

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

RECEIVED
DEC 22 2022
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.

Completed
on
2/15/23
DE

Water Right/Claim No.	Water Right/Claim No.	Water Right/Claim No.	Water Right/Claim No.
22-11443 ✓	22-7391 ✓		
22-7737 ✓	22-10008		
22-13806 ✓			
22-13807 ✓			
22-2204 ✓			

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

The Prudential Insurance Company of America

c/o PGIM Real Estate Loan Services, Inc.

2100 Ross Avenue, Suite 2500

Dallas, Texas 75201

Phone 916.789.4075

Email

SUPPORT DATA

IN FILE #

22-2204

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

Basic American, Inc.

5. Expiration Date of Notification Period

July 1, 2032

6. Is this a Renewal of Request for Notification?

☐ YES

☒ NO

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



Title, if applicable

Vice President

For Office Use Only

Received by LM Date 12-22-22 Receipt No. 6114949 Fee 624

Processed by AJ Date _____ WR _____ Date _____

Instrument No. 597084
17 Day Nov 2022
At 02 O'Clock 28 PM
ABBIE MACE
FREMONT CO RECORDER
Fee \$561.00
KF Deputy
Recorded at Request of
Chicago Title Kennewick Title -

[Space Above This Line For Recorder's Use]

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

Bryan Cave Leighton Paisner LLP
161 N Clark Street, Suite 4300
Chicago, Illinois 60601
Attention: Jason J. DeJonker, Esq.

Chicago Title Insurance
62242202687

**MORTGAGE, SECURITY AGREEMENT, AND FIXTURE FILING
WITH ASSIGNMENT OF RENTS AND PROCEEDS, LEASES AND AGREEMENTS**

TO BE INDEXED NOT ONLY AS A MORTGAGE BUT
ALSO AS A FIXTURE FILING, WITH MORTGAGOR AS
DEBTOR AND LENDER AS SECURED PARTY

This MORTGAGE, SECURITY AGREEMENT, AND FIXTURE FILING WITH ASSIGNMENT OF RENTS AND PROCEEDS, LEASES AND AGREEMENTS (this "*Security Instrument*"), dated as of November 17, 2022, is made by **BASIC AMERICAN, INC.**, a Delaware corporation ("*Mortgagor*" or "*Borrower*") as grantor and mortgagor, having a mailing address at 2999 Oak Road, Suite 800, Walnut Creek, California 94597, to **THE PRUDENTIAL INSURANCE COMPANY OF AMERICA**, a New Jersey corporation ("*Lender*") as mortgagee, having offices at Prudential Asset Resources, 2100 Ross Avenue, Suite 2500, Dallas, Texas 75201, referencing Loan Nos. 717 612 286 and 717 612 269.

MORTGAGOR IRREVOCABLY GRANTS, CONVEYS, TRANSFERS AND ASSIGNS to Lender, all of Mortgagor's right, title and interest now owned or hereafter acquired in and to the Property, FOR THE PURPOSE OF SECURING, in such order of priority as Lender may determine, payment of the Indebtedness, including payment of the Note, and performance of the Secured Obligations, together with any renewals, extensions and modifications thereof. Notwithstanding anything to the contrary contained

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herein or in the other Loan Documents, none of Borrower's obligations under or pursuant to the Indemnity Agreement shall be secured by this Instrument.

ARTICLE I. DEFINITIONS

1.01 Defined Terms.

As used in this Security Instrument, and in addition to the definitions in the Recitals and elsewhere in this Security Instrument, the following terms have the following meanings.

"Bank Collateral" has the meaning set forth in the Intercreditor Agreement.

"Fixtures" means any and all property affixed to the Land and/or located upon or within the Improvements which are so related to the Land that an interest in such property arises under applicable real estate or real property law.

"Improvements" means the following now or hereafter located on or used in connection with the Land: (i) all buildings, structures and other improvements, including, without limitation, all sheds, warehouses, storage facilities and other buildings; (ii) all Fixtures; (iii) all irrigation, drainage and stockwater equipment including, without limitation, wells, well casings, pumps, booster pumps, motors, engines, gearheads, sand filters, pivots, sprinklers, drip irrigation systems, tow lines, hand lines, irrigation pipe, drainage pipe, and culverts; (iv) all enclosures of the Land or any part thereof, including, without limitation, fences, gates, shuts, posts, poles, barbed wire and electric wire; (v) all crop protection equipment and apparatus including, without limitation, frost protection equipment and wind machines; (vi) all electric, gas and water lines and equipment located on the Land, including, without limitation, transformers, circuit breakers, switch boxes, fuse and breaker panels, regulators, cut on/off valves, wiring and pipe; (vii) all trees, nursery stock, vines and other permanent plantings, whether *fructus naturales* or *fructus industriales*, whether mature or immature, now or hereafter growing on the Land, together with all trellises, wires, endposts, and stakes relating thereto; and (viii) all processing and packaging lines and equipment, fixtures and other fixed equipment.

"Intercreditor Agreement" means the Intercreditor Agreement by and among Lender, Wells Fargo Bank, National Association, Borrower and Guarantors having the same date as this Security Instrument, as amended, restated, replaced, supplemented or otherwise modified from time to time.

"Land" means the real property legally described on Exhibit A, together with all existing and future easements and rights affording access to it, all appurtenances, easements, estates, development rights, air rights, all oil, gas and minerals and other hydrocarbon substances on or hereafter on or under the Land before or after extraction and all rights and interests thereto or therein, and all other interests, rights and privileges relating to the Land, and any land lying in the streets, roads or avenues adjoining the Land or any part thereof.

"Laws and Restrictions" means all laws, regulations, orders, codes, ordinances, rules, statutes and policies, permits, licenses, certificates, restrictive covenants and other covenants relating to the development, occupancy, ownership, management, use, and/or operation of the Property or otherwise affecting the Property or any Loan Party, including Authorizations.

"Leases" means any and all leases, rental agreements, farm leases and other agreements providing for use or occupancy of the Property, including subleases and tenancies following attornment, and any and all guaranties thereof, now or hereafter affecting or covering all or any part of the Land or Improvements.

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"Loan Agreement" means the Loan Agreement by and among Borrower, Guarantors and Lender having the same date as this Security Instrument, as amended, restated, replaced, supplemented or otherwise modified from time to time.

"Note" means, collectively: (i) Promissory Note (Term Loan) dated on or about the same as this Security Instrument and executed by Borrower in the original principal amount of Eighty Million and 00/100 Dollars (\$80,000,000.00), and (ii) Promissory Note (Revolving Loan) dated on or about the same as this Security Instrument and executed by Borrower in the original principal amount of Twenty-Five Million and 00/100 Dollars (\$25,000,000.00), both payable to Lender or its order, and all modifications, renewals, extensions and replacements thereof.

"Permitted Exceptions" means those title exceptions set forth in the title insurance policy issued in favor of Lender that insures the priority of this Security Instrument, and each Lease permitted under the Loan Agreement.

"Processing Equipment" means (a) all of Borrower's equipment now owned, leased or hereafter owned or leased, that is attached to or used in the Processing Facility that is used for sorting, washing, grading, packing or processing crops (whether fruit or other products), (b) all storage and refrigeration equipment and fixtures used in connection therewith; (c) all storage bin and any pallet of Borrower, (c) [Reserved], and (d) all proceeds of the foregoing.

"Processing Facility" means Borrower's processing, packing and storage facility located on the Land and commonly known as the Salem Farm, and all associated Processing Equipment.

"Property" means all of Mortgagor's right, title and interest, whether now owned or hereafter acquired, in and to:

(a) The Land, Improvements, Leases, Property Agreements, Rents and Proceeds, and Water Rights.

(b) All trademarks, service marks, patents, patent applications, trademark applications, trade names, trade secrets, copyrights, copyright applications, registrations, license, software, franchises, designs, logos, names or similar identifications pertaining to the Land or under which the Property may be known or operated, whether registered or unregistered, and all rights to carry on business under such names, and any related goodwill associated in any way with such names or the Property, including without limitation the trade names Basic American Foods.

(c) All plans, specifications, surveys, studies, reports, permits, licenses, agreements, contracts, instruments, books of account, insurance policies, and any other documents relating to the construction, occupancy or leasing of the Property and/or the operation of the Land, Improvements and Equipment.

(d) All property listed in Exhibit B, if any, attached hereto.

(e) [Reserved].

(f) All tax refunds, including interest thereon, tax rebates, tax credits, and tax abatements, and the right to receive the same, which may be payable or available with respect to the Land and Improvements.

(g) All building materials, equipment, work in process or other personal property of any kind, whether stored on the Land or elsewhere, which have been or later will be acquired for the purpose of being delivered to, incorporated into or installed in or about the Land or the Improvements.

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(h) All Accounts and General Intangibles arising out of or incident to the ownership, development or operation of the Land and Improvements and/or other Property, all Accounts and General Intangibles arising out of the operation of the Processing Facility, and all other tangible and intangible property and rights relating to the Land and Improvements and/or other Property or the operation thereof, or to be used in connection with the Land and Improvements and/or other Property, but excluding such items arising out of the operation of the Processing Facility and specifically included in the Bank Collateral.

(i) All insurance policies pertaining to the Land and the Improvements, and all proceeds, including all claims to and demands for them, from the voluntary or involuntary conversion of any of the Land, Improvements or the other Property described above into cash or liquidated claims, including proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding.

(j) All claims and causes of action and their proceeds for any damage or injury to the Land, the Improvements or the other Property or any part of them, or breach of warranty in connection with the construction of the Improvements, including causes of action arising in tort, contract, fraud or concealment of a material fact and all causes of action and recoveries now or hereafter existing for any loss or diminution in value of the Property.

(k) [Reserved].

(l) Processing Equipment and the Processing Facility.

(m) All Trademarks.

(n) [Reserved].

(o) All products and proceeds of all of the foregoing.

Notwithstanding the foregoing or any other provision in this Security Instrument or the other Loan Documents, "Property" does not include:

- (A) Vehicles, rolling stock, farm machinery (including tractors, combines and other farm machinery; or
- (B) portable irrigation motors on wheels customarily towed by a motorized vehicle; or
- (C) any mobile or manufactured home that may be located on the Land; or
- (D) crops now or hereafter grown on the Land, provided, however, that the "Property" shall include any and all supply agreements of Mortgagor relating to such crops (collectively, the "*Supply Agreements*"); or
- (E) farm products (which shall not include the *Supply Agreements*); or
- (F) all raw materials, ingredients, work in process, finished goods, materials, inventory, goods and accounts arising out of, or used or consumed in the Borrower's business in connection with the cultivation of crops or the operation of the Processing Facility and which are included in the Bank Collateral.

"*Property Agreements*" means any and all agreements related to the development, ownership, management or operation of the Land, its Improvements and other Property, including licenses, reports, surveys, studies, development agreements, maintenance or management agreements, agreements regarding water,

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agreements for the supply of crops, and governmental authorizations, approvals and permits, as the same may be amended, restated or otherwise modified or newly entered into from time to time.

"Receiver" means any receiver, custodian, fiscal agent, trustee liquidator or similar officer.

"Rents and Proceeds" means all rents, royalties, revenues, issues, profits, proceeds (including, without limitation proceeds from the sale of all or any portion of the Land, the Property, or any interest therein) and other income and receipts from the Property, whether now due or which may become due or to which Mortgagor may now or shall hereafter become entitled or may demand or claim, arising or issuing from or out of any Lease, license, bill of sale or deed, Property Agreement or from or out of the Land, or any part thereof, including but not limited to any and all rights and claims of any kind Mortgagor may have against any lessee or subtenant, occupant or licensee of the Land or the Improvements (including any payments received pursuant to Section 502(b) of the Bankruptcy Code or otherwise in connection with the commencement or continuance of any bankruptcy, reorganization, arrangement, insolvency, dissolution, receivership or similar proceedings or any assignment for the benefit of creditors in respect of any tenant or occupant of any portion of the Land and all claims as a creditor in connection with any of the foregoing).

"Secured Obligations" means (a) the due and punctual payment of the present and future Indebtedness by Borrower, (b) the performance of any and all other present and future obligations of Borrower to Lender under the Loan Documents, and (c) all future supplemental or additional loans, future advances or extensions of credit by Lender or its affiliate, and all other future financial obligations incurred by Borrower in favor of Lender or its affiliate, which by their express terms are secured by this Security Instrument.

"Trademarks" means all trademarks, service marks, designs, logos, labels, names or similar identifications pertaining to the items produced at, or operations at, the Processing Facility, whether registered or unregistered, including without limitation the Basic American Foods trademarks and labels, and all rights to carry on business under such names, and any related goodwill associated in any way with such names.

"Water Law" means all laws, statutes, rules, regulations, ordinances, groundwater sustainability or management plans, judicial and administrative decisions, court decrees and orders, and other governmental requirements, whether federal, state or local, governing or relating to the control, appropriation, use, conveyance, development or distribution of water of any kind or the rights thereto.

"Water Rights" means all of Mortgagor's right, title and interest in all water (including any water inventory in storage), water rights and entitlements; other rights to water and to receive water, and water rights of every other kind or nature, that serve the Land, including, without limitation, stored water, groundwater, surface water, riparian rights, drainage rights, and all rights to obtain water from governmental water district and non-governmental water companies. Water Rights include, without limitation, all of Borrower's right, title and interest in the water, water rights and entitlements and other rights described under "Water Rights" in the attached Exhibit C which is incorporated herein by reference.

1.02 Other Definitions.

Capitalized terms used but not defined in this Security Instrument are defined in the Loan Agreement. The terms "Accounts", "Chattel Paper", "Deposit Accounts", "Documents", "Equipment", "General Intangibles", "Goods", "Instruments", "Inventory", "Payment Intangibles", "Proceeds", and "Supporting Obligations" (whether or not capitalized) have the meanings ascribed to such terms in Article 9 of the Uniform Commercial Code.

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ARTICLE II. REPRESENTATIONS AND WARRANTIES

Mortgagor represents and warrants to Lender as follows, which representations and warranties shall be true as of the date of this Security Instrument and as of the date of each disbursement of the Loan:

2.01 Authorization and Validity.

Mortgagor is the lawful owner of the Property and holds good and marketable title to the Property free and clear of all defects, mortgages, liens, encumbrances, easements, exceptions, assessments, security interests, claims and rights of others, except the Permitted Exceptions. Mortgagor has the power and authority to grant the Property as provided in and by this Security Instrument, to own and operate the Property, and each Loan Party has the power and authority to execute, deliver, and perform the obligations under the Loan Documents. Each Loan Party is in compliance with all Laws and Restrictions.

2.02 Authority.

Mortgagor is an entity of the type set forth in the introductory paragraph of this Security Instrument, is duly organized and validly existing under the laws of the state set forth in the introductory paragraph of this Security Instrument and is duly qualified to do business in the state where the Property is located. Each Loan Party has authorized by all requisite action its execution, delivery and performance of the Loan Documents to which it is a party and the Loan will not violate any Laws and Restrictions or any organizational documents of such Loan Party or any agreement or other instrument to which a Loan Party is obligated. The Loan Documents have been properly executed by each Loan Party that is a party thereto and are the legal, valid and binding obligation of each party, enforceable by Lender in accordance with their terms.

2.03 Additional Representations and Warranties.

(a) The Property is used principally or primarily for the purpose of agriculture and processing of agricultural products. (b) As of the date hereof, all costs for labor and materials for the construction of the Improvements have been paid in full. (c) This Security Instrument secures an obligation incurred exclusively for commercial, business or investment purposes and Mortgagor warrants to Lender that the Loan proceeds shall be used exclusively for commercial, business or investment purposes. (d) All public roads and streets necessary to serve the Property and its Improvements have been completed, are serviceable, and have been dedicated and formally accepted by the appropriate governmental entities. (e) Except as disclosed to Lender in connection with the Loan closing, there is no personal residence located on the Land. (f) The Property is assessed for real estate tax purposes as one or more wholly independent tax lot(s), separate from any adjoining land or improvements, and no other land or improvements are assessed and taxed together with the Property. (g) Except for Leases which have been provided to and approved by Lender, there are no Leases or property management agreements affecting all or any portion of the Property. (h) There are no assessments for public improvements which are pending and which could become a lien upon the Property. (i) There is no Default or Event of Default. (j) Mortgagor is not in default under any material agreement or instrument to which it is a party which default would have a material and adverse effect on the Property or Mortgagor's ability to timely perform the Secured Obligations. (k) The Property is owned by Mortgagor free and clear of any liens, encumbrances, mortgages, security interests, claims and rights of others, except for permitted Exceptions. (l) Mortgagor has paid for and is the owner of all Fixtures and all goods and other tangible personal property included in the Property, free and clear of any security interests or liens other than security interests and/or liens in favor of Lender and Permitted Exceptions.

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2.04 [Reserved].

2.05 [Reserved].

2.06 Statements; Information and Litigation.

(a) All financial statements and other information given to Lender with respect to the Property or any Loan Party are true, accurate, complete and correct and except as expressly noted to the contrary therein, have been prepared in accordance with standard accounting principles consistently applied throughout the periods covered thereby. (b) There has been no material adverse change in the representations made or information heretofore supplied by or on behalf of any Loan Party in connection with the Application as to (i) the composition, structure, finances, business operations, credit prospects or financial condition of any Loan Party, or (ii) the rental income, condition or ownership of the Property. (c) There is not now pending against or affecting any Loan Party or the Property, nor to the best of Mortgagor's knowledge is there threatened, any action, suit, investigation or other proceeding that might result in a Material Adverse Change, including without limitation, any Insolvency Proceeding.

2.07 Compliance with Laws; Illegal Activity.

The Property and the current use is in compliance with all Laws and Restrictions and Authorizations, and Mortgagor has received no notice of violation of any Law and Restrictions and Authorizations. No portion of the Property has been or will be purchased, improved, fixtured, equipped or furnished with proceeds of any illegal activity and, to the best of Mortgagor's knowledge, there are no illegal activities on any portion of the Property. Without limiting the foregoing, no portion of the Property is being used, nor shall Mortgagor use or permit the Property or any portion thereof to be used, (i) in violation of Title 21 USC Controlled Substances Act Section 856(a) or any similar or successor law now or hereafter in effect (collectively, the "CSA"), (ii) for the growing, manufacturing, administration, distribution (including without limitation, any retail or wholesale sales or delivery), use or consumption of any cannabis, marijuana or cannabinoid product, compound or produce, (iii) for the operation of a medical marijuana or cannabis product facility or dispensary or (iv) by a tenant or operator that, in violation of the CSA, participates in, invests in or provides services to any business that engages in any of the activities described in subparts (i), (ii) or (iii).

2.08 Water Rights.

(a) The Land has, and will continue to have, the continuing, enforceable Water Rights to receive irrigation water from such sources, without any interruption and in such quantities, and at such times and locations as is reasonably satisfactory for the purposes of farming, without interruption and in such quantities, and at such times and locations as has been historically available to the Land, without any currently pending or, to Borrower's best knowledge, threatened interruption. Borrower has filed with the State of Idaho all notices and other documents required under the laws of the State of Idaho in connection with Water Rights and the supply and use of water on the Land. All water rights certificates and permits for the appropriation and use of surface water and groundwater for the Land have been duly issued, are owned solely by Borrower, and are in full force and effect and in good standing.

(b) All irrigation, drainage and water control systems necessary or desirable to provide drainage and irrigation to the Property are located within the boundaries of the Property or are available via non-terminable easements benefiting the Property.

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(c) With respect to all portions of the Land that lie within federal or state water project districts, Borrower represents and warrants that: (i) the Land is located within Water District 100; (ii) Borrower has a contract with each such district providing for sufficient state water project water to conduct its operations and cultivate the crops grown on such portions of the Land; (iii) such contractual right has not been transferred by grant, contract, condemnation or otherwise; and (iv) Borrower is not in default of district assessments or charges.

(d) Mortgagor shall timely take or cause to be taken such actions as shall be necessary to maintain all Water Rights and shall not materially decrease the entitlement under any Water Right without Lender's prior written consent.

(e) Borrower represents and warrants to Lender that: (i) all water used in the irrigation and cultivation of crops on the Land is derived from wells located upon the Land; (ii) Borrower has filed with the Idaho Department of Water Resources all notices and other documents required under all applicable statutes of the State of Idaho in connection with such wells; and (iii) to the best of Borrower's knowledge, all water drawn from such wells is derived from a groundwater basin lying wholly beneath the Land upon which such well is located.

(f) Borrower represents and warrants to Lender that any rights of Borrower to share in the reasonable beneficial use of the natural flow of water passing any portion of the Land (together with all other rights to water located upon or supplied to such portion of the Property, the "Riparian Rights") have not been transferred by grant, contract, condemnation or otherwise. Borrower has not caused any apportionment of the Riparian Rights with similar rights of any other person. To the extent there are any Riparian Rights, none have been lost or impaired through, nor are the same threatened by loss due to prescription, action of the Idaho Department of Water Resources or otherwise. To the extent there are any Riparian Rights, none are subject to appropriative rights of any person other than Borrower. To the extent there are any Riparian Rights, such rights are derived from water originating in the watershed supplying such Riparian Rights and no other watershed. To the extent there are any Riparian Rights, Borrower has complied with all applicable Laws and Restrictions concerning such rights, including, without limitation, Section 42-101, et seq., of the Irrigation and Drainage – Water Rights and Reclamation Code of the State of Idaho and any other Laws and Restrictions concerning the diversion of surface water.

(g) None of the Land is subject to The Reclamation Act of 1902, the Omnibus Adjustment Act of 1926, the Reclamation Reform Act of 1982 and any act or law supplementary thereto, or any rule or regulation promulgated thereunder.

ARTICLE III. COVENANTS

Mortgagor covenants and agrees as follows:

3.01 Insurance.

Mortgagor, at its sole cost and expense, with respect to itself and the Property, will keep and maintain for the mutual benefit of Mortgagor and Lender the insurance required under the Loan Agreement. All of Mortgagor's right, title and interest in and to all policies of property insurance and any unearned premiums paid thereon are hereby assigned, to the fullest extent assignable, to Lender, who shall have the right, but not the obligation, to assign the same to any purchaser of the Property at any foreclosure sale.

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3.02 [Reserved].

3.03 Water.

(a) The Property will continue to have continuing, enforceable Water Rights to receive irrigation water from such sources, in such quantities, and at such times and locations as are reasonably satisfactory for the purposes of farming and the operation of the Processing Facilities, without substantially increased cost, and in such quantities, and at such times and locations as has been historically available to the Land.

(b) Mortgagor shall timely take or cause to be taken such actions as shall be necessary to maintain all Water Rights and shall not materially decrease the entitlement under any Water Right without Lender's prior written consent.

(c) Mortgagor shall abide by the provisions of the rules and regulations of the water district and local drainage district in which the Land is located. Mortgagor covenants to immediately apply for all permits and approvals to adequately provide water for the Property in amounts and of such nature as shall be sufficient to allow the development, operation and maintenance of the agricultural operations on the Land and, once issued, will keep them in full force and effect.

(d) Mortgagor shall endeavor to provide Lender with prompt written notice in the event there is any material change in the Law and Restrictions applicable to the Water Rights, the rules and regulations of the water district or local drainage district in which the Land is located or any permits and approvals with respect to water for the Property.

(e) If Lender acquires title to the Property whether by foreclosure, deed in lieu of foreclosure or otherwise, Mortgagor agrees to continue to operate and maintain the irrigation, drainage and water control system currently operating on any adjoining land owned or controlled by Mortgagor to provide drainage and irrigation to the Property and to furnish the same in a fair and equitable manner and at a cost to be determined but which shall be the then customary and proportional charge for lands in similar use within said irrigation, drainage and water control system. To the extent continuation of the operation and maintenance of said irrigation, drainage and water control system requires the assignment, transfer, or renewal of any Water Right, Mortgagor agrees to cooperate with Lender in accomplishing the same, to the extent such Water Rights are assignable, transferable or renewable.

(f) The covenants contained in this Section 3.03 shall survive the foreclosure of this Security Instrument and the conveyance to or acquisition by Lender of title to the Property, and are covenants running with the Land, and shall be binding upon Mortgagor, its successors and assigns so long as this Security Instrument and the Obligations remain outstanding or so long as Lender or its successors and assigns hold title to the Property, whichever is later, but shall terminate upon payment in full of the Obligations and the release and reconveyance of this Security Instrument (taking title by foreclosure or deed in lieu of foreclosure is not such payment or release and reconveyance).

3.04 Restrictive Uses.

Except as expressly contemplated under, and in accordance with the provisions of, Section 5.05 of the Loan Agreement with respect to Non-Core Assets, Mortgagor will not initiate, join in, or consent to any change in the current use of the Land or in any zoning ordinance, private restrictive covenant, assessment proceedings or other public or private restriction limiting or restricting the uses that may be made of the

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Land or any part thereof or in any way change the boundaries of the Land (including without limitation, any agreed boundary line changes or lot line adjustments).

3.05 Prohibited Transfers.

Mortgagor will not cause, suffer or permit any Transfer except as permitted under the Loan Agreement.

3.06 Permitted Exceptions; Appurtenant Easements.

Mortgagor will timely perform all of the material covenants and other obligations made or owing by Mortgagor to any other person related to the Property, including, without limitation, the Permitted Exceptions and each easement that is appurtenant to the Land. Mortgagor shall keep the Property free from all liens, security interests and encumbrances, whether prior or subordinate to this Security Instrument, other than the Permitted Exceptions and the lien of current real estate taxes and assessments that are not past due.

3.07 Right to Inspect FSA Records.

Lender shall have at all times the right for its officers, employees and agents to inspect and copy any and all records, reports, applications, forms, correspondence and payment records in the offices of the United States of America, Department of Agriculture, Farm Service Agency (FSA) which relate in part or in whole to the Property.

**ARTICLE IV.
ASSIGNMENT OF RENTS AND PROCEEDS, LEASES AND AGREEMENTS**

4.01 Assignment of Rents and Proceeds and Leases.

Mortgagor absolutely and unconditionally assigns and transfers to Lender: (a) the Leases; and (b) the Rents and Proceeds whether now due, past due or to become due, and gives to and confers upon Lender any and all rights and claims of any kind that Mortgagor may have against lessees under the Leases or account debtors, and the right, power and authority to collect such Rents and Proceeds, and apply the same to the Indebtedness or the satisfaction of any obligation. Mortgagor irrevocably appoints Lender its agent to, at any time, demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, either in the name of Mortgagor or in the name of Lender, for all such Rents and Proceeds.

4.02 Assignment of Property Agreements.

Mortgagor sells, assigns, transfers, sets over, and delivers to Lender, all of Mortgagor's right, title and interest in and to any and all Property Agreements. The foregoing assignment encompasses the right of Mortgagor to (a) terminate any of the Property Agreements, (b) perform or compel performance and otherwise exercise all remedies under the Property Agreements, and (c) collect and receive all sums which may become due Mortgagor or which Mortgagor may now or shall hereafter become entitled to demand or claim, under the Property Agreements.

4.03 Revocable License.

So long as there is no Event of Default, Mortgagor shall have a license to collect all Rents and Proceeds and all other sums which may become payable to Mortgagor under the Property Agreements. If there is an Event of Default, Lender shall have the right, on written notice to Mortgagor, to terminate and revoke such

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license and shall have the right and authority then or thereafter to exercise and enforce any and all of its rights and remedies provided in Section 4.01 and Section 4.02 or by law or at equity.

4.04 Non-Responsibility.

Lender's acceptance of the assignments in Section 4.01 and Section 4.02 and all the rights, powers, privileges and authority so granted shall not obligate Lender to assume any obligations in respect of the Rents and Proceeds or under the Property Agreements or take any action thereunder or to expend any money or incur any expense or perform or discharge any obligation, duty or liability in respect of the Rents and Proceeds or under the Property Agreements or to assume any obligation or responsibility for the nonperformance of the provisions thereof by Mortgagor.

ARTICLE V. SECURITY AGREEMENT AND FIXTURE FILING

5.01 Fixture Filing.

This Security Instrument constitutes a fixture filing with respect to all Fixtures included in the Property, and a financing statement which covers crops, equipment and as-extracted collateral, within the meaning of those terms under Article 9 of the Uniform Commercial Code.

Because this Security Instrument also constitutes a UCC financing statement and fixture filing, the following information is included herein, and Mortgagor represents and warrants the truth and accuracy thereof:

- (a) The name of the Debtor is Basic American, Inc., a Delaware corporation. The name provided as the name of the debtor is the name of an organization.
- (b) The mailing address of the Debtor is 2999 Oak Road, Suite 800 Walnut Creek, California 94597.
- (c) The type of organization of Debtor is a corporation.
- (d) The jurisdiction of organization of Debtor is Delaware.
- (e) The organizational identification number, if any, of each Debtor is 2105860.
- (f) The name of Secured Party is THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation.
- (g) The mailing address of Secured Party is c/o PGIM Real Estate Loan Services, Inc., 2100 Ross Avenue, Suite 2500, Dallas, Texas 75201, referencing Loan No. 717612300.
- (h) This financing statement covers the following collateral and is filed both as a financing statement and as a fixture filing. The real and personal property, including crops, equipment, as-extracted collateral, goods, including goods which are or are to become fixtures, fixtures, and all other rights and interests of Debtor in the Property more particularly described herein, which relate to the real property more particularly described on Exhibit A attached hereto and made a part hereof. If the Debtors do not have an interest of record in the real estate, the name of the record owner is provided on Exhibit B.
- (i) This financing statement is to be recorded in the real estate records.

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(j) The address of Debtor's chief executive office and principal place of business is 2999 Oak Road, Suite 800 Walnut Creek, California 94597, and the location of Mortgagor under the UCC is Delaware, its state of organization.

5.02 Grant of Security Interest.

This Security Instrument will be filed for record in the real property records of the county in which the Land is located and constitutes a security agreement pursuant to the Uniform Commercial Code with respect to:

(a) Any of the Property which, under applicable law, is not real property or effectively made part of the real property by the provisions of this Security Instrument; and

(b) Any and all other property now or hereafter described on any Uniform Commercial Code Financing Statement naming Mortgagor as Debtor and Lender as Secured Party (including this Security Instrument to the extent it constitutes a fixture filing and a financing statement which covers crops, equipment and as-extracted collateral) and affecting property in any way connected with the use and enjoyment of the Property (any and all such other property constituting "Property" for purposes of this Security Instrument), including, but not limited to, Fixtures, crops, equipment and as-extracted collateral.

Mortgagor grants Lender a security interest in all property described in clauses (a) and (b) above as security for the Secured Obligations.

5.03 [Reserved].

5.04 Further Action; UCC Filing.

Mortgagor agrees to execute and deliver and take all other necessary action on demand, and irrevocably constitutes and appoints Lender the attorney-in-fact of Mortgagor to execute, deliver and take such action and, if appropriate, file with the appropriate filing officer or office such instruments as Lender may request or require to (a) impose, perfect or continue the perfection of the lien or security interest created by this Security Instrument and the rights of Lender under the Loan Documents, (b) protect the lawful owner of the Loan Documents, (c) correct any error or omission in the Loan Documents, and (d) effect the intent of the Loan Documents, all at Mortgagor's expense. Mortgagor authorizes Lender to file all documents Lender regards as necessary or desirable to evidence or perfect the security interests granted by this Security Instrument and to continue or amend the same; and in the case of a financing statement filed as a fixture filing or indicating Property that is as-extracted collateral or crops, a sufficient description of the real property to which the Property relates and, if Mortgagor does not have an interest of record in the real property, provide the name of the record owner.

ARTICLE VI. REMEDIES

6.01 Remedies.

If there exists an Event of Default, Lender may at any time declare all of the Indebtedness to be due and payable without any further presentment, demand, protest or notice of any kind. Lender, in its sole discretion, may also do any of the following: (i) Lender may, in person or by agent, and without notice to Mortgagor, enter upon and take possession of the Property, in its own name, and exercise all rights and powers of Mortgagor with respect to the Property, either in the name of Mortgagor or Lender, and do any act which Lender deems necessary to preserve the value or marketability of the Property. (ii) Lender may

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sue for or otherwise collect the Rents and Proceeds, and apply them, less Costs incurred in their collection, against the Secured Obligations, all in such order as Lender may determine. (iii) Lender may appear in and defend any action or proceeding purporting to affect, in any manner whatsoever, the Secured Obligations, the security hereof or the rights or powers of Lender. (iv) Lender may pay, purchase or compromise any encumbrance, charge or lien (other than Permitted Exceptions) that in the judgment of Lender is prior or superior to this Security Instrument. (v) Lender may commence an action to foreclose this Security Instrument in any manner provided hereunder or by law. (vi) With respect to any personal property, Lender may proceed as to both the real and personal property in accordance with Lender's rights and remedies in respect of the Land, or proceed to sell said personal property separately and without regard to the Land. (vii) Lender may seek specific performance of any provisions in the Loan Documents. (viii) Lender may sue for and recover judgment on the Note either before, during or after any proceedings for the enforcement of the Loan Documents and without any requirement of any action being taken to realize on the Property or otherwise enforce the Loan Documents. (ix) Lender may exercise any other right or remedy available at law or in equity under this Security Instrument, the other Loan Documents or any applicable law. In exercising any of the foregoing, Lender may pay necessary Costs. All remedies of Lender in this Security Instrument are cumulative and in addition to any and all other rights and remedies provided in the other Loan Documents or by law, including any right of offset. The exercise of any right or remedy by Lender shall not cure or waive any Event of Default, or invalidate any act done pursuant to any notice of Default, or prejudice Lender in the exercise of any of its other rights under the Loan Documents.

6.02 Appointment of Receiver.

In addition to the rights and remedies provided under this Security Instrument, if there exists an Event of Default, as a matter of strict right and without notice to Borrower or anyone claiming under Mortgagor, and without regard to the then value, adequacy or condition of the Property, the danger of loss, removal, or material injury to the Property, or the solvency of any Loan Party, or the condition of the Property, Lender may apply *ex parte* to any court having jurisdiction to appoint a Receiver without bond to enter upon and take possession of the Property. Mortgagor waives notice of any application for the appointment of a Receiver, provided a hearing to confirm such appointment with notice to Mortgagor is set within the time required by law. Mortgagor hereby agrees that Lender has a special interest in the Property and absent the appointment of such Receiver the Property shall suffer waste and deterioration, and Mortgagor agrees it shall not contest the appointment of a Receiver and hereby so stipulates to such appointment pursuant to this Section. Any such Receiver shall have all the powers and duties of receivers in like or similar cases and all the powers and duties of Lender in case of entry as provided herein. Unless earlier terminated, the receivership shall continue until the date of confirmation of a foreclosure sale.

6.03 UCC Remedies.

In addition to the rights and remedies provided under this Security Instrument, during an Event of Default, Lender may exercise all rights and remedies of a secured party under the Uniform Commercial Code as to any Property that is personal property and shall have (i) the right to cause any of the Property which is personal property to be sold at any one or more public or private sales as permitted by applicable law and to apply the proceeds thereof to the Indebtedness or the satisfaction of any of the Secured Obligations, and (ii) the right to apply any Property which is cash, negotiable documents or chattel paper to the Indebtedness or to the satisfaction of any of the Secured Obligations. Any such disposition may be conducted by an employee or agent of Lender. Any person, including both Mortgagor and Lender, shall be eligible to purchase any part or all of such personal property at any such disposition.

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6.04 Advances.

If Mortgagor fails to perform or comply with any term in the Loan Documents or any other agreement, then Lender in its sole discretion: (a) may make any payment hereunder or thereunder payable by Mortgagor, and take out, pay for and maintain any of the insurance policies provided for herein or therein; and/or (b) during an Event of Default, perform any such other act to be performed by Mortgagor and enter the Property for such purpose. No payment or performance by Lender shall be deemed to have cured any Default or Event of Default.

6.05 Lender's Rights; No Waiver by Lender.

The rights, powers and remedies of Lender under this Security Instrument are in addition to all rights, powers and remedies given to Lender under the other Loan Documents and applicable statute or rule of law, including, but not limited to, the Uniform Commercial Code. All such rights, powers and remedies are cumulative and may be exercised successively or concurrently in Lender's sole discretion without impairing Lender's security interest, rights or other available remedies. Any forbearance, failure or delay by Lender in exercising any right, power or remedy shall not preclude further exercise thereof, and every right, power or remedy of Lender shall continue in full force and effect until such right, power or remedy is specifically waived in a writing executed by Lender. Mortgagor waives any right to require the Lender to proceed against any other person or to exhaust all or any part of the Property or to pursue any remedy in Lender's power.

6.06 No Mortgagee in Possession.

Neither the assignments in Section 4.01 or Section 4.02 or Lender's exercise of any of its rights or remedies under this Security Instrument shall be deemed to make Lender a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Property or the use, occupancy, enjoyment or operation of all or any part thereof, unless and until Lender, in person or by its own agent, assumes actual possession thereof, nor shall appointment of a Receiver for the Property by any court at the request of Lender or by agreement with Mortgagor or the entering into possession of the Property by such Receiver be deemed to make Lender a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Property or the use, occupancy, enjoyment or operation thereof.

6.07 Foreclosure Sale.

To the full extent allowed by law, Mortgagor waives its right, if any, to require that the Property be sold as separate lots, parcels or items, and Lender shall have the right, in its sole and absolute discretion, to cause the Property to be sold either as a whole or in separate lots or parcels or items as Lender shall determine, and in such order as Lender may determine, and if Lender elects more than one sale or other disposition of the Property, Lender at its option may cause the sales to be conducted simultaneously or successively, on the same day or at different days or times and in such order as Lender may deem to be in its best interests, and no such sale shall terminate or otherwise affect the lien or security interest of this Security Instrument on any part of the Property not then sold until all the Indebtedness has been paid. If Lender elects to dispose of the Property through more than one sale, Mortgagor shall pay the Costs incurred with each such sale and proceeding. At any such sale, Lender may acquire the Property and, in lieu of paying cash, may pay by crediting against the Secured Obligations the amount of its bid, after deducting therefrom any sums which Lender is authorized to deduct under the provisions of the Loan Documents.

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6.08 Waiver of Order of Sale and Marshaling.

Lender shall have the right to determine the order in which any or all portions of the Secured Obligations are satisfied from the proceeds realized upon the exercise of any of the remedies provided herein. To the fullest extent permitted by law, Borrower, any party who consents to this Security Instrument, and any party who now or hereafter acquires an interest in the Property and who has actual or constructive notice hereof, waives any and all right to require marshaling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein, or to direct the order in which any of the Property will be sold in the event of any sale under this Security Instrument.

6.09 [Reserved].

6.10 Costs.

All Costs incurred by Lender in the exercise of any right or remedy under this Security Instrument: (i) shall be immediately due and payable on demand; (ii) shall accrue interest under the Note from the date of expenditure by Lender; and (iii) shall be added to the Indebtedness and secured by the other Loan Documents prior to any right, title or interest in or claim upon the Property attaching or accruing subsequent to the lien of this Security Instrument. This Section 6.10 shall apply whether or not the sum was expended or the cost or expense incurred while there is an Event of Default.

6.11 Expenses.

Expenses of retaking, holding, preparing for sale, selling or the like pertaining to the Property shall be borne by Mortgagor and shall include Lender's Attorney Fees. Mortgagor, upon demand of Lender, shall assemble the Property and make it available to Lender at the Property, a place which is deemed to be reasonably convenient to Lender and Mortgagor. Lender shall give Mortgagor at least ten (10) days prior written notice of the time and place of any public sale or other disposition of the Property or of the time after which any private sale or any other intended disposition is to be made. Any such notice sent to Mortgagor in the manner provided for the mailing of notices herein is deemed to be reasonable notice to Mortgagor.

6.12 Expenses during Redemption Period.

The purchaser at any foreclosure sale hereunder may, during any redemption period under applicable law, make such repairs and take such actions on the Property as may be reasonably necessary for the proper operation, care, preservation, protection and insurance of the Property. All sums expended by the purchaser in the exercise of any such right or remedy and all reasonable costs and actual out-of-pocket expenses so incurred, together with interest thereon as provided in the Loan Agreement from the date of expenditure are Costs and shall be added to the amount required to be paid for the redemption from such sale.

6.13 Additional Provisions as to Remedies.

No recovery of any judgment by Lender and no levy of an execution upon the Property or any other property of Mortgagor shall affect the lien and security interest created by this Security Instrument and such liens, rights, powers, and remedies shall continue unimpaired as before. Lender may resort to any security given by this Security Instrument or any other security now given or hereafter existing to secure the Indebtedness, in whole or in part, in such portions and in such order as Lender may deem advisable, and no such action shall be construed as a waiver of any of the liens, rights, or benefits granted hereunder. If Lender has started enforcement of any right by foreclosure, sale, entry, or otherwise and such proceeding shall be discontinued,

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abandoned, or determined adversely for any reason, then Mortgagor and Lender shall be restored to their former positions and rights under the Loan Documents with respect to the Property, subject to the lien and security interest hereof.

6.14 Waiver of Rights and Defenses.

To the fullest extent Mortgagor may do so under applicable law, Mortgagor (a) will not at any time insist on, plead, claim, or take the benefit of any statute or rule of law now or later enacted providing for any appraisal, valuation, stay, extension, moratorium, redemption, rescission, or any statute of limitations; (b) for itself, its successors and assigns, and for any person ever claiming an interest in the Property (other than Lender), waives and releases all rights of redemption, reinstatement, valuation, appraisal, rescission, set-off, notice of intention to mature or declare due the whole of the Indebtedness, in the event of foreclosure of the liens and security interests created under the Loan Documents, and all rights relating to homestead, dower, curtesy, or other similar exemptions; (c) shall not be relieved of its obligation to pay the Indebtedness as required in the Loan Documents nor shall the lien or priority of the Loan Documents be impaired by any agreement renewing, extending, or modifying the time of payment or the provisions of the Loan Documents (including a modification of any interest rate), unless expressly released, discharged, or modified by such agreement. Regardless of consideration and without any notice to or consent by the holder of any subordinate lien, security interest, encumbrance, right, title, or interest in or to the Property, Lender may (i) release any person liable for payment of the Indebtedness or any portion thereof or any part of the security held for the Indebtedness or (ii) modify any of the provisions of the Loan Documents without impairing or affecting the Loan Documents or the lien, security interest, or the priority of the modified Loan Documents as security for the Indebtedness over any such subordinate lien, security interest, encumbrance, right, title, or interest.

6.15 Abandonment of Personal Property.

Any personal property remaining upon the Property after the Property has been possessed or occupied by Lender following foreclosure of this Security Instrument or any deed in lieu of foreclosure shall be conclusively presumed to have been abandoned by Mortgagor or any other former owner thereof. Lender shall in no way incur any liability or obligation to Mortgagor or any former owner of said personal property by reason of any action which Lender in its sole discretion chooses to take with respect to said personal property. In no event shall Lender be required to take any affirmative action in preserving, protecting or otherwise overseeing the deployment or storage of said personal property, nor shall Lender incur any liability to Mortgagor or any former owner of said personal property because of failure to take such affirmative action with respect thereto.

ARTICLE VII. [RESERVED]

ARTICLE VIII. ADDITIONAL TERMS

8.01 General Provisions

(a) No Waiver. No failure or delay by Lender to insist upon strict, full and complete payment when due of any portion of the Indebtedness, or to insist upon the performance of any Secured Obligation when due, or to exercise any right or remedy hereunder shall constitute a waiver of any such failure to pay,

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or waiver of the breach of any such Secured Obligation, or a waiver of the later exercise of such right or remedy.

(b) Notices. All notices or other written communications hereunder between Mortgagor and Lender shall be given as provided in the Loan Agreement.

(c) Joinder of Foreclosure. Should Lender hold any other or additional security for the performance of the Secured Obligations, its sale or foreclosure upon any Event of Default, in Lender's sole discretion, may be prior to, subsequent to, or joined or otherwise contemporaneous with any sale or foreclosure under this Security Instrument.

(d) Governing Law. The provisions of this Security Instrument regarding the creation, validity, perfection, and enforcement, including, without limitation, foreclosure of the liens and security interests herein granted, shall be governed by and construed under the requirements of the laws of the State in which the Land is located. All other provisions of this Security Instrument and the rights and obligations of Mortgagor and Lender hereunder, shall be governed by, and shall be construed and enforced in accordance with, the requirements of the laws of the State of New York without regard to its conflict of laws rules (other than Sections 5-1401 and 5-1402 of the New York General Obligations Law).

(e) Subordination. At Lender's option evidenced by Lender's unilateral declaration to this effect, this Security Instrument may be foreclosed subject to any or all Property Agreements or Leases and to any and all contracts of sale; provided that the lien and security interest of this Security Instrument and Lender's rights to any proceeds and Net Proceeds for any Casualty or Taking shall remain prior.

(f) Waiver of Right to Trial by Jury. Mortgagor waives, to the fullest extent allowed by law, the right to a jury trial in any action under or relating to the Loan Documents, all as provided in the Loan Agreement.

(g) Successors and Assigns. This Security Instrument applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns.

(h) Execution in Counterparts. This Security Instrument may be executed in any number of counterparts, each of which shall be effective upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, for the same effect as if all parties hereto had signed the same signature page. Any signature page of this Security Instrument may be detached from any counterpart of this Security Instrument without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Security Instrument identical in form hereto but having attached to it one or more additional signature pages.

(i) Defense of Title and Rights under Loan Documents. Mortgagor shall forever warrant, defend and preserve Mortgagor's title to the Property, the validity, enforceability and priority of this Security Instrument and the other Loan Documents and the lien or security interest created thereby, and any rights of Lender under the Loan Documents against the claims of all persons, and shall promptly notify Lender of any such claims. Lender is authorized and empowered (but shall not be obligated) to take such additional steps as it may deem necessary or proper for the defense of any such proceeding or the protection of the lien, security interest, validity, enforceability, or priority of the Loan Documents, title to or value of the Property, or any rights of Lender under the Loan Documents. Mortgagor authorizes Lender to take any actions required to be taken by Mortgagor, or permitted to be taken by Lender, in the Loan Documents in the name and on behalf of Mortgagor. Lender, without notice to or demand upon Mortgagor, and without waiving or releasing any Secured Obligations or any Default of Event of Default, may (but shall not be

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obligated to) make such payment or perform such act for the account and at the expense of Mortgagor, and Mortgagor shall reimburse Lender on demand for all expenses (including attorney fees and costs of recovery) incurred by it in connection with the foregoing. All such expenses of Lender, until reimbursed by Mortgagor, shall be part of the Secured Obligations, bear interest from the date of demand at the Default Rate, and shall be secured by this Security Instrument.

(j) [Reserved].

(k) Riders. Any Riders and/or Exhibits attached hereto are hereby incorporated into and made a part of this Security Instrument.

8.02 Priority. The priority of solely the security interest granted herein in the portions of the Property described in clauses (b) and (m) of the definition thereof, shall be as provided by, and subject to, the terms and conditions of the Intercreditor Agreement.

ARTICLE IX. STATE-SPECIFIC PROVISIONS

9.01 In the event of any inconsistencies between the terms and conditions of this Article IX and the other terms and conditions of this Security Instrument, the terms and conditions of this Article IX shall control and be binding.

(a) Notwithstanding anything to the contrary contained herein or in the other Loan Documents, none of Mortgagor's obligations under or pursuant to the Indemnity Agreement shall be secured by this Security Instrument.

(b) Notwithstanding anything to the contrary contained herein, the definition of "Loan Documents" as used in this Security Instrument shall exclude the Indemnity Agreement.

(c) This Security Instrument, as a financing statement, covers goods that are or are to become fixtures to the real property described herein. It is intended that, as to those goods and the proceeds thereof, this Security Instrument shall be effective as a financing statement recorded as a fixture filing from the date of its recording in the real property records of the county in which the Property is located. Until the lien of this Security Instrument is released or satisfied of record, Borrower hereby authorizes Lender to file and/or record any financing statements, amendments or other instruments which Lender from time to time may reasonably require to perfect, continue or enforce the security interest of Lender hereunder or the priority thereof. On demand, Mortgagor will promptly pay all costs and expenses of filing such instruments and all costs and expenses of any searches reasonably required by Lender.

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EXHIBIT A
(Legal Description of the Land)

The Land is located in Fremont County, Idaho, and is legally described as follows:

PARCEL 1: PARCEL NO: RP07N40E282400
 RP07N40E285250
 RP07N40E287050

TOWNSHIP 7 NORTH, RANGE 40 EAST OF BOISE MERIDIAN, FREMONT COUNTY, IDAHO, SECTION 28: NW $\frac{1}{4}$ AND S $\frac{1}{4}$

EXCEPTING THEREFROM: BEGINNING AT A POINT 1265 FEET SOUTH OF THE NORTHEAST CORNER OF THE SE $\frac{1}{4}$ OF SAID SECTION AND RUNNING THENCE WEST 241 FEET; THENCE NORTH 200 FEET; THENCE EAST 241 FEET; THENCE SOUTH 200 FEET TO THE POINT OF BEGINNING.

PARCEL 2: PARCEL NO: RP07N40E275550

TOWNSHIP 7 NORTH, RANGE 40 EAST OF BOISE MERIDIAN, FREMONT COUNTY, IDAHO, SECTION 27: W $\frac{1}{2}$ SW $\frac{1}{4}$

PARCEL 3: PARCEL NO: RP07N40E289000

TOWNSHIP 7 NORTH, RANGE 40 EAST OF BOISE MERIDIAN, FREMONT COUNTY, IDAHO, SECTION 28: BEGINNING AT A POINT 1265 FEET SOUTH OF THE NORTHEAST CORNER OF THE SE $\frac{1}{4}$ OF SAID SECTION AND RUNNING THENCE WEST 241 FEET; THENCE NORTH 200 FEET; THENCE EAST 241 FEET; THENCE SOUTH 200 FEET TO THE POINT OF BEGINNING.

EXHIBIT C
(Schedule of Water Rights)

Water Right 22-11443: Groundwater, Domestic 0.04 CFS, Priority Date: 11/19/1987

Water Right 22-7737: Groundwater, Irrigation 5.6 CFS, Priority Date: 6/5/1992

Water Right 22-13806: Groundwater, domestic, commercial, stock water 0.38 CFS/107.8 AFA, Priority Date: 6/30/1945

Water Right 22-13807: Groundwater, stock water 0.15 CFS/53.6 AFA, Priority Date: 6/30/1956

Water Right 22-2204: Groundwater, Industrial, 2.66 CFS/1925.8 AFA, Priority Date: 3/30/1961

Water Right 22-7391: Groundwater, Industrial, 0.64 CFS/463.3 AFA, Priority Date: 2/23/1982

Water Right 22-10008: Groundwater, Domestic 0.04 CFS, Priority Date: 10/24/1977