

RECEIVED

NOV 07 2022

DEPT OF WATER RESOURCES
SOUTHERN REGIONSTATE OF IDAHO
DEPARTMENT OF WATER RESOURCES**Notice of Security Interest in a Water Right**
and a request to be notified of a change in ownership or any proposed
or final action to amend, transfer, or otherwise modify the water right(s)

Attach pages with additional information. Incomplete forms will be returned.

1.	Water Right/Claim No.	Water Right/Claim No.	Water Right/Claim No.	Water Right/Claim No.
	36-16384			
	36-8457			
	36-8458			
	36-12216			

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

Idaho AgCredit, FLCA

PO Box 985

Blackfoot, ID 83221

Phone 208-785-1510

Email agcreditblackfoot@idahoagcredit.com

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

The Mart Group, LLC

5. Expiration Date of Notification Period

September 1, 2052

6. Is this a Renewal of Request for Notification?

☐ YES☒ NO

7. Signature(s) of Security Interest Holder(s)



Title, if applicable

Avery Robertson, Assistant Branch Manager

For Office Use OnlyReceived by JBDate 10-31-2022Receipt No. E048677Fee \$200-

Processed by AJ

Date

WR DM

Date

3-29-2023**SUPPORT DATA****IN FILE #** 36-8457

SCANNED

MAY 02 2023

After Recording Mail to: Idaho AgCredit, FLCA
PO Box 985
Blackfoot, ID 83221

Filed for Record at Request of:

Instrument # 569848
MINIDOKA COUNTY, RUPERT, IDAHO
10-13-2022 03:39:36 PM No. of Pages: 15
Recorded for: TITLEONE - BURLEY
TONYA PAGE Fee: \$45.00
Ex-Officio Recorder Deputy Amanda Lowder
Electronically Recorded by Simplifile

02452355

DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING

THIS DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING IS DATED effective as of the 3rd day of October, 2022, among The Mart Group, LLC, An Idaho Limited Liability Company, By: Mart Management, LLC, An Idaho Limited Liability Company, Manager, By: Kyler Cheesman, CFO, whose address is PO Box 34, Rupert, ID 83350 (referred to below as "Grantor"); IDAHO AGCREDIT, FLCA, a wholly owned subsidiary of Idaho AgCredit, ACA, 188 W Judicial, Blackfoot, ID 83221 (referred to below as "Beneficiary" and "Lender"); and TitleOne (referred to below as "Trustee").
THIS DEED OF TRUST IS ALSO INTENDED TO BE A FIXTURE FILING AND TO BE INDEXED NOT ONLY AS A DEED OF TRUST BUT ALSO AS A FIXTURE FILING.

1. **CONVEYANCE AND GRANT.** For valuable consideration, Grantor conveys to Trustee in trust with power of sale, right of entry and possession and for the benefit of Lender as Beneficiary all of Grantor's present and future right, title, and interest in and to (a) the real property located in Minidoka County, State of Idaho, and described as follows containing not more than 80 acres:

TOWNSHIP 9 SOUTH, RANGE 24 EAST OF THE BOISE MERIDIAN,
MINIDOKA COUNTY, IDAHO

Section 21: Part of the E $\frac{1}{2}$ N $\frac{1}{2}$ E $\frac{1}{4}$, more particularly described as follows:

Beginning at the Northeast Corner of Section 21, said corner marked by a 5/8 inch rebar; Thence South 00°06'52" West along the east line of Section 21 for a distance of 1661.71 feet to a 1/2 inch rebar which shall be the POINT OF BEGINNING;
Thence South 00°06'52" West along said section line for a distance of 972.74 feet to a 5/8 inch rebar at the East 1/4 Corner;
Thence North 89°55'16" West along the south line of the E $\frac{1}{2}$ N $\frac{1}{2}$ E $\frac{1}{4}$ for a distance of 857.85 feet to a 1/2 inch rebar;
Thence North 00°05'28" East for a distance of 536.20 feet to a 1/2 inch rebar;
Thence North 42°29'38" East for a distance of 362.59 feet to a 1/2 inch rebar;
Thence North 00°08'05" East for a distance of 166.37 feet to a 1/2 inch rebar;
Thence North 89°50'51" East for a distance of 613.62 feet to the POINT OF BEGINNING.

together with all existing or subsequently erected or affixed buildings, Improvements and fixtures; all appliances, furniture and furnishings affixed to the real property; all easements, rights of way, and appurtenances; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, and all requisite approvals, licenses, permits, variances, cooperative agreements, tax credits (if applicable), tax abatement benefits (if applicable), and land-use entitlements (the "Real Property"), and (b) all Personal Property, Improvements, Leases and Rents.

Grantor hereby assigns as security to Lender, all of Grantor's right, title, and interest in and to all present and future Leases, Rents, and profits of the Property. Grantor further grants to Lender a security interest in all Rents and Personal Property.

THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF LEASES AND RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND (2) PERFORMANCE OF ANY AND ALL OBLIGATIONS OF GRANTOR UNDER THE NOTE AND THIS DEED OF TRUST.

2. **DEFINITIONS.** The following words shall have the following meanings when used in this Deed of Trust. Terms not otherwise defined in this Deed of Trust and defined therein shall have the meanings attributed to such terms in the Uniform Commercial Code, as now or hereafter in effect. All references to dollar amounts shall mean amounts in lawful money of the United States of America.

"**Deed of Trust**" means this Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing among Grantor, Lender, and Trustee, and includes without

limitation all assignment and security interest provisions relating to the Personal Property, Leases, and Rents.

"Grantor" means The Mart Group, LLC, An Idaho Limited Liability Company, By: Mart Management, LLC, An Idaho Limited Liability Company, Manager, By: Kyler Cheesman, CFO.

"Improvements" means and includes without limitation all existing and future improvements including fixtures, buildings, structures, facilities, additions, landscaping, parking lots, driveways, and other construction on the Real Property.

"Indebtedness" means all principal and interest payable under the Note, and any amounts expended or advanced by Lender to discharge obligations of Grantor or expenses incurred by Trustee or Lender to enforce obligations of Grantor under this Deed of Trust, together with interest on such amounts as provided in the Note.

"Leases" means all present and future leases, subleases, rental agreements, and other agreements for the use and occupancy of all or any part of the Real Property, whether written or oral, and any amendments, extensions, renewals, and replacements thereof.

"Loan" means the \$19,600,000.00 loan from Lender to Grantor extended to Grantor by Lender pursuant to the Loan Agreement.

"Loan Agreement" means the Loan Agreement among Grantor and Lender dated effective as of October 3, 2022 together with any amendments, addenda, extensions, supplements, renewals, replacements or restatements thereof or therefor.

"Loan Documents" means and includes without limitation this Deed of Trust, the Loan Agreement, the Note, and all promissory notes, the credit agreements, loan agreements, guaranties, security agreements, subordination agreements, mortgages, deeds of trust, and all other instruments, agreements and documents, whether now or hereafter existing, executed by any person or entity ("Person") in connection with the indebtedness secured by this Deed of Trust.

"Loan Party" or "Loan Parties" means Grantor and each Person providing any collateral security for the Indebtedness and each Person signing any Loan Document.

"Note" means the promissory note dated effective October 3, 2022 in the principal amount of Nineteen Million Six Hundred Thousand and no/100 Dollars (\$19,600,000.00) with the Maturity Date of September 1, 2052 from Grantor to Lender, together with all renewals, extensions, modifications, refinancings, and substitutions therefor.

"Note Rate" means the rate of interest from time to time payable under the Note.

"Person" means any natural person or entity recognized by applicable law as a person.

"Personal Property" means Grantor's interest in all of the following, whether now owned or hereafter acquired or arising, (a) all undisbursed proceeds of the Loan; (b) all equipment, all potato warehouse equipment now owned or hereafter acquired, including but not limited to the following: All sizers, carton fillers, elevators, belts, scales, conveyors, even flow bins, tubs, pumps, sorting tables, tanks, washers, dryers, baggers, hollow heart detection equipment, and all appurtenant motors, electrical panels and all other appurtenances, fixtures, inventory and other articles of personal property now or hereafter owned by Grantor, and now or hereafter located on or used in connection with all or any part of the Real Property, any construction thereon or any business operated thereon, together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; (c) all inventory, equipment, materials, supplies and other goods, wherever located, whether in the possession of Grantor, a warehouseman, bailee or any other Person, purchased for use in the construction or furnishing of any improvements on the Real Property; (d) all accounts, general intangibles, investment property, payment intangibles, commercial tort claims, chattel paper and instruments arising from or relating to the Property or any business operated by Grantor thereon; (e) all construction, service, engineering, consulting, leasing, architectural and other similar contracts of any nature (including, without limitation, those of any general contractors and subcontractors), as such may be modified, amended or supplemented from time to time, concerning the design, construction, management, operation, occupancy, use, and/or disposition of any portion of or all of the Property; (f) all architectural drawings, plans, specifications, soil tests, feasibility studies, appraisals, engineering reports and similar materials relating to any portion of or all of the Property; (g) all payment and performance bonds or guarantees and any and all modifications and extensions thereof relating to the

Property; (h) all deposits and deposit accounts relating to the Indebtedness or the Property, including without limitation security deposits, deposits relating to utility services and deposits, deposit accounts and reserves established with Lender for taxes, insurance or otherwise; (i) to the extent it is deemed to be personal property, the Real Property; and (j) all proceeds (including without limitation all condemnation awards and settlements, insurance proceeds and refunds of premiums) of any of the foregoing and any other Property.

One (1) Custom Potato Processing and Packaging Equipment together with all fixtures, attachments, components and accessories, all as leased pursuant to Contract No. 5370700-5000.

All water rights including, but not limited to, all Grantor's interest in the Water Delivery Agreement between the City of Rupert and The Mart Group, LLC.

"Property" means collectively the Real Property, the Improvements and the Personal Property and, except where the context otherwise requires, the Leases and Rents.

"Rents" means all present and future rents, revenues, fees, charges, income, issues, royalties, profits and other income, benefits, or payments of any nature arising from or out of the Leases or from or out of all or any part of the Property.

3. **PAYMENT AND PERFORMANCE.** Except as otherwise provided in this Deed of Trust, Grantor shall pay to Lender all Indebtedness secured by this Deed of Trust as it becomes due, and Grantor shall strictly perform all obligations under the Note, this Deed of Trust, and the Loan Documents.

4. **POSSESSION AND MAINTENANCE OF THE PROPERTY.**

4.1 **Possession and Use.** Until the occurrence of an Event of Default, Grantor may (a) remain in possession and control of the Property, (b) use, operate or manage the Property, and (c) collect any Rents from the Property.

4.2 **Duty to Maintain.** Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

4.3 **Nuisance, Waste.** Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Specifically without limitation, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), soil, gravel or rock products without the prior written consent of Lender.

4.4 **Removal of Improvements.** Grantor shall not alter, demolish, or remove any Improvements from the Real Property without the prior written consent of Lender. As a condition to the alteration, demolition, or removal of any Improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

4.5 **Lender's Right to Enter.** Lender and its agents and representatives may enter upon the Real Property at all reasonable times with 24 hour notice given to the Grantor to attend to Lender's interests and to inspect the Property for purposes of Grantor's compliance with the terms and conditions of this Deed of Trust.

4.6 **Compliance with Governmental Requirements.** Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

4.7 **Duty to Protect.** Grantor agrees neither to abandon nor leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

4.8 **Access Laws.** (a) To the extent that they are applicable, Grantor agrees that Grantor and the Property shall at all times strictly comply with the requirements of the federal Americans with Disabilities Act of 1990; the federal Fair Housing Amendments Act of 1988; and other federal, state, or local laws or ordinances related to disabled access; or any statute, rule, regulation,

ordinance, order of governmental bodies and regulatory agencies, or order or decree of any court adopted or enacted with respect thereto, as now existing or hereafter amended or adopted (collectively, the "Access Laws"). At any time, Lender may require a certificate of compliance with the Access Laws and Indemnification agreement in a form reasonably acceptable to Lender. Lender may also require a certificate of compliance with the Access Laws from an architect, engineer, or other third party acceptable to Lender. (b) Notwithstanding any provisions set forth herein or in any other document, Grantor shall not alter or permit any tenant or other Person to alter the Property in any manner which would increase Grantor's responsibilities for compliance with the Access Laws without the prior written approval of Lender. In connection with such approval, Lender may require a certificate of compliance with the Access Laws from an architect, engineer, or other Person acceptable to Lender. (c) Grantor agrees to give prompt written notice to Lender of the receipt by Grantor of any claims of violation of any of the Access Laws and of the commencement of any proceedings or investigations which relate to compliance with any of the Access Laws. (d) **Grantor shall indemnify, defend and hold harmless Lender from and against any and all claims, demands, damages, costs, expenses, losses, liabilities, penalties, fines and other proceedings including without limitation reasonable attorney fees and expenses arising directly or indirectly from or out of or in any way connected with any failure of the Property to comply with any of the Access Laws. The obligations and liabilities of Grantor under this section shall survive any termination, satisfaction, assignment, judicial or nonjudicial foreclosure proceeding or delivery of a deed in lieu of foreclosure.**

4.9 Reappraisals. Lender shall have the right to obtain at Grantor's cost and expense reappraisals of the Property from any licensed or certified appraiser designated by Lender, from time to time (a) whenever such reappraisal may be required by any law, rule, or regulation applicable to the conduct of Lender's business, or may be requested or directed by any governmental authority charged with the administration of such law, rule, or regulation or Lender's compliance therewith, whether or not such request or direction has the force of law, or (b) whenever required to comply with Lender's policies concerning appraisals, or (c) whenever reasonably deemed appropriate by Lender following the occurrence or during the continuation of an Event of Default. Lender may use the results of such reappraisal to evaluate and restructure such loan or loans if necessary in Lender's reasonable discretion.

4.10 Duty to Comply With Leases. Grantor shall comply in all respects with the Leases.

5. HAZARDOUS SUBSTANCES.

5.1 Representations and Warranties. Except as disclosed to and acknowledged by Lender in writing, Grantor represents and warrants that: (a) during the period of its ownership or operation of the Real Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any Person on, under, about or from the Property except such use and storage as is necessary and customary in the operation of a potato processing plant and shipping facility and has been conducted in accordance with all applicable federal, state and local, laws, regulations and ordinances; (b) it has no knowledge of, or reason to believe that there has been (i) any use, generation, manufacture, storage, treatment, disposal, release, or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (ii) any actual or threatened litigation or claims of any kind by any Person relating to such matters. The representations and warranties contained herein are based on the Grantor's due diligence in investigating the Property for Hazardous Substances.

5.2 Activities. Except as agreed to by Lender in writing, Grantor agrees that it will not, and will not permit any tenant, contractor, agent or other authorized user of the Property to use, generate, manufacture, store, treat, dispose of, or release any Hazardous Substance on, under, about or from the Property.

5.3 Inspections. Grantor authorizes Lender and its agents to enter upon the Property to make such reasonable inspections and tests as Lender may deem appropriate to determine compliance of the Property with the provisions relating to Hazardous Substances. Any inspections or tests made by Lender shall be at the reasonable expense of Grantor and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or any other Person or entity.

5.4 Notice. Grantor agrees to immediately notify Lender if Grantor becomes aware of (a) any Hazardous Substances or other environmental problem or liability with respect to the Property, or any adjacent property, or (b) any lien, action or notice of any governmental authority related to Hazardous Substances. At its own cost, Grantor will take all actions which are necessary or desirable to clean up any Hazardous Substances affecting the Property, including removal, containment, or any other remedial action required by applicable governmental authorities.

5.5 Indemnity. Grantor agrees to indemnify and hold Lender harmless from and against any and all claims, demands, damages, losses, liens, liabilities, penalties, fines lawsuits and other proceedings and costs and expenses (including attorneys' fees), arising directly or indirectly from or out of, or in any way connected with (a) the inaccuracy of the certifications contained herein, (b) any activities on the Property during Grantor's ownership, possession or control of the Property which directly or indirectly result in the Property or any other property becoming contaminated with Hazardous Substances (c) the discovery of Hazardous Substances on the Property or any other property, and (d) the cleanup of Hazardous Substances from the Property or any other properties. Grantor acknowledges that it will be solely responsible for all costs and expenses relating to the cleanup of Hazardous Substances from the Property or from any other properties which become contaminated with Hazardous Substances as a result of activities on or the contamination of the Property.

5.6 Unconditional Obligations. Grantor's obligations under the indemnity are unconditional and shall not be limited by any nonrecourse or other limitations of liability provided for in any of the Loan Documents. The representations, warranties and covenants of Grantor set forth herein (including without limitation the indemnity provided for in Section 5.5 above) shall continue in effect and, to the extent permitted by law, shall survive the transfer of the Property pursuant to foreclosure proceedings (whether judicial or nonjudicial), by deed in lieu of foreclosure or otherwise. Grantor acknowledges and agrees that its covenants and obligations hereunder are separate and distinct from the obligations under the Loan Documents.

5.7.1 Definitions. As used herein:

"Environmental Laws" means all local, state, and federal laws, rules, regulations, and ordinances pertaining to Hazardous Substances and environmental regulation, contamination or clean-up, all as now existing or hereafter amended or adopted (including, without limitation, the federal statutes known as the Comprehensive Environmental Response, Compensation and Liability Act of 1980, Resource Conservation and Recovery Act of 1976, Superfund Amendments and Reauthorization Act of 1986 and the Hazardous Materials Transportation Act).

"Hazardous Substances" means (a) any substance or material now or hereafter defined or designated as a hazardous, toxic or radioactive material, waste or substance, or as a pollutant or contaminant (or designated by any other similar term), by any Environmental Law now or hereafter in effect; (b) asbestos and any substance or compound containing asbestos; (c) petroleum, natural gas, natural gas liquids, liquefied natural gas, synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas) and ash produced by a resource recovery facility utilizing a municipal solid waste stream, and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas, or geothermal resources; (d) urea formaldehyde foam insulation; (e) polychlorinated biphenyls (PCBs); (f) radon; and (g) any other chemical, material, or substance, exposure to which (because of its quantity, concentration, or physical or chemical characteristics) is limited or regulated for health and safety reasons by any governmental authority, or which poses a significant present or potential hazard to human health and safety or to the environment if released into the workplace or the environment.

6. DUE ON SALE - CONSENT BY LENDER. Lender may, at its option, (a) declare immediately due and payable all sums secured by this Deed of Trust or (b) impose such other conditions as Lender deems appropriate, upon the sale or transfer, without the Lender's prior written consent of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of the Real Property or any right, title or interest therein; whether legal or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, lease (except for leases in the ordinary course of Grantor's business as the owner and lessor of an apartment complex), lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of Real Property interest. However, this option shall not be exercised by Lender if such exercise is prohibited by law.

7. TAXES AND LIENS.

7.1 Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens and encumbrances except Permitted Encumbrances (as defined below), the lien of taxes and assessments not due, and except as otherwise provided in this Deed of Trust.

7.2 Right To Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

7.3 Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

7.4 Notice of Construction. Except for construction already approved by Lender as of the date of this Deed of Trust, Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials and the cost exceeds \$20,000.00. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

8. INSURANCE.

8.1 Maintenance of Insurance. Grantor shall obtain and maintain such policies of insurance as Lender reasonably requires, including but not limited to the following: (a) a standard loan policy of title insurance in the maximum principal amount of the Loan (\$19,600,000.00) issued by a title insurance company acceptable to Lender, insuring that the lien of this Deed of Trust shall constitute a valid first mortgage lien on and against the Real Property and the Improvements, subject only to encumbrances acceptable to Lender; (b) property insurance with respect to all Improvements, Personal Property and any other insurable Property, covering loss by fire, theft and such other hazards as are now or hereafter covered by Special Form (also known as "all-risk") coverage, including earth movement, and covering such other hazards as Lender requires, in an amount equal to 100% of the full replacement cost value and sufficient to avoid application of any coinsurance clause, and with an acceptable mortgagee and/or lender loss payable clause in favor of Lender, which insurance shall, during the course of any construction be in a "builder's risk" completed value (non reporting) form; (c) commercial general liability insurance on an occurrence basis, in such amounts as Lender reasonably requires, naming Lender and Trustee as additional insureds; (d) if the Real Property at any time becomes located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, flood insurance in such amounts as Lender reasonably requires; and (e) other insurance, including but not limited to hazard, business interruption, loss of rents and boiler insurance, as Lender may reasonably require.

8.2 Form of Policies. All policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender and shall be issued by a company or companies reasonably acceptable to Lender. All policies shall include a provision that such policies will not be cancelled or materially amended, which term shall include any reduction in the scope or limits of coverage, without at least thirty (30) days prior written notice to Lender. Each policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other Person and shall include the agreement of the insurer waiving all rights of setoff, counterclaim, and/or deduction against Grantor.

8.3 Delivery of Policies. Grantor shall furnish to Lender an original duplicate policy or, at Lender's option, a certificate of insurance in a form acceptable to Lender. At least thirty (30) days prior to the expiration date of each policy, Grantor shall furnish Lender a renewal policy, together with evidence that the renewal premium has been paid.

8.4 Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property if the estimated cost of repair or replacement exceeds \$20,000.00. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Lender may, at its election, receive and retain the proceeds and apply the same to the reduction of the Indebtedness and/or the payment of any lien affecting the Property, or may apply the proceeds to the repair, restoration and replacement of the Property. In the event Lender elects to apply the insurance proceeds to the repair, restoration and replacement of the Property, Grantor shall repair or replace the damaged or destroyed Improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for

the reasonable cost of repair or restoration or, at Lender's option, the proceeds shall be disbursed in accordance with its usual practices for construction loans (in which case Lender shall be entitled to reasonable compensation for its services). Any proceeds which have not been disbursed within one hundred eighty (180) days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Deed of Trust, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

8.5 Unexpired Insurance at Sale. Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property covered by this Deed of Trust at any trustee's sale or other sale held under the provisions of this Deed of Trust, or at any foreclosure sale of such Property.

8.6 Grantor's Report on Insurance. Upon request of Lender, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (a) the name of the insurer; (b) the risks insured; (c) the amount of the policy; (d) the property insured, the then current replacement value of such property, and the manner of determining that value; and (e) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

WARNING

Unless Grantor provides Lender with evidence of the insurance coverage as required herein, Lender may purchase insurance at Grantor's expense to protect Lender's interest. This insurance may, but need not, also protect Grantor's interest. If the Property becomes damaged, the coverage Lender purchases may not pay any claim Grantor makes or any claim made against Grantor. Grantor may later cancel this coverage by providing evidence that Grantor has obtained property coverage elsewhere.

Grantor is responsible for the cost of any insurance purchased by Lender. The cost of this insurance may be added to the Note balance. If the cost is added to the Note balance, the interest rate on the Note will apply to this added amount. The effective date of coverage may be the date Grantor's prior coverage lapsed or the date Grantor failed to provide proof of coverage.

The coverage Lender purchases may be considerably more expensive than insurance Grantor can obtain on Grantor's own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

9. TAX AND INSURANCE RESERVES. Subject to any limitations set by applicable law, if any Event of Default has occurred or if Grantor fails to pay any taxes, assessments or insurance when due, Lender may require Grantor to maintain with Lender reserves for payment of annual taxes, assessments, and insurance premiums, which reserves shall be created by advance payment or monthly payments of a sum estimated by Lender to be sufficient to produce, at least fifteen (15) days before due, amounts at least equal to the taxes, assessments, and insurance premiums to be paid. If fifteen (15) days before payment is due the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit from Grantor, which Lender may satisfy by payment of the taxes, assessments, and insurance premiums required to be paid by Grantor as they become due. Lender shall have the right to draw upon the reserve funds to pay such items, and Lender shall not be required to determine the validity or accuracy of any item before paying it. Nothing in the Deed of Trust shall be construed as requiring Lender to advance other monies for such purposes, and Lender shall not incur any liability for anything it may do or omit to do with respect to the reserve account. Subject to any limitations set by applicable law, if the reserve funds disclose a shortage or deficiency, Grantor shall pay such shortage or deficiency as required by Lender. All amounts in the reserve account are hereby pledged to further secure the Indebtedness, and Lender is hereby authorized to withdraw and apply such amounts on the Indebtedness upon the occurrence of an Event of Default. Lender shall not be required to pay any interest or earnings on the reserve funds unless required by law or agreed to by Lender in writing. Lender does not hold the reserve funds in trust for Grantor, and Lender is not the agent of Grantor for payment of the taxes and assessments required to be paid by Grantor.

10. LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Deed of Trust or any Loan Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Deed of

Trust or any Loan Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the Note Rate from the date incurred or paid by Lender to the date of repayment. All such expenses will become a part of the Indebtedness and will be payable on demand. The Property also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled on account of the default. Any such action by Lender shall not be construed as curing the default so as to bar Lender from any remedy that it otherwise would have had.

11. WARRANTY; DEFENSE OF TITLE.

11.1 Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion which are accepted by Lender in writing (collectively, "Permitted Encumbrances"), and (b) Grantor has the full right, power, and authority to execute and deliver this Deed of Trust to Lender.

11.1 Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

11.2 Defense of Title. Except for Permitted Encumbrances, Grantor warrants and will forever defend the title to the Property against the lawful claims of all Persons and agrees that there shall be no other liens or encumbrances against the Property. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Lender under this Deed of Trust, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

12. CONDEMNATION.

12.1 Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or may permit the proceeds to be applied to the repair or restoration of the Property. If the proceeds are applied to repair or restoration, Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Deed of Trust or, at Lender's option, the proceeds shall be disbursed by Lender in accordance with its usual practices for construction loans (in which case Lender shall be entitled to reasonable compensation for its services). The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees, of both the Trustee and Lender in connection with the condemnation.

12.2 Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments as may be requested by it from time to time to permit such participation.

13. IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES.

13.1 Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Deed of Trust and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Deed of Trust, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Deed of Trust.

13.2 Taxes. The following shall constitute taxes to which this section applies: (a) a specific tax upon this type of Deed of Trust or upon all or any part of the Indebtedness secured by this Deed of Trust; (b) a specific tax on Grantor which it is authorized or required to deduct from payments on the Indebtedness secured by this type of Deed of Trust; (c) a tax on this type of Deed of Trust chargeable against the Lender or the holder of the Note; and (d) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor.

13.3 Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Deed of Trust, this event shall have the same effect as an Event of Default (as defined below), and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (a) pays the tax before it becomes delinquent, or (b) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

14. SECURITY AGREEMENT; FINANCING STATEMENTS.

14.1 Security Agreement. This instrument shall constitute a security agreement to the extent any of the Property constitutes inventory, equipment, fixtures, accounts, general intangibles, instruments, chattel paper, deposit accounts or other personal property, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

14.2 Security Interest. Upon request by Lender, Grantor shall take whatever action is requested by Lender to evidence, perfect, protect, enforce and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Deed of Trust in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Grantor authorizes Lender to file any financing statements and to take all other actions which Lender deems advisable to evidence, perfect or continue its security interest in any collateral for the Indebtedness. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall assemble the Personal Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender.

14.3 UCC Financing Statement Information. The mailing addresses of Grantor (debtor) and Lender (secured party), from which information concerning the security interest granted by this Deed of Trust may be obtained (each as required by the Uniform Commercial Code), are as stated on the first page of this Deed of Trust.

15. ASSIGNMENT OF LEASES AND RENTS. Grantor assigns and conveys to Lender all of Grantor's right, title, and interest in and to all present and future Leases and Rents. Lender grants to Grantor a license to collect the Rents and profits, which license may be revoked at Lender's option and shall be automatically revoked upon acceleration of all or part of the Indebtedness.

15.1 Grantor's Representations and Warranties. Grantor represents and warrants that: (a) Grantor has good right, title, and interest to the Leases and Rents, free of all liens, encumbrances, and claims except those disclosed to and accepted by Lender in writing; (b) Grantor has full right, power, and authority to enter into and perform this assignment; (c) the Leases are in full force and effect and have not been modified or amended; (d) the Rents have not been waived, discounted, compromised, setoff or paid more than one month in advance; (e) there are no other assignments, transfers, pledges or encumbrances of any Leases or Rents; and (f) neither Grantor nor the lessees and tenants are in default under the Leases.

15.2 Grantor's Agreements. Grantor shall (a) fulfill or perform each and every term, covenant and provision of the Leases to be fulfilled or performed by the lessor thereunder; (b) give prompt notice to Lender of any notice received by Grantor of default under any Lease or of any alleged default or failure of performance that could become a default thereunder, together with a complete copy of any such notice; and (c) enforce, short of termination thereof, the performance or observance of each and every term, covenant and provision of each Lease to be performed or observed by the lessees and tenants thereunder. Grantor, without the prior written consent of Lender, shall not: (d) cancel, modify or alter, or accept the surrender of, any Lease; (e) assign, transfer, pledge or encumber, the whole or any part of the Leases and Rents to anyone other than Lender; (f) accept any Rents more than one month in advance of the accrual thereof; (g) do or permit anything to be done, the doing of which, or omit or refrain from doing anything, the omission of which, could be a breach or default under the terms of any Lease or a basis for termination thereof; (h) or enter into any new tenant leases.

15.3 Lender Not Liable. Lender does not assume and shall not be liable for any obligation of the lessor under any of the Leases and all such obligations shall continue to rest upon Grantor as though this assignment had not been made. Neither the assignment of the Leases and Rents nor the exercise by Lender of any of its rights or remedies hereunder or in connection herewith, prior to Lender obtaining actual possession of the Property, shall constitute Lender a "mortgagee in possession" or otherwise make Lender responsible or liable in any manner with respect to the Property or the occupancy, operation or use thereof.

15.4 Lender's Rights to Collect Rents. In addition to the other remedies available to Lender, Lender shall have the right at any time, if an Event of Default has occurred, to collect and

receive the Rents. For this purpose, Lender is hereby given and granted the following rights, powers and authority: (a) Lender may send notices to any and all tenants of the Property advising them of the assignment and directing all Rents to be paid directly to Lender or Lender's agent; (b) Lender may enter upon and take possession of the Property; demand, collect and receive from the tenants or from any other Persons liable therefor, all of the Rents; institute and carry on all legal proceedings necessary for the protection of the Property, including such proceedings as may be necessary to recover possession of the Property; collect the Rents and remove any tenant or tenants or other Persons from the Property; (c) Lender may enter upon the Property to maintain the Property and keep the same in repair; to pay the costs thereof and of all services of all employees, including their equipment, and of all continuing costs and expenses of maintaining the Property in proper repair and condition, and also to pay all taxes, assessments and water utilities, and the premiums on fire and other insurance effected by Lender on the Property; (d) Lender may do any and all things to execute and comply with applicable state laws and also all other laws, rules, orders, ordinances and requirements of all other governmental agencies affecting the Property; (e) Lender may rent or lease the whole or any part of the Property for such term or terms and on such conditions as Lender may deem appropriate; (f) Lender may engage such agent or agents as Lender may deem appropriate, either in Lender's name or in Grantor's name, to rent and manage the Property, including the collection and application of Rents; and (g) Lender may do all such other things and acts with respect to the Property as Lender may deem appropriate and may act exclusively and solely in the place and stead of Grantor and to have all of the powers of Grantor for the purposes stated above. Lender shall not be required to do any of the foregoing acts or things, and the fact that Lender shall have performed one or more of the foregoing acts or things shall not require Lender to do any other specific act or thing.

15.5 Application of Rents. All costs and expenses incurred by Lender in connection with the Property shall be for Grantor's account and Lender may pay such costs and expenses from the Rents. Lender, in its sole discretion, shall determine the application of any and all Rents received by it; however, any such Rents received by Lender which are not applied to such costs and expenses shall be applied to the Indebtedness. All expenditures made by Lender and not reimbursed from the Rents shall become a part of the Indebtedness secured by this Deed of Trust, and shall be payable on demand, with interest at the Note Rate from date of expenditure until paid.

16. FURTHER ASSURANCES; ATTORNEY-IN-FACT.

16.1 Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the reasonable sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (a) the obligations of Grantor under the Note, this Deed of Trust, and the Loan Documents, and (b) the liens and security interests created by this Deed of Trust on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or agreed to the contrary by Lender in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

16.2 Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's reasonable sole opinion, to accomplish the matters referred to in the preceding paragraph.

17. FULL PERFORMANCE. If Grantor pays all the Indebtedness when due and Grantor otherwise performs all the obligations imposed upon Grantor under this Deed of Trust, Lender shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Grantor shall pay Lender a reasonable reconveyance fee for said reconveyance. The grantee in any such reconveyance may be described as the "person or persons legally entitled thereto."

18. DEFAULT. Each of the following, at the option of Lender, shall constitute an event of default ("Event of Default") under this Deed of Trust:

18.1 Default on Loan Documents. Any default under or any failure of Grantor or any other Loan Party to pay, perform, or comply with any term, obligation, covenant or condition contained in this Deed of Trust, the Loan Agreement, the Note or in any of the Loan Documents.

18.2 Default on Other Payments. Failure of Grantor within the time required by this Deed of Trust to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

18.3 Foreclosure, Etc. Commencement of foreclosure or forfeiture proceedings, whether by judicial or non-judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or any governmental agency against any of the Property or the occurrence of any event which gives any creditor the right to take such action.

18.4 Defective Documents. This Deed of Trust or any of the Loan Documents ceases to be in full force and effect (including the failure of this Deed of Trust or any Loan Document to create a valid and perfected security interest or lien) at any time and for any reason.

18.5 Breach of Other Agreements. Any default under or any failure of Grantor or any other Loan Party to pay, perform or comply with any term, condition or obligation in any other agreement between such Loan Party and Lender or any affiliate of Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of any Loan Party to Lender, whether existing now or later.

18.6 Adverse Change. A material adverse change occurs in any Loan Party's business, operations, management, prospects, condition (financial or otherwise) or in the condition of the Property, or Lender reasonably believes the prospect of payment or performance of the Indebtedness is impaired.

19. RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any Event of Default and at any time thereafter, Trustee or Lender, at its option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

19.1 Accelerate Indebtedness. Lender shall have the right at its option to declare the entire Indebtedness immediately due and payable, including any prepayment fee or penalty which Grantor would be required to pay; provided, however, if any proceeding under any bankruptcy or insolvency laws is commenced by or against Grantor or any Guarantor, the Indebtedness shall automatically become due and payable in full.

19.2 Foreclosure. With respect to all or any part of the Real Property, the Trustee and Lender shall have the right to foreclose by notice and sale in accordance with the laws of the State of Idaho, at public auction to the highest bidder, and to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

19.3 Deficiency Judgment. To the extent permitted by law, including, without limitation, Idaho Code § 45-1512, and any similar or successor statutes, Lender shall have the right to seek and obtain a deficiency judgment following the completion of a judicial foreclosure or trustee's sale of all or a portion of the security for the obligations secured by this Deed of Trust.

19.4 UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code, including without limitation the right to recover any deficiency in the manner and to the full extent provided by applicable law.

19.5 Collect Rents. Lender shall have the right, without notice to Grantor, to take possession of and manage 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 Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. This power of attorney is irrevocable and is coupled with an interest. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations 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.

19.6 Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a Person from serving as a receiver.

19.6 Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (a) pay a reasonable rental for the use of the Property, or (b) vacate the Property immediately upon the demand of Lender.

19.7 Other Remedies. Trustee or Lender shall have any other right or remedy provided in this Deed of Trust, the Note, the other Loan Documents, or by law. The power of sale conferred by this Deed of Trust and by the laws of the State of Idaho is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

19.8 Notice of Sale. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of Personal Property may be made in conjunction with any sale of the Real Property.

19.9 Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all rights to have the Property marshalled. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

19.10 Waiver; Election of Remedies. A waiver by any party of a breach of a provision of this Deed of Trust shall not constitute a waiver of or prejudice the party's rights otherwise to demand strict compliance with that provision or any other provision. Election by Lender to pursue any remedy provided in this Deed of Trust, the Note, in any Loan Document, or provided by law shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Deed of Trust after failure of Grantor to perform shall not affect Lender's right to declare a default and to exercise any of its remedies.

19.11 Attorney Fees; Expenses. Whether or not any court action is involved, all reasonable expenses incurred by Lender which in Lender's reasonable opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note Rate from the date of expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorney fees whether or not there is a lawsuit, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Without limiting the foregoing, if any suit or action is commenced to construe or to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sums as the court may adjudge reasonable as attorney fees. As used in this Deed of Trust, "attorney fees" include attorney fees whether or not there is a lawsuit and include without limitation attorney fees at trial, in any appellate proceeding, proceeding under the Bankruptcy code (including efforts to modify or vacate any automatic stay or injunction) or receivership, and post-judgment fees of enforcing any judgment. Grantor also will pay any court costs, in addition to all other sums provided by law.

19.12 Rights of Trustee. Trustee shall have all of the rights and duties of Lender as set forth in this section.

20. POWERS AND OBLIGATIONS OF TRUSTEE.

20.1 Powers of Trustee. In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the written request of Lender and Grantor: (a) join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

20.2 Obligation to Notify. Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Lender, or Trustee shall be a party, unless the action or proceeding is brought by Trustee.

20.3 Trustee. Trustee shall meet all qualifications required for Trustee under applicable law. In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

20.4 Successor Trustee. Lender, at Lender's option, may from time to time appoint a successor Trustee in accordance with applicable law. The successor trustee, without conveyance of the Property, shall succeed to all the title, power, and duties conferred upon the Trustee in this Deed of Trust and by applicable law.

21. NOTICES TO GRANTOR AND OTHER PARTIES. Any notice under this Deed of Trust shall be in writing and shall be effective when actually delivered or, if mailed, shall be deemed effective when deposited in the United States mail first class, certified or registered mail, postage prepaid, directed to the addresses shown near the beginning of this Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. All copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust shall be sent to Lender's address, as shown near the beginning of this Deed of Trust. For notice purposes, Grantor agrees to keep Lender and Trustee informed at all times of Grantor's current address.

22. ANTI-DEFICIENCY WAIVERS. Grantor waives all rights or defenses arising by reason of any "one action" or "anti-deficiency" law, or any other law which may prevent Lender from bringing any action against Grantor, including a claim for deficiency to the extent Lender is otherwise entitled to a claim for deficiency, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale.

23. MISCELLANEOUS PROVISIONS.

23.1 Amendments. This Deed of Trust, together with any Loan Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration of or amendment to this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

23.2 Subrogation. If, and to the extent that, the proceeds of the Note are used to pay, satisfy or discharge any existing lien on the Property, Lender shall be subrogated to the rights, including the lien priority, of the holder of such existing lien, whether or not such existing lien is released.

23.3 Accounts and Records. Grantor will maintain a standard system of accounting administered in accordance with generally accepted accounting principles. Lender shall have the right to examine the books of account of Grantor, and to discuss its affairs, finances, and accounts with its representatives, all at such reasonable times and intervals as Lender may desire. Grantor will furnish to Lender from time to time such financial and other information as Lender requests regarding Grantor, any other Loan Party, and the Property.

23.4 Applicable Law. This Deed of Trust shall be governed by, construed and enforced in accordance with the laws of the State of Idaho. **IF THERE IS A LAWSUIT, GRANTOR, AT LENDER'S OPTION, AGREES TO SUBMIT TO THE JURISDICTION OF ANY FEDERAL OR STATE COURT LOCATED IN OR HAVING JURISDICTION OVER MINIDOKA COUNTY, IDAHO.**

23.5 Waiver of Jury Trial. **GRANTOR HEREBY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO ANY OF THE LOAN DOCUMENTS, THE OBLIGATIONS THEREUNDER, ANY COLLATERAL SECURING THE INDEBTEDNESS, OR ANY TRANSACTION ARISING THEREFROM OR CONNECTED THERETO. GRANTOR ACKNOWLEDGES AND AGREES THAT THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY GIVEN.**

23.6 Caption Headings. Caption headings in this Deed of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

23.7 Assignments and Participations. Lender may at any time sell, assign, transfer, negotiate, grant participations in, or otherwise dispose of, to any one or more other lenders all or any part of the indebtedness of Grantor at any time outstanding under the Note, this Deed of Trust, or any of the Loan Documents and in connection therewith disclose any information Lender may have concerning Grantor.

23.8 Merger. There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

23.9 Multiple Parties. If Grantor consists of more than one Person, all obligations of Grantor under this Deed of Trust shall be joint and several, and all references to Grantor shall mean each and every Grantor. Where any one or more of the parties are corporations, partnerships, limited liability companies, or other entities, it is not necessary for Lender to inquire into the

powers of any such parties or of the officers, directors, partners, agents, managers or members acting or purporting to act on their behalf.

23.10 Severability. If a court of competent jurisdiction finds any provision of this Deed of Trust to be invalid or unenforceable as to any Person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other Persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Deed of Trust in all other respects shall remain valid and enforceable.

23.11 Successors and Assigns. Subject to the limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a Person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Deed of Trust and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Deed of Trust or liability under the Indebtedness.

23.12 Time Is of the Essence. Time is of the essence in the performance of this Deed of Trust.

23.13 Waivers and Consents. Lender shall not be deemed to have waived any rights under this Deed of Trust (or under the Loan Documents) unless such waiver is in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by any party of a provision of this Deed of Trust shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or any of Grantor's obligations as to any future transactions. Whenever consent by Lender is required in this Deed of Trust, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required.

23.14 Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Idaho as to all Indebtedness secured hereby.

24. COMMERCIAL DEED OF TRUST. Grantor agrees with Lender that this Deed of Trust is a commercial deed of trust and that Grantor will not change the use of the Property without Lender's prior written consent.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST,
AND GRANTOR AGREES TO ITS TERMS.

GRANTOR:

The Mart Group, LLC, An Idaho Limited Liability Company

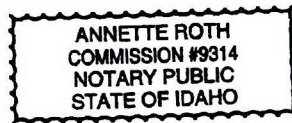
By: Mart Management, LLC, An Idaho Limited Liability Company, Manager

Kyler Cheesman
By: Kyler Cheesman, CFO

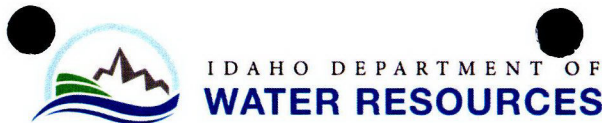
State of Idaho)
County of Minidoka)
ss.

On this 7th day of October, 2022 before me, the undersigned, a Notary Public in and for the State of Idaho, personally appeared Kyler Cheesman, known or identified to me to be the CFO of Mart Management, LLC, An Idaho Limited Liability Company, whose name is subscribed to the within instrument.

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



Annette Roth
Notary Public for the State of Idaho
Residing at: Rupert, ID
My Commission Expires: 8-4-2023



Southern Region • 650 Addison Ave W, Suite 500 • Twin Falls, ID 83301-5858

Phone: 208-736-3033 • Fax: 208-736-3037 • Email: southerninfo@idwr.idaho.gov • Web: idwr.idaho.gov

Governor Brad Little

Director Gary Spackman

March 31, 2023

THE MART GROUP LLC
PO BOX 34
RUPERT ID 83350-0034

Re: Change in Ownership for Water Right No(s): 36-12216 (processed)

Re: Change in Water Right Ownership for Water Right No(s): 36-8457, 36-8458, 36-16384
(not processed)

Re: Notice of Security Interest for Water Right No(s): 36-8457, 36-8458, 36-12216, 36-16384
(processed)

Dear Mart Group LLC:

The Department of Water Resources (Department) acknowledges the receipt of correspondence changing ownership of the above referenced water right(s) to you. The Department also acknowledges receipt of correspondence adding security interest of the above referenced water right(s) to Idaho AgCredit FLCA.

Please note, the department was not able to update the ownership on water right no(s). 36-8457, 36-8458 and 36-16384 due to the following discrepancies:

- The legal descriptions on the Warranty Deeds submitted do not appear to convey all of the property in its entirety. Water Right No(s). 36-8457, 36-8458 and 36-16384 are for Commercial use in the NENE and SENE of Section 21. The Warranty Deeds appear to only convey land in the SENE.
- A Quitclaim deed serves to convey any interest held in the property, but it does not contain any warranty of valid interest or title to the property. In addition, a Quitclaim deed can be accepted only if the quitclaim deed shows conveyance of the property from the *last known recorded owner of the water right*. The quitclaim deeds provided show conveyance from Mart Produce 'LLC'; however the current owner of record on the water rights is shown as Mart Produce 'Corp'.

Under normal circumstances, the department would be able to use both the Warranty Deeds and Quitclaim Deeds provided if all of the pertinent information matched. Because these Warranty Deeds do not convey the land entirely, additional information is needed in order to move forward with processing.

If you have additional conveyance documents that convey the entire property and / or water rights, please submit that information within 30 days of the date of this letter and we can move forward with processing.

One option may be for Mart Produce Corp (current water right owner of record) to Quitclaim these specific water rights to The Mart Group LLC.

SCANNED

MAY 02 2023

Thank you in advance for your patience and cooperation. Please feel free to contact this office if you have questions concerning this information.

Sincerely,

Denise Maline

Denise Maline
Administrative Assistant

Enclosures

c: Idaho AgCredit FLCA, Blackfoot, Idaho