of the Property, no forbearance on the part of the Mortgagees, no release or partial release of any of the Property, and no extension of the time for the payment of the whole or any part of the debt

hereby secured or any other indulgence given by the Mortgagees to the Mortgagors or any other person or entity, shall operate to release or in any manner affect the lien of this Mortgage or the original liability of the Mortgagors, notice of any such extensions or indulgences being hereby waived by the Mortgagors.

7.8. *Application of Proceeds.* The proceeds of the sales of and collections from the Property shall be applied to the Credit Obligations, including without limitation the costs and expenses of the Mortgagees (including without limitation reasonable attorneys' fees), all in such order as the Mortgagees may determine.

7.9. *Cumulative Rights and Remedies.* All of the foregoing rights, remedies and options of the Mortgagees are cumulative, and may be exercised singly, together or in the alternative, and the exercise of one shall not be construed to be a waiver of any of the others.

8. Miscellaneous.

8.1. *Purchase Money Mortgage.* The Mortgagors and Mortgagees acknowledge and agree that this Mortgage arises from the purchase of the Property by the Mortgagors.

8.2. *Mortgagors' Expenses.* All obligations to be performed, all items to be provided, recorded or filed and all payments to be made by either Mortgagor under this Mortgage shall be performed, provided, recorded, filed or made by the Mortgagors at their sole cost and expense and the Mortgagees shall not be liable for any costs, expenses or other amounts as a result of the execution and delivery of this Mortgage by the Mortgagors.

8.3. *Notices.* All notices, demands or communications required or permitted hereunder shall be in writing. Any notice, demand or other communication given under this Mortgage shall be deemed to be given if given in writing (including telex, telecopy or similar transmission) addressed as provided below (or 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 (evidenced in the case of a telex by receipt of the correct answer back) or (b) in the case of a letter, 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.

If to the Mortgagors, addressed to them at:

William & Susan Millenkamp
471 North 300 West
Jerome, Idaho 83338

with copies to:

Robert E. Williams
Fredericksen, Williams, Messervy & Lothspeich, LLP
P.O. Box 168
Jerome, ID 83338

If to the Mortgagees, addressed to them at:

Marshall J. McFarland
1025 Darren Drive
Stephenville, TX 76401

and

Don & Carol McFarland
139 River Vista Place, Suite 102
P.O. Box 5178
Twin Falls, ID 83303

with copies to:

Charles F. Wright
Wright Brothers Law Office, PLLC
111 Shoshone St. N, Suite 201
P.O. Box 226
Twin Falls, ID 83303-0226

8.4. *General.* This Mortgage may not be waived, changed or discharged orally, but only by an agreement in writing signed by the Mortgagees and any oral waiver, change or discharge of any provision of this Mortgage shall be without authority and of no force and effect. The captions or headings at the beginning of each Section hereof are for convenience of reference only and are not a part of this Mortgage. The invalidity or unenforceability of any provision of this Mortgage shall in no way 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. This Mortgage is a Credit Document and shall bind and inure to the benefit of the parties hereto and their respective successors and assigns, including as such successors and assigns all holders of any Credit Obligation. This Agreement shall be governed by and construed in accordance with the laws (other than the conflict of laws rules) of the State of Idaho.

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This Mortgage has been executed by the Mortgagors as of the date first written above.

MORTGAGORS

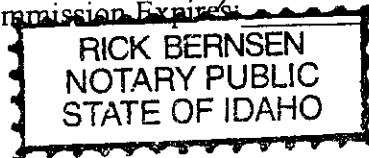
By: [Signature]
Name: William J. Millenkamp

By: [Signature]
Name: Susan J. Millenkamp

STATE OF IDAHO)
 : ss.
County of Teton)

On this 11th day of November, in the year 2005, before me, a notary public for the State of Idaho, personally appeared William J. Millenkamp, known or identified to me to be the person listed above, and acknowledged to me on this day under oath, that, being informed of the contents of this agreement, he executed the same as his free and voluntary act and deed.

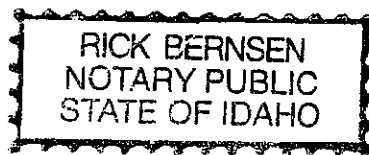
[Signature]
Notary Public for the State of Idaho
Residing at: Jerome ID
My Commission Expires: 7-20-07



STATE OF IDAHO)
 : ss.
County of Teton)

On this 11th day of November, in the year 2005, before me, a notary public for the State of Idaho, personally appeared Susan J. Millenkamp, known or identified to me to be the person listed above, and acknowledged to me on this day under oath, that, being informed of the contents of this agreement, he executed the same as his free and voluntary act and deed.

[Signature]
Notary Public for the State of Idaho
Residing at: Jerome
My Commission Expires: 7-20-07, 2007



PARCEL 1-4 LEGAL DESCRIPTIONS

PARCEL NO. 1:

TOWNSHIP 9 SOUTH, RANGE 25 EAST OF THE BOISE MERIDIAN, CASSIA
COUNTY, IDAHO

Section 2: That part of Lots 2, 3, 4 and SE1/4SW1/4 described as follows:

Beginning at the South quarter corner of said Section 2;
Thence North 0°03' East a distance of 20.091 chains;
Thence North 89°57' East a distance of 9.366 chains;
Thence North 4°05' East a distance of 0.683 chains;
Thence North 73°08' West a distance of 7.869 chains;
Thence North 89°41' West a distance of 2.143 chains;
Thence North 88°42' West a distance of 3.890 chains;
Thence North 70°17' West a distance of 2.045 chains;
Thence North 41°41' West a distance of 12.990 chains;
Thence North 7°24' East a distance of 0.813 chains;
Thence North 23°00' West a distance of 6.262 chains;
Thence North 27°49' West a distance of 1.560 chains to the South waters
edge of the Snake River; Thence South 66°08' West along the
South waters edge of the Snake River, a distance of 24.218 chains;
Thence South 0°12' East a distance of 31.705 chains to the Southwest
section corner of said Section 2;
Thence East along the South section line of said Section 2, a distance of
39.799 chains to the Point of Beginning.

EXCEPTING THEREFROM the following described parcel:

Beginning at the South quarter corner of Section 2, Township 9 South,
Range 25, East, Boise Meridian;
Thence West along the section line 23 feet;
Thence North 0°03' East a distance of approximately 1,530 feet to the
center line of the irrigation lateral
Thence East along the center line of said irrigation lateral to the Eastern
boundary of the SW1/4 of said Section 2, a distance of 23 feet;
Thence South along said Eastern boundary of the SW1/4 of said Section 2
a distance of approximately 1,530 feet to the South quarter corner
of said Section 2, to the True Point of Beginning.

PARCEL NO. 1-A:

A perpetual easement over and across said parcel excepted above for the purposes of ingress and
egress and for access to the irrigation lateral, a part of which forms the Northern boundary of

said parcel, as reserved in Agreement to move Access Road and Easement recorded June 6, 1977, as Instrument No. 99232, records of Cassia County, Idaho.

PARCEL NO. 2:

TOWNSHIP 9 SOUTH, RANGE 25 EAST OF THE BOISE MERIDIAN, CASSIA COUNTY, IDAHO

Section 2: All of Lots 2, 3, 4 and SE1/4SW1/4, EXCEPTING THEREFROM the following described parcel:

Beginning at the South quarter of said Section 2;
Thence North 0°03' East a distance of 20.091 chains;
Thence North 89°57' East a distance of 9.366 chains;
Thence North 4°05' East a distance of 0.683 chains;
Thence North 73°08' West a distance of 7.869 chains;
Thence North 89°41' West a distance of 2.143 chains;
Thence North 88°42' West a distance of 3.890 chains;
Thence North 70°17' West a distance of 2.045 chains;
Thence North 41°41' West a distance of 12.990 chains;
Thence North 7°24' East a distance of 0.813 chains;
Thence North 23°00' West a distance of 6.262 chains;
Thence North 27°49' West a distance of 1.560 chains to the South waters edge of the Snake River;
Thence South 66°08' West along the South waters edge of the Snake River, a distance of 24.218 chains;
Thence South 0°12' East a distance of 31.705 chains to the Southwest section corner of said Section 2;
Thence East along the South section line of said Section 2, a distance of 39.799 chains to the Point of Beginning.

PARCEL NO. 3:

TOWNSHIP 9 SOUTH, RANGE 25 EAST OF THE BOISE MERIDIAN, CASSIA
COUNTY, IDAHO

Section 2: Part of the SE1/4SW1/4, more particularly described as follows:

Beginning at the South quarter of said Section 2;
Thence West along the section line 23 feet;
Thence North 0°03' East a distance of approximately 1,530 feet to the
centerline of the irrigation lateral;
Thence East along the center line of said irrigation lateral to the Eastern
boundary of the SW1/4 of said Section 2, a distance of 23 feet;
Thence South along said Eastern boundary of the SW1/4 of said Section 2
a distance of approximately 1,530 feet to the South quarter of said
Section 2, the True Point of Beginning.

PARCEL NO. 4:

TOWNSHIP 9 SOUTH, RANGE 25 EAST OF THE BOISE MERIDIAN, CASSIA
COUNTY, IDAHO

Section 2: S1/2SE1/4, SAVE AND EXCEPT the following described parcel:

Beginning at a BLM brass cap at the Southeast section corner of said
Section 2;
Thence South 89°54' West for 329.82 feet;
Thence North 986.08 feet;
Thence North 44°27' West for 467.29 feet to a BLM brass cap;
Thence North 89°53' East 656.7 feet;
Thence South 1320 feet to the True Point of Beginning.

PARCEL 5 LEGAL DESCRIPTION

PARCEL NO. 5:

TOWNSHIP 9 SOUTH, RANGE 25 EAST OF THE BOISE MERIDIAN, CASSIA
COUNTY, IDAHO

Section 3: Lot 2

TOWNSHIP 9 SOUTH, RANGE 25 EAST OF THE BOISE MERIDIAN, CASSIA
COUNTY, IDAHO

Section 10: W1/2NE1/4, NE1/4NW1/4 (also designated as Lot 1) and SE1/4NW1/4
EXCEPTING THEREFROM the following described parcel:

A strip of land 50 feet in width, lying 25 feet on each side of the following
described line:

Beginning at a point on the North and South Center line of said Section
10, 2603 feet South of the Northwest corner of the Northeast
Quarter of said Section 10;

Thence North 87°20' West 890 feet;
Thence North 89°25' West 430 feet.

IRRIGATION EQUIPMENT

Tract I – Goose Ranch

Pivots:

- 1 – 1190 ft. Valley Pivot with swing arm
- 1 – 650 ft. Valley Pivot
- 1 – 1262 ft. Valley Pivot

6"x1320' portable aluminum main line
480 joints 3" portable aluminum end riser sprinkler line
192 joints 3" portable aluminum center riser handline

Well #1 – T 9S R 25E S2

- 1 – Layne Bowler Pump D.W.T., serial number 37870173
- 1 – 150 HP General Electric motor, serial number CPJ322131

Tract II – Morgan Farm

Pivots:

- 1 – 1080 ft. Valley Pivot with swing arm
- 1 – 830 ft. Valley Pivot
- 1 – 925 ft. Valley Pivot

38 joints 6" portable aluminum main line, various lengths
20 joints 4" portable aluminum main line, various lengths
320 joints 3"x40' portable aluminum end riser sprinkler line

Well #2 – T 9S R 25E S10

- 1 – 125 HP Yaskawa Electric Motor, serial number 9074991102
- 1 – Vertiline deep well pump, serial number 46019

Together with all main and hand lines, valve openers, end plugs, risers, stems, sprinkler birds, wiring switch panels, shafting, hoses, tubing, bowls, suction pipe, cones, reducers, above and below ground pipe, etc. pertaining to the above listed irrigation equipment.

Exhibit C

WATER RIGHTS

Idaho Department of Water Resources

Water Right #	Priority Date	Basin	Status	Diversion Rate	Beneficial Use	Acres
45-7331	10/12/1978	License	Active	4.70 cfs	Irrigation	235
45-11912	11/6/1981	Beneficial Use	Active	1.50 cfs	Irrigation	75
45-11913	3/1/1900	Decreed	Active	0.04 cfs	Domestic	
45-11914	3/1/1960	Decreed	Active	0.06 cfs	Domestic	
45-7290	7/26/1977	License	Active	3.78 cfs	Irrigation	189
Total Acres						499

Minidoka Irrigation District

Serial #	Acres	Legal Description
897-00	64.70	T 9S R 25E S 2
0139-01	23.00	T 9S R 25E S 2
0139-02	83.00	T 9S R 25E S 2
0139-03	78.60	T 9S R 25E S 2
149-00	74.20	T 9S R 25E S 10
228-00	109.60	T 9S R 25E S 10
Total Acres	433.10	

305231

CASSIA COUNTY, IDAHO
LARRY A. MCKELSEN
CLERK

RECORDED
MAY 16 2005
LAND TITLE & ESCROW

2005 MAY 16 PM 4:46

FEE 51.00
DEPUTY CLERK