

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

RECEIVED

JUN 15 2026

DEPT. OF WATER RESOURCES
EASTERN REGION

Notice of Security Interest in a Water Right

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

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

1. Water Right No(s): 31-4000-A and 31-4000-B
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 Bank of Commerce
c/o Western AgCredit
10980 South Jordan Gateway
P.O. Box 95850
South Jordan, UT 84095-0850.

4. Name of Water Right Owner/Claimant(s):
BALL FARMS LIMITED PARTNERSHIP, an Idaho Limited Partnership
5. Expiration Date of Notification Period: June 1, 2056

6. Is this a Renewal of Request for Notification () YES (X) NO

The Bank of Commerce
By: Western AgCredit, FLCA, Servicing Agent

7. Signature(s) (and title if applicable): By: Cindy Angell
Cindy Angell
VP Loan Documentation Manager

For Office Use Only

Received by _____ Date 6-15-26 Fee 50.00
Receipted by M. Pettit Date 6-15-26 Receipt No. E051717
Processed by _____ Date _____ WR _____ Date _____

Current WR owner Hamer Land LLC Ownership Change needs to be filed

SUPPORT DATA
IN FILE # 31-4000A

Instrument # 499521

RIGBY, JEFFERSON, IDAHO
06-05-2026 04:44:35 PM No. of Pages: 18
Recorded for: FLYING S TITLE AND ESCROW - RIGBY
COLLEEN C POOLE Fee: \$45.00
Ex-Officio Recorder Deputy: MH
Index To: MORTGAGE
Electronically Recorded by Simplifile

Recording Requested by:

WHEN RECORDED MAIL TO:

The Bank of Commerce
1730 West Broadway
P.O. Box 1887
Idaho Falls, Idaho 83403

fs+c 3004174-172

Space Above This Line For Recorder's Use

Loan Number: 6002706851

REAL ESTATE MORTGAGE

THIS MORTGAGE is made this 19th day of May, 2026, between BALL FARMS LIMITED PARTNERSHIP, an Idaho Limited Partnership hereinafter called "Mortgagor", and The Bank of Commerce hereinafter called "Mortgagee", having its principal place of business in Idaho Falls, Idaho.

WITNESSETH: That Mortgagor IRREVOCABLY GRANTS, BARGAINS, SELLS, CONVEYS AND ASSIGNS unto Mortgagee together with right of entry and possession the following described real property (the "Real Property") situated in the County of Jefferson, State of Idaho, described in Exhibit "A" attached hereto and made a part hereof.

TOGETHER WITH: all buildings, structures, equipment, fixtures (including trees, vines and shrubs), additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter erected or located on the Real Property of every kind and description now or hereafter constructed or placed thereon ("Improvements"); all standing timber and timber to be cut located thereon; all existing and future water rights, however evidenced, including irrigation and watering equipment and systems, ditches, laterals, conduits, and rights-of-way used to convey such water or to drain the above-described property, all of which rights are hereby made appurtenant to the property, and all pumping plants, electrical generators, wind machines, and fencing and storage tanks, now or hereafter used in connection with the property, all of which are hereby declared to be Fixtures (defined below); and all other rights, royalties, and profits relating to the Real Property, including without limitation all minerals, oil, gas, geothermal, and similar matters; all additional lands, estates and development rights hereafter acquired by Mortgagor for use in connection with the Real Property and the development of the Real Property and all additional lands and estates therein which may, from time to time, by modification, supplemental mortgage or otherwise be expressly made subject to the lien of this Mortgage; all easements, rights-of-way or use, rights, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and development rights, and all estates, rights, titles, interests, privileges, liberties, servitudes, tenements, hereditaments and appurtenances of any nature whatsoever, in any way now or hereafter belonging, relating or pertaining to the Real Property and the Improvements and the reversion and reversions, remainder and remainders, and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Real Property, to the center line thereof and all the estates, rights, titles, interests, dower and rights of dower, curtesy and rights of curtesy, property, possession, claim and demand whatsoever, both at law and in equity, of Mortgagor of, in and to the Real Property and the Improvements and every part and parcel thereof, with the appurtenances thereto; all property including equipment, fixtures, and other articles of personal property now or hereafter owned by Mortgagor, and now or hereafter attached or affixed to the Real Property, together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums)

E-RECORDED

simplifile

ID: 499521
County: Jefferson
Date: 6-5-26 Time: 4:44 pm

Recording Requested by:

WHEN RECORDED MAIL TO:

The Bank of Commerce
1730 West Broadway
P.O. Box 1887
Idaho Falls, Idaho 83403FS+C 3004174-172

Space Above This Line For Recorder's Use

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TOGETHER WITH: all buildings, structures, equipment, fixtures (including trees, vines and shrubs), additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter erected or located on the Real Property of every kind and description now or hereafter constructed or placed thereon ("**Improvements**"); all standing timber and timber to be cut located thereon; all existing and future water rights, however evidenced, including irrigation and watering equipment and systems, ditches, laterals, conduits, and rights-of-way used to convey such water or to drain the above-described property, all of which rights are hereby made appurtenant to the property, and all pumping plants, electrical generators, wind machines, and fencing and storage tanks, now or hereafter used in connection with the property, all of which are hereby declared to be Fixtures (defined below); and all other rights, royalties, and profits relating to the Real Property, including without limitation all minerals, oil, gas, geothermal, and similar matters; all additional lands, estates and development rights hereafter acquired by Mortgagor for use in connection with the Real Property and the development of the Real Property and all additional lands and estates therein which may, from time to time, by modification, supplemental mortgage or otherwise be expressly made subject to the lien of this Mortgage; all easements, rights-of-way or use, rights, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and development rights, and all estates, rights, titles, interests, privileges, liberties, servitudes, tenements, hereditaments and appurtenances of any nature whatsoever, in any way now or hereafter belonging, relating or pertaining to the Real Property and the Improvements and the reversion and reversions, remainder and remainders, and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Real Property, to the center line thereof and all the estates, rights, titles, interests, dower and rights of dower, curtesy and rights of curtesy, property, possession, claim and demand whatsoever, both at law and in equity, of Mortgagor of, in and to the Real Property and the Improvements and every part and parcel thereof, with the appurtenances thereto; all property including equipment, fixtures, and other articles of personal property now or hereafter owned by Mortgagor, and now or hereafter attached or affixed to the Real Property, together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums)

from any sale or other disposition of the Property (collectively, the "**Fixtures**"); fixtures; all existing and future grazing rights, leases, permits and licenses; all minerals, oil and gas, and other hydrocarbon substances in, on or under the Real Property, and all oil, gas, and mineral leases, permits and rights used with the property; all right, title, interest, and privileges of Mortgagor in and to all streets, roads, and alleys used in connection with or pertaining to such Real Property; all tenements, hereditaments, easements, rights-of-way and appurtenances to the property, and all licenses and permits related to the Property; all development rights or credits relating to the Property; all air rights; and all interest or estate which Mortgagor now has or may hereafter acquire in the Property; and all right, title, and interest at any time of Mortgagor (or any of its bailees, agents, or instrumentalities), whether now existing or hereafter arising or acquired, whether direct or indirect, whether owned legally, of record, equitably or beneficially, whether constituting real or personal property (or subject to any other characterizations), whether created or authorized under existing or future laws or regulations, and however arising in, including without limitation, the water, water rights and other assets and items described below in subparagraphs (a) through (h) which shall collectively be called "**Water Assets**" (hereafter collectively referred to as the "**Property**"). References to "**Water**" and "**Water Rights**" are used herein in the broadest and most comprehensive sense of the term(s). Without limiting the generality of the foregoing, a description of some Water Assets may also be included with the description of the Property set forth above or in an exhibit hereto. The term "**Water**" includes water rights and right to water or whatever rights to money, proceeds, property or other benefits are exchanged or received for or on account of any Water Assets or any conservation or other nonuse of water, including whatever rights are achieved by depositing one's shares of any Water Assets in any water bank or with any water authority, or any other water reallocation rights:

a. All water (including any water inventory in storage), water rights and entitlements, other rights to water and other rights to receive water or water rights of every kind or nature whatsoever including (i) the groundwater on, under, pumped from or otherwise available to the Property, whether as the result of groundwater rights, contractual rights or otherwise, (ii) Mortgagor's right to remove and extract any such groundwater including any permits, rights or licenses granted by any governmental authority or agency or any rights granted or created by any use, easements, covenant, agreement or contract with any person or entity, (iii) any rights to which the Property is entitled with respect to surface water, whether such right is appropriative, riparian, prescriptive, decreed or otherwise and whether or not pursuant to permit or other governmental authorization, or the right to store any such water, (iv) any water, water right, water allocation, distribution right, delivery right, water storage right, or other water-related entitlement appurtenant or otherwise applicable to the Property by virtue of the Property being situated within the boundaries of any district, agency, or other governmental entity or within the boundaries of any private water company, mutual water company, or other non-governmental entity; and (v) all water and existing and future water rights, however evidenced, to the use of water for irrigation, livestock and domestic purposes, including irrigation and watering equipment and systems, ditches, laterals, conduits, and rights-of-way used to convey such water or to drain the Property, all of which rights are or are hereby made appurtenant to the Property;

b. All stock, interest or rights (including any water allocations, voting or decision rights) in any entity, together with any and all rights from any entity or other person to acquire, receive, exchange, sell, lease, or otherwise transfer any water or other Water Assets, to store, deposit or otherwise create water credits in a water bank or similar or other arrangement for allocating water, to transport or deliver water, or otherwise to deal with any Water Asset;

c. All licenses, permits, approvals, contracts decrees, rights and interest to acquire or appropriate any water or other Water Assets, water bank or other credits evidencing any right to water or other Water Assets, to store, carry, transport or deliver water or other Water Assets, to sell, lease, exchange, or otherwise transfer any water or other Water Asset, or to change the point for diversion of water, the location of any water or Water Asset, the place of use of any water or Water Asset, or the purpose of the use of any water or Water Asset;

d. All rights, claims, causes of action, judgments, awards, and other judicial, arbiter or administrative relief in any way relating to any water or Water Asset;

e. All storage and treatment rights for any water or any other Water Asset, whether on or off the Property or other property of Mortgagor, together with all storage tanks, and other equipment used or usable in connection with such storage and any water bank deposit credits, deposit accounts or other rights arising on account of the storage or nonuse of any water or any water or any other Water Asset;

f. All rights to transport, carry, allocate or otherwise deliver water or other Water Assets by any means wherever located;

g. All guaranties, warranties, marketing, management or service contracts, indemnity agreements, and water right agreements, other water related contracts and water reallocation rights, all insurance policies regarding or relating to any Water Asset;

h. All rents, issues, profits, proceeds and other accounts, instruments, chattel paper, contract rights, general intangibles, deposit accounts, and other rights to payment arising from or on account of any use, nonuse, sale, lease, transfer or other disposition of any Water Asset.

Absolute Assignment of All Revenue From Water Assets - Mortgagor hereby absolutely and unconditionally assigns to Mortgagee all proceeds, rents, issues and profits from any use (apart from watering plants on the Property or other ordinary use on the Property), nonuse, sale, lease, transfer or disposition of any kind of any water or any other Water Asset subject to a lien in favor of Mortgagee. That assignment shall be perfected automatically without appointment of a receiver or Mortgagee becoming a mortgagee in possession and Mortgagee shall have the right, before or after the occurrence of any default or event of default, to notify any account debtor to pay all amounts owing with respect to those proceeds, rents, issues and profits directly to Mortgagee. Except as otherwise agreed in writing by Mortgagee, Mortgagee may apply any such collection (and any rents, issues, profits and proceeds) to any indebtedness owed to Mortgagee in any order, priority or manner desired by Mortgagee.

ADDITIONS AND PROCEEDS. All additions, accretions substitutions and replacements of any of the Property; all proceeds of the Property, including all proceeds of present and future insurance policies; and all condemnation awards or payments now or later made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any misrepresentation, damage or injury to, or defect in, the Property.

WARRANTY OF TITLE; USE OF PROPERTY. Mortgagor warrants that it is the sole owner of good and marketable unencumbered fee simple title to the Property, subject only to those exceptions approved by Mortgagee in writing.

MORTGAGOR ABSOLUTELY AND UNCONDITIONALLY ASSIGNS, transfers, conveys and sets over to Mortgagee all the rents, royalties, issues, profits, revenue, income and other benefits of the Property arising from the use, non-use, enjoyment sale, transfer or other disposition of all or any portion thereof or from any lease, mineral lease, or agreement pertaining thereto (collectively the "Rents"); whether now existing or hereafter arising and whether now due, past due or to become due; SUBJECT, HOWEVER, to the right, power and authority given to and conferred upon Mortgagor as provided for herein.

PERSONAL PROPERTY SECURITY AGREEMENT: All of the Property will be considered to the fullest extent of the law to be real property for purposes of this Mortgage. To the extent that any of the Property, (including without limitation any Water Assets or Fixtures), is deemed to constitute, is adjudicated to be, or declared to be personal property, this Mortgage shall also be deemed to be a security agreement. Mortgagor does hereby create and grant to Mortgagee a security interest in all such personal property described herein; and further, grants to Mortgagee all of the rights and remedies of a secured party under the Uniform Commercial Code ("UCC") and other applicable state law, which rights are cumulative.

FIXTURE FILING: This Mortgage shall also be deemed to be a fixture filing under the Uniform Commercial Code and is to be recorded in the county real estate records.

FOR THE PURPOSE OF SECURING: (1) payment of the indebtedness or obligations evidenced by the following promissory note(s) and/or guaranties executed by Mortgagor and/or others to the Mortgagee at the times, in the manner and with interest as therein set forth (notes may contain variable or adjustable rate provisions):

[X] a Promissory Note or a Supplement to Master Loan Agreement with Loan No. 6002706851, in the stated principal amount of \$750,000.00.

The Indebtedness secured by this Mortgage may aggregate up to \$750,000.00; provided, however, in no event shall Mortgagee be obligated to advance funds in excess of the face amount of the Notes.

(2) The payment of such additional loans or advances, including advances under a revolving line of credit, with interest thereon, as hereafter may be made to Mortgagor, or Mortgagor's successors or assigns, and/or to parties whose obligation Mortgagor is guaranteeing, evidenced by a promissory note or otherwise and any obligations evidenced by any guaranties executed by Mortgagor in favor of Mortgagee; PROVIDED HOWEVER, THAT, such additional loans advances guaranty obligations shall be secured by this Mortgage only if the promissory note, guaranty, or other document evidencing such loans or advances shall recite that it is to be secured by this Mortgage; (3) the payment of any substitute notes, renewals, reamortizations, and extensions of all indebtedness secured by this Mortgage; (4) the performance of every obligation and agreement of Mortgagor whether contained or incorporated by reference in this Mortgage, or contained in any loan document or guaranty executed by Mortgagor in favor of Mortgagee, with respect to any loan, advance, or guaranty secured by this Mortgage; and (5) the payment of all sums expended or advanced by Mortgagee under or pursuant to the terms of this Mortgage, together with interest thereon as herein provided. The Notes referred to above are payable by Mortgagor and/or others to the Mortgagee at the times, in the manner and with interest as therein set forth. The Note and other documents evidencing the Indebtedness may contain variable or adjustable interest rate provisions and provisions evidencing revolving lines of credit. The continuing validity and priority of this Mortgage as security for future loans, advances, or guaranties shall not be impaired by the fact that at certain times hereafter there may exist no outstanding indebtedness from Mortgagor to Mortgagee or no commitment to make loans or advances.

A. TO PROTECT THE SECURITY OF THIS MORTGAGE, MORTGAGOR AGREES:

1. To use loan proceeds solely for the purposes set forth in the loan application(s) or agreements.
2. To keep the Property in good condition, working order and repair; care for the Property in accordance with standards of good husbandry and to keep all trees, vines and crops on said land properly cultivated, irrigated, fertilized, sprayed, and fumigated; not to remove, destroy or suffer the removal or destruction of any building, fence, canal, well or other improvements or fixtures thereon; not to remove, replace or alter any horticultural or viticultural tree, vine or shrub planted thereon without the prior written consent of Mortgagee, except in the ordinary course of business; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon; to comply with all laws, covenants and restrictions affecting the Property; not to commit or permit waste thereof; not to commit, suffer or permit any act upon the Property in violation of law; to do all other acts which from the character or use of the Property may be reasonably necessary, the specific enumerations herein not excluding the general; to observe and perform all obligations of Mortgagor under any lease of the Property.
3. To provide, maintain and deliver to Mortgagee fire and all other types of insurance of the type and in amounts as Mortgagee may require, with loss payable clauses solely in favor of Mortgagee, to provide evidence of such insurance to Mortgagee, and to comply with the requirements of any insurance companies providing such insurance; to keep the Property in good condition and repair; not to remove or demolish the Property or any part thereof, not to alter, restore or add to the Property and not to initiate or acquiesce in any change in any zoning or other land classification which affects the Property without Mortgagee's prior written consent; to complete or restore promptly and in good and workmanlike manner the Property, or any part thereof which may be damaged or destroyed, without regard to whether Mortgagee elects to require that insurance proceeds be used to reduce the Indebtedness as provided below; to comply with all material laws, ordinances, regulations and standards, and all covenants, conditions, restrictions and equitable servitudes, whether public or private, of every kind and character which affect the Property and pertain to acts committed or conditions existing thereon, including, without limitation, any work, alteration, improvement or demolition mandated by such laws, covenants or requirements; not to commit or permit waste of the Property; and to do all other acts which from the character or use of Property may be reasonably necessary to maintain and preserve its value. In the event of loss, the insurance proceeds, or any part thereof, may be applied by Mortgagee, at its option, to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged. In the event that the Mortgagor shall

fail to provide satisfactory hazard insurance, Mortgagee may procure, on Mortgagor's behalf, insurance in favor of Mortgagee alone. If insurance cannot be secured by Mortgagor to provide the required coverage, such inability shall constitute an Event of Default hereunder.

At least thirty (30) days prior to the expiration of any such policy of insurance, Mortgagor will deliver a policy renewing or extending such expiring insurance and written evidence demonstrating payment of the premium for such insurance. If any such policy and evidence of payment (or copies of same, if originals cannot be delivered to Mortgagee) are not so delivered to Mortgagee, without notice to or demand upon Mortgagor and without releasing Mortgagor from any obligation under this Mortgage, Mortgagee may (but is not obligated to), at Mortgagor's expense, obtain insurance in such types, on such terms and in such amounts as Mortgagee in its sole discretion shall decide, through or from any insurance agency or company acceptable to it. Any insurance obtained by Mortgagee shall be for its sole benefit and to protect the security of this Mortgage. The expense and cost of such insurance shall, at Mortgagee's sole option, be payable on demand or added to the Indebtedness as provided herein. Mortgagee shall not be chargeable with or responsible for the procurement or maintenance of any such insurance, the collection of any proceeds from such insurance, or the insolvency of any insurance company or underwriter.

4. To appear in and litigate any action or proceeding purporting to affect the security hereof, the title to the Property, or the rights or powers of Mortgagee; Mortgagee may appear in and litigate any such action or proceedings, including any bankruptcy, partition or condemnation proceeding, affecting the Property, or Mortgagee's interest therein, in which event Mortgagor agrees to pay all costs and expenses thereof, including attorney's fees and costs of securing evidence of title.
5. To pay on or before the due date all taxes, assessments, levies and charges affecting the Property, including all assessments upon water company stock and all rents, assessments and charges for water, appurtenant to or used in connection with the Property; to pay, when due, all encumbrances, charges, and liens, on the Property or any part thereof, which at any time appear to be prior or superior hereto, and to immediately discharge any lien not approved by Mortgagee in writing that has or may attain priority over this Mortgage.

Provided that the following provision applies only following the occurrence of an Event of Default, Mortgagor, shall, until all Indebtedness has been paid in full, pay to Mortgagee an amount estimated by Mortgagee to be equal to: (a) all taxes, assessments, levies and charges imposed by any public or quasi-public authority or utility company which are or may become a lien upon the Property and will become due for the tax year during which such payment is so directed; and (b) premiums for fire, hazard and insurance required or requested pursuant to the Note and other documents evidencing the Indebtedness when same are next due.

6. In case of any suit to foreclose this Mortgage or to collect any charge arising out of the debt hereby secured, or of any suit which the Mortgagee may deem necessary to prosecute or defend to effect or protect the lien herein, including any proceeding in bankruptcy, or if Mortgagee retains an attorney to advise Mortgagee in connection with this Mortgage or any other agreement related to the indebtedness secured by this Mortgage, Mortgagor agrees to pay a reasonable sum as attorney's fees and all costs and legal expenses in connection with said suit, and further agrees to pay the reasonable costs of searching the records and abstracting or insuring the title, and such sums, costs and expenses shall be secured hereby and shall be included in any decree of foreclosure. The fees and costs described herein and elsewhere in this Mortgage shall be in addition to those set forth in the loan agreement or any other written agreement between Mortgagor and Mortgagee.
7. Should Mortgagor fail to make any payment or to do any act as provided for in this Mortgage, then Mortgagee, but without obligation to do so and without notice to or demand upon Mortgagor and without releasing Mortgagor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the Property, Mortgagee being authorized to enter upon the Property for such purposes; commence, appear in and litigate any action or

proceeding purporting to affect the security hereof or the rights or powers of Mortgagee, including any bankruptcy proceeding affecting the Property; pay, purchase, contest, or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and in exercising any such powers, incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefore, including attorney's, accountant's, and appraisal fees, environmental fees, and costs of securing evidence of title, and all amounts so expended shall be obligations of Mortgagor secured by this Mortgage. Nothing contained herein shall prohibit Mortgagee or its agents from entering the Property, at a reasonable time and upon reasonable notice to Mortgagor, without incurring or assuming any obligations or liabilities whatsoever, for the sole purpose of inspecting the Property.

8. To pay immediately and without demand all sums expended by Mortgagee pursuant to the provisions hereof, with interest from date of expenditure at the same rate as is provided for in the note or notes secured by this Mortgage. In the event that such sums are not immediately paid, they shall be added, along with the appropriate amount of capital stock or participation certificates, to the principal balance of the indebtedness secured hereby and shall accrue interest as herein set forth. All such sums shall be secured hereby.

9. Environmental Representations, Warranties and Covenants.

(a) Except as disclosed in writing to Mortgagee, or except as otherwise provided in any loan agreement between Mortgagee and Mortgagor which specifically refers to the Property, to the best knowledge of Mortgagor after due inquiry, Mortgagor hereby further represents, warrants and covenants as follows:

(i) No pollutants, contaminants (including oil or other petroleum products), toxic or hazardous substances, or solid or hazardous wastes, as such terms are defined under any federal, state or local Environmental Law, regulation or ordinance (hereinafter "Contaminants") have been, are being or will be generated, manufactured, produced, stored, disposed of, discharged, released threatened to be released, or otherwise allowed to migrate or escape on, under or from the Property in such quantities or concentrations as would violate any federal, state or local Environmental Law, regulation or ordinance or as would require Mortgagor to report such condition to any governmental authority or to undertake removal or remedial action to clean up such contaminants;

(ii) No Contaminants are located on, in or under any property located adjacent to the Property in such quantities or concentrations as would constitute a violation of any Environmental Law or as would require the owner of the adjacent property to report such condition to any governmental authority or to undertake removal or remedial action to clean up such Contaminants;

(iii) Neither the Property, nor any portion thereof, nor any adjacent property or portion thereof, has been or is proposed to be listed under the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601, et seq.), or any analogous state law. Mortgagor shall immediately notify Mortgagee if Mortgagor acquires any information concerning the listing or proposed listing of the Property or any adjacent property and shall provide Mortgagee with any documents in Mortgagor's possession relative thereto;

(iv) No hazardous wastes, as defined under the Federal Resource Conservation and Recovery Act (42 U.S.C. Section 6901, et seq.), or any analogous state law ("Hazardous Wastes"), have been, are being or will be stored or treated in surface impoundments or other structures or facilities located on the Property that are partially or entirely below the ground surface;

(v) No litigation, investigation, administrative "Action" has previously been brought, is now pending, or to the best knowledge of Mortgagor threatened against or anticipated by Mortgagor, with respect to Mortgagor's use or management of Hazardous Materials or Hazardous Wastes

or the environmental condition of the Property, including any underlying groundwater. Upon learning thereof, Mortgagor shall immediately notify Mortgagee of any such Action or threatened Action and provide Mortgagee with copies of all documentation relative thereto; and

(vi) Except as disclosed in writing to Mortgagee, no underground tanks, wells (except domestic water wells), septic tanks, ponds, pits or any other storage tanks ("Tanks") (whether currently in use or abandoned) are or were located on or under the Property and no Tanks are or were serving the Property described herein. With respect to any Tanks disclosed in writing to Mortgagee, Mortgagor shall comply with all federal, state and local laws, regulations and ordinances and any requirements of city or county fire departments, applicable to the maintenance and use of such Tanks, including, without limitation, Title 40 of the Code of Federal Regulations Part 112.

(b) Nothing herein shall be deemed to prohibit Mortgagor from (i) using, handling or storing hazardous materials or substances, as defined under any federal, state or local law, regulation or ordinance ("Hazardous Materials") or (ii) storing or treating non-hazardous wastes, so long as such activities are carried out (a) in a good and husbandlike manner in the ordinary course of business, and (b) in compliance with all applicable environmental laws, regulations, permits, orders or other requirements.

(c) In the event that Mortgagor is in breach of any of its representations, warranties or covenants as set forth above, Mortgagor, at its sole expense, shall take all action required, including environmental cleanup of the Property, to comply with the representations, warranties and covenants herein or applicable legal requirements and, in any event, shall take all action deemed necessary by appropriate governmental authorities. Mortgagee shall have the right, but not the obligation, to advise appropriate governmental authorities of any environmental condition on or affecting the Property that constitutes or may constitute a breach of Mortgagor's obligations hereunder.

(d) Mortgagor and its successors and assigns shall indemnify, defend, protect, and hold harmless Mortgagee, its directors, officers, employees, agents, shareholders, successors and assigns and their officers, employees or agents, from and against any and all claims, suits, damages, liens, losses, liabilities, interest, judgments, response and cleanup costs, demands, actions, causes of action, injuries, administrative proceedings and orders, consent agreements and orders, penalties, costs and expenses (including any fees and expenses incurred in enforcing this indemnity, any out-of-pocket litigation costs and the reasonable fees and expenses of counsel) of any kind whatsoever ("Claims") paid, incurred or suffered by, or asserted against Mortgagee, including but not limited to Claims arising out of loss of life, injury to persons, trespass or damages to or contamination of property or natural resources, or injury to business, in connection with or arising out of the activities of Mortgagor on the Property, Mortgagor's predecessors in interest, third parties who have been invited, permitted or trespassed on the Property, or parties in a contractual relationship with Mortgagor, or any of them, or which directly or indirectly arise out of or result from or in any way connected with the Property, whether or not caused by Mortgagor or within the control of Mortgagor, including without limitation: (i) the presence, use, generation, treatment, storage, disposal, release, threatened release, or discharge of any Hazardous Material or Contaminant at or from the Property and/or the cleanup of Hazardous Materials or Contaminants within, on or under the Property; (ii) Mortgagor's breach of any of the representations, warranties and covenants contained herein; and (iii) Mortgagor's violation or alleged violation of any applicable Environmental Law, regulation or ordinance.

(e) Mortgagor's representations, warranties, covenants and indemnities contained herein shall survive the occurrence of any event whatsoever, including without limitation the payoff of any promissory note(s) secured hereby, the release or foreclosure of this Mortgage, the acceptance by Mortgagee of a deed in lieu of foreclosure, or any transfer or abandonment of the Property.

(f) The term "Environmental Law" shall mean any federal, state or local law, statute, ordinance, or regulation, now in effect or hereinafter enacted, pertaining to health, industrial hygiene, or the

environmental conditions on, under or about the Property, including but not limited to enactments requiring the removal or containment of asbestos-containing materials in private buildings.

(g) Mortgagor shall permit, or cause any tenant of Mortgagor to permit, Mortgagee or its agents, or independent contractors to enter and inspect the Property at any reasonable time for purposes of determining, as Mortgagee deems necessary or desirable: (i) the existence, location and nature of any Hazardous Materials or Hazardous Wastes on, under or about the Property, (ii) the existence, location, nature, magnitude and spread of any Hazardous Materials or Hazardous Waste that has been spilled, disposed of, discharged or released on, under or about the Property, or (iii) whether or not Mortgagor and any tenant of Mortgagor is in compliance with applicable Environmental Law. If Mortgagor or its tenants fail to comply fully with the terms of this subdivision (g), Mortgagee may obtain affirmative injunctive relief to compel such compliance.

10. **Grazing Rights.** If any portion of the Property described in this Mortgage is used by Mortgagor as the basis for obtaining grazing permits or other grazing rights issued by any governmental agency, including without limitations the Forest Service, U.S. Department of Agriculture or the Bureau of Land Management, U.S. Department of Interior, Mortgagor covenants and agrees as follows:

(a) Said grazing permits or other rights are in good standing and have not been modified, reduced or limited in any other respect, except as fully disclosed in writing to Mortgagee;

(b) Mortgagor will perform all obligations imposed as a requirement of exercise of said grazing permits or other rights and will comply with all laws, rules and regulations applicable thereto;

(c) Mortgagor will take such timely action as may be required to cause the renewal or reissuance of said grazing permits or other rights from time to time as they expire during the term thereof. Mortgagor agrees and acknowledges that the failure to renew or cause the reissuance of any said permits for any reason, whether the result of an act or omission of Mortgagor or for reasons beyond Mortgagor's control, is an event of default hereunder and Mortgagee shall have the right to exercise the rights hereinafter set forth in this Mortgage; and

(d) Mortgagor agrees to pay all fees, charges, rents or other payments accruing under said permits or any renewals thereof prior to delinquency. In the event Mortgagor fails to pay any such payment, the amount unpaid shall become a part of the indebtedness secured by this Mortgage and shall be immediately due and payable.

11. **Water Transfers.** Mortgagor represents that Mortgagor is not in the business of transferring water and, therefore, any sale or transfer of any water or water rights is not a transfer of goods in the ordinary course of business. Mortgagor further agrees that in no event will any water or water rights be goods identified to a contract. Mortgagor hereby acknowledges that the availability of the water and the other Water Assets to the Property was a significant factor in Mortgagee's decision to extend credit to Mortgagor and any other persons obligated on the Indebtedness, and that any severance of water or water rights or any other Water Asset from the Property would materially harm the Property.

12. **Financial Information.** At Mortgagee's request, Mortgagor shall provide to Mortgagee financial information in a form acceptable to Mortgagee, including, when so required, a current balance sheet and profit and loss statement. In the case of multiple Mortgagors, financial information must be provided for each Mortgagor or otherwise as requested by Mortgagee. Financial information shall be provided at such times during the term of this Mortgage as Mortgagee may request.

B. IT IS MUTUALLY AGREED THAT:

1. Any award of damages in connection with any taking or condemnation or injury to the Property by reason of public use, or for damages resulting from private trespass or injury to the Property, is absolutely and unconditionally assigned and shall be paid to Mortgagee, under the terms and conditions of this Mortgage pertaining to Rents. Upon receipt of such money Mortgagee may apply the same on the indebtedness secured

hereby. Mortgagor agrees to execute such further documents as may be required to effect the assignments herein made as Mortgagee may require.

2. At Mortgagor's sole expense, Mortgagor shall protect, preserve and defend the Property and title to and right of possession of the Property, the security hereof and the rights and powers Mortgagee hereunder against all adverse claims. Mortgagor shall give Mortgagee prompt notice in writing of the assertion of any claim, of the filing of any action or proceeding, of any material damage to the Property and of any condemnation offer or action.
3. At any time, without affecting the liability of any person for the payment of the indebtedness secured hereby, and without otherwise affecting the security hereof, Mortgagee may (a) consent to or join in the making of any map or plat of the Property; (b) grant any easement or create any restriction thereof; (c) subordinate this Mortgage; (d) extend or modify the term of the loan or loans secured hereby; and (e) release without warranty, all or any part of the Property.
4. Prior to any default by Mortgagor in the payment, observance, performance and discharge of any condition, obligation, covenant, or agreement of Mortgagor contained herein, Mortgagor may, for collection and distribution purposes only, collect and receive the Rents as they come due and payable; the Rents are to be applied by Mortgagor to the payment of the principal and interest and all other sums due or payable on any promissory note or guaranty secured by this Mortgage and to the payment of all other sums payable under this Mortgage and, thereafter, so long as the aforesaid has occurred, the balance shall be distributed to the account of Mortgagor. However, Mortgagor shall have the right before or after the occurrence of any default to notify any account debtor to pay all amounts owing with respect to Rents directly to Mortgagee. Upon any such default, Mortgagee may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of the Property or any part thereof, in its own name, sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Mortgagee may determine; also perform such acts of repair, cultivation, irrigation or protection, as may be necessary or proper to conserve the value of the Property; also lease the same or any part thereof for such rental, term, and upon such conditions as its judgment may dictate; also prepare for harvest, remove, and sell any crops that may be growing upon the Property, and apply the proceeds thereof upon the indebtedness secured hereby.

This is a present and absolute assignment, not an assignment for security purposes only, and Mortgagee's right to the Rents is not contingent upon, and may be exercised without, possession of the Property. Upon a default, Mortgagee may collect and apply the Rents pursuant to the terms hereof without notice and without taking possession of the Property. All payments thereafter collected by Mortgagor shall be held by Mortgagor as trustee under a constructive trust for the benefit of Mortgagee. Collection of any Rents by Mortgagee shall not cure or waive any default or notice of default or invalidate any acts done pursuant to such notice. foregoing irrevocable assignment shall not cause Mortgagee to be: (a) a mortgagee in possession; (b) responsible or liable for the control, care, management or repair of the Property or for performing any of the terms, agreements, undertakings, obligations, representations, warranties, covenants and conditions; (c) responsible or liable for any waste committed on the Property by the tenants under any of the leases or agreements pertaining to the Property or any other parties, for any dangerous or defective condition of the Property, or for any negligence in the management, upkeep, repair or control of the Property resulting in loss or injury or death to any tenant, licensee, employee, invitee or other person; (d) responsible for or under any duty to produce rents or profits; or (e) directly or indirectly liable to Mortgagor or any other person as a consequence of the exercise or failure to exercise any of the rights, remedies or powers granted to Mortgagee hereunder or to perform or discharge any obligation, duty or liability of Mortgagor arising under the leases or agreements pertaining to the Property.

5. The entering upon and taking possession of the Property, the collection of such rents, issues, and profits, or the proceeds of fire and other insurance policies, or compensation or awards for any taking of or damage to the Property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

6. For all purposes hereof, the term "default" or "Event of Default" shall mean any default under the Note, and any other documents executed by Mortgagor in conjunction with the Note, including this Mortgage. An "Event of Default" occurs automatically upon the occurrence of any one or more of the following events:
- (a) Monetary. Mortgagor fails to, in any case: (i) pay when due any sums that by their express terms require immediate payment without any grace period or sums that are payable on the maturity date or under any of the other Loan Documents secured by this Mortgage; or (ii) pay within fifteen (15) days when due any other sums payable hereunder or under any of the other Loan Documents secured by this Mortgage, including, without limitation, any monthly payment due under the Note.
 - (b) Mortgagor's Performance of Non-Monetary Obligations Under Other Loan Documents. If Mortgagor fails to observe, perform or discharge any of its obligations, covenants, conditions or agreements to Mortgagee or any third person, other than Mortgagor's payment obligations, under any of the Loan Documents (excluding this Mortgage); provided that Mortgagor's breach or failure to perform obligations to a third person shall be a default hereunder only where such breach or failure may materially affect Mortgagor's assets or Mortgagor's ability to repay the Loan or perform its obligations under the Loan Documents.
 - (c) Mortgagor's Performance of Non-Monetary Obligations Under Mortgage. Mortgagor fail to observe, perform or discharge any of Mortgagor's obligations, covenants, conditions or agreements, other than Mortgagor's payment obligations, under this Mortgage, other than as specifically provided in this Section, and (i) such failure shall remain uncured for thirty (30) days after written notice thereof shall have been given to Mortgagor, as the case may be, by Mortgagee; or (ii) if such failure is of such a nature that it cannot be cured within such thirty (30) day period, Mortgagor shall fail to commence to cure such failure within such thirty (30) day period or shall fail to diligently prosecute such curative action thereafter or shall fail to cure such default within ninety (90) days after written notice thereof was first given to Mortgagor.
 - (d) Representations and Warranties. Any representation, warranty, certificate or other statement (financial or otherwise) made or furnished by or on behalf of Mortgagor, if any, to Mortgagee or in connection with any of the Loan Documents, or as an inducement to Mortgagee to make the Loan or to take any action for the benefit of Mortgagor, in each case, is false, incorrect, incomplete or misleading in any material respect when made or furnished. There shall be no cure period for any Event of Default arising from a breach of this Section.
 - (e) Condemnation, Attachment. The condemnation, seizure or appropriation of any material portion (as reasonably determined by Mortgagee) of the Property, or the sequestration or attachment of, or levy or execution upon any of the Property, the collateral or any other collateral provided by Mortgagor under any of the Loan Documents, or any material portion of the other assets of Mortgagor, which sequestration, attachment, levy or execution is not released or dismissed within forty-five (45) days after its occurrence, or the sale of any assets affected by any of the foregoing.
 - (f) Uninsured Casualty. The occurrence of an uninsured casualty with respect to any material portion (as determined by Mortgagee) of the Property unless: (i) no other Event of Default has occurred and is continuing at the time of such casualty or occurs thereafter; (ii) Mortgagor promptly notifies Mortgagee of the occurrence of such casualty; and (iii) not more than forty-five (45) days after the occurrence of such casualty, Mortgagor delivers to Mortgagee immediately available funds ("Restoration Funds") in an amount sufficient, in Mortgagee's reasonable opinion, to pay all costs of the repair or restoration (including, without limitation, taxes, financing charges, insurance and rent during the repair period). So long as no Event of Default has occurred and is continuing at the time of Mortgagee's receipt of the Restoration Funds and no Event of Default occurs thereafter, Mortgagee shall make the Restoration Funds available for the repair or restoration of the Property. Mortgagor acknowledges that the specific conditions described above are reasonable.

- (g) Adverse Financial Change. Any adverse change in the financial condition of Mortgagor, or any of their partners, or members, or any guarantor, or any other person or entity from the condition shown on the financial statements submitted to Mortgagee and relied upon by Mortgagee in making the Loan, and which change Mortgagee determines will have a material adverse effect on (i) the business, operations or condition of the Property; or (ii) the ability of Mortgagor to pay or perform Mortgagor's obligations in accordance with the terms of this Mortgage, and the other Loan Documents.
- (h) Voluntary Bankruptcy, Insolvency, Dissolution. (i) Mortgagor's filing a petition for relief under the Bankruptcy Reform Act of 1978, as amended or recodified ("**Bankruptcy Code**"), or under any other present or future state or federal law regarding bankruptcy, reorganization or other relief to debtors (collectively, "**Debtor Relief Law**"); or (ii) Mortgagor's filing any pleading in any involuntary proceeding under the Bankruptcy Code or other Debtor Relief Law that admits the jurisdiction of a court to regulate Mortgagor or the Property or the petition's material allegations regarding Mortgagor's insolvency; or (iii) Mortgagor's making a general assignment for the benefit of creditors; or (iv) Mortgagor's applying for, or the appointment of, a receiver, trustee, custodian or liquidator of Mortgagor or any of its property; or (v) the filing by or against Mortgagor of a petition seeking the liquidation or dissolution of Mortgagor or the commencement of any other procedure to liquidate or dissolve Mortgagor. There shall be no cure period for any Event of Default arising from a breach of this Section.
- (i) Involuntary Bankruptcy. Mortgagor's failure to effect a full dismissal of any involuntary petition under the Bankruptcy Code or other Debtor Relief Law that is filed against Mortgagor or in any way restrains or limits Mortgagor or Mortgagee regarding the Loan or the Property, prior to the earlier of the entry of any order granting relief sought in the involuntary petition or forty-five (45) days after the date of filing of the petition.
- (j) Shareholders, Members and Partners.
- i. In the event of an Involuntary or Voluntary Bankruptcy, Insolvency or Dissolution as to Mortgagor or any general partner, shareholder or member of Mortgagor, there shall be no cure period for any Event of Default arising from a breach of this Section.
- ii. If all or any material part of the assets of Mortgagor, or any shareholder, director, general partner or manager of Mortgagor are attached, seized, subjected to a writ or levied upon by any court process and Mortgagor fails to cause such attachment, seizure, writ or levy to be fully released or removed within sixty (60) days after the occurrence of such event. The cure provision contained in this Section shall be in lieu of, and not in addition to, any and all other cure periods contained in the Loan Documents.
- iii. For the avoidance of doubt, the provisions of this Section shall not be limited because a shareholder, member or general partner of Mortgagor, in each case, may also be a guarantor of the Loan; rather, in that instance, an Event of Default under this Section shall exist regarding the condition of such shareholder, member or general partner of Mortgagor, and the provisions hereof shall apply regarding Mortgagor's duty to obtain an acceptable substitute guarantor. The cure provisions contained in this Section shall be in lieu of, and not in addition to, any and all other cure periods contained in the Loan Documents.
- (k) Guarantors.
- i. In the event of an Involuntary or Voluntary Bankruptcy, Insolvency or Dissolution as to any guarantor of the Loan, remains uncured for at least forty-five (45) days, and Mortgagor fails to provide a substitute guarantor acceptable to Mortgagee within sixty (60) days after the occurrence of such an event as to any guarantor of the Loan.
- ii. If all or any material part of the assets of any guarantor of the Loan are attached, seized, subjected to a writ or levied upon by any court process and Mortgagor fails to either (i) cause such attachment, seizure, writ or levy to be fully released or removed within sixty (60) days after the occurrence of

such event or (ii) provide a substitute guarantor acceptable to Mortgagee within sixty (60) days after all or any material part of the assets of any guarantor of the Loan are attached, seized, subjected to a writ or levied upon by any court process.

iii. If any guarantor of the Loan dies and Mortgagor fails to provide a substitute guarantor of the Loan acceptable to Mortgagee within sixty (60) days after the death of such guarantor; however, nothing in this Section may be construed to reduce or limit any rights and remedies Mortgagee may have against the estate of or successors in interest to such guarantor of the Loan who has died, including, without limitation, any right to enforce a guarantee of the Loan against the estate of a guarantor of the Loan who has died.

iv. For the avoidance of doubt, Mortgagor acknowledges that, in consideration of the Loan, Mortgagor is required to provide a guarantor of the Loan acceptable to Mortgagee, in Mortgagee's sole discretion, and this Section shall be construed consistent with such obligation of Mortgagor. Nothing in this Section may be construed to suggest that this Mortgage secures any obligations under any guarantee of the Loan (it being understood that this Mortgage does not secure any guarantee of the Loan). The cure provisions contained in this Section shall be in lieu of, and not in addition to, any and all other cure periods contained in the Loan Documents.

- (l) Injunctions. If a court order is entered against Mortgagor or any shareholder, general partner, member or manager of Mortgagor enjoining the conduct of all or part of such person's business and Mortgagor fails to cause such injunction to be fully stayed, dissolved or removed within sixty (60) days after such order is entered. The cure provision contained in this Section shall be in lieu of, and not in addition to, any and all other cure periods contained in the Loan Documents.
- (m) Dissolution. If Mortgagor or any shareholder, general partner, member or manager of Mortgagor is a corporation, partnership, limited liability company or trust, the dissolution, liquidation, or termination of existence of such entity. There shall be no cure period for any Event of Default arising from a breach of this Section.
- (n) Unauthorized Transfers and Assignments. Any Transfer, as defined below, made or attempted, in each case, in violation of the terms any Loan Document. There shall be no cure period for any Event of Default arising from a breach of this Section.
- (o) Admission of New Partners, Members, or Shareholders. The admission to Mortgagor of any new member, partner, shareholder, or joint venturer with more than twenty percent (20%) of the capital stock, membership interests, partnership interests, or other interests of Mortgagor, or any change in control in any manager of Mortgagor which directly or indirectly controls the day to day operations and management of Mortgagor and/or owns a controlling interest in Mortgagor, in each case, without having first having (i) informed Mortgagee of the proposed admission of such new member, partner, shareholder, or joint venturer, in each case, and (ii) Mortgagor having received a written response from Mortgagee regarding Mortgagee's review and disposition of the request pursuant to this Section. Any admission of a new member, partner, joint venturer contrary to this Section shall be deemed a Transfer in violation of the Loan Documents. There shall be no cure period for any Event of Default arising from a breach of this Section.
- (p) Death; Incompetency. If Mortgagor or any general partner, manager, or managing member of Mortgagor is an individual (i.e., a natural person), the death or incompetency of such person, except (i) where applicable law limits or prohibits Mortgagee's declaration of a default based on such occurrences and (ii) in the case of the death or mental incompetency of a general partner, manager, or managing member, Mortgagor causes a substitute general partner, manager or managing member, as applicable, to be admitted to Mortgagor or appointed to such role and Mortgagee, in good faith determines that the financial condition, credit history, character, experience, ability and expertise of such substitute general partner, manager, or managing member are comparable to the affected general partner or manager and that such substitute general partner or manager is otherwise acceptable to Mortgagee (For the avoidance

of doubt, any substitutions or Transfers contemplated by this Section shall be made consistent with the terms of the foregoing.

- (q) Impairment of Priority. If (i) the priority of this Mortgage or Mortgagee's security interest under any of the other agreements securing any or all of the Obligations is impaired for any reason; or (ii) the value of the Property has deteriorated, declined or depreciated as a result of any intentional tortious act or omission by Mortgagor. There shall be no cure period for any Event of Default arising from a breach of this Section.
 - (r) Licenses. Mortgagor fails to do any act or execute any document at any time requested by Mortgagee to provide it an assignment of all licenses necessary to operate the business for its intended use. There shall be no cure period for any Event of Default arising from a breach of this Section.
 - (s) Defaults. Mortgagor defaults under the terms of any other Loan Document.
7. Upon default by Mortgagor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, all sums secured hereby shall immediately become due and payable at the option of the Mortgagee and in accordance with applicable state law. In the Event of Default, in addition to the foregoing rights and remedies and as otherwise provided to Mortgagee in this Mortgage, at any time after an Event of Default, Mortgagee shall have the following rights and remedies, which rights and remedies shall be cumulative and not exclusive.
- (a) Entry on Property. With or without notice, and without releasing Mortgagor from any secured obligation, and without becoming a mortgagee in possession, to enter upon the Property from time to time and to do such acts and things as Mortgagee deems necessary or desirable in order to inspect, investigate, assess and protect the security hereof or to cure any Event of Default, including, without limitation: (i) to take and possess all documents, books, records, papers and accounts of Mortgagor or the then owner of the Property that relate to the Property; (ii) to make, terminate, enforce or modify leases of the Property upon such terms and conditions as Mortgagee deems proper; (iii) to make repairs, alterations and improvements to the Property necessary, in Mortgagee's sole judgment, to protect or enhance the security hereof; (iv) to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Mortgagee hereunder; (v) to pay, purchase, contest or compromise any encumbrance, charge, lien or claim of lien which, in the sole judgment of Mortgagee, is or may be senior in priority hereto, the judgment of Mortgagee being conclusive, as between the parties hereto; (vi) to obtain insurance; (vii) to pay any premiums or charges with respect to insurance required to be carried hereunder; and/or (viii) to employ legal counsel, accountants, engineers, consultants, contractors and other appropriate persons to assist them;
 - (b) Appointment of Receiver. To apply to a court of competent jurisdiction for and obtain appointment of a receiver of the Property as a matter of strict right and without regard to: (i) the adequacy of the security for the repayment of the Indebtedness; (ii) the existence of a declaration that the Indebtedness are immediately due and payable; or (iii) the filing of a notice of default; and Mortgagor consents to such appointment;
 - (c) Judicial Foreclosure, Injunction. To commence and maintain an action or actions in any court of competent jurisdiction to foreclose this instrument as a mortgage or to obtain specific enforcement of the covenants of Mortgagor hereunder, and Mortgagor agrees that such covenants shall be specifically enforceable by injunction or any other appropriate equitable remedy and that for the purposes of any suit brought under this subparagraph, Mortgagor waives the defense of laches and any applicable statute of limitations and shall not require Mortgagee to post a bond to seek an injunction or any other kind of specific performance;
 - (d) Nonjudicial Foreclosure. To execute a written notice of such an Event of Default and of the election to cause the Property to be sold to satisfy the Indebtedness, in accordance with the substantive law of the state in which the Property is located, at public auction to the highest bidder, the purchase price payable in lawful money of the United States at the time of sale or on such other terms as are set forth in the

notice of sale. Any person, including Mortgagee, may bid at the sale, and Mortgagee may credit bid (as determined by Mortgagee in its sole and absolute discretion) all or any portion of the Indebtedness and taking into account any and all costs, expenses, declining trends in real property values, anticipated discounts, additional collateral, or such other factors or matters that Mortgagee (in its sole and absolute discretion) deems appropriate. Mortgagor agrees that all default interest, late charges, any prepayment premium, and similar amounts, if any, owing from time to time under the Loan shall constitute a part of and be entitled to the benefits of Mortgagee's Mortgage lien upon the Property, and Mortgagee may add all default interest, late charges, any prepayment premium, and similar amounts owing from time to time under the Loan to the principal balance of the Loan, and in either case Mortgagee may include the amount of all unpaid charges in any credit bid Mortgagee may make at a foreclosure sale of the Property pursuant to this Mortgage. Mortgagee may sell the Property either as a whole or in separate parcels, and in such order as it may determine. A sale of less than the whole of the Property or any defective or irregular sale made hereunder shall not exhaust the power of sale provided for herein;

- (e) Multiple Foreclosures. To resort to and realize upon the security hereunder and any other security now or later held by Mortgagee concurrently or successively and in one or several consolidated or independent judicial actions or lawfully taken nonjudicial proceedings, or both, and to apply the proceeds received upon the Indebtedness all in such order and manner as Mortgagee determines in its sole discretion;
- (f) Rights to Collateral. To exercise all rights Mortgagee may have with respect to the collateral under this Mortgage, the applicable UCC or otherwise at law; and
- (g) Other Rights. To exercise such other rights as Mortgagee may have at law or in equity or pursuant to the terms and conditions of this Mortgage or any of the other Loan Documents.

In connection with any sale or sales hereunder, Mortgagee may elect to treat any of the Property that consists of a right in action or that is property that can be severed from the Property (including, without limitation, any Improvements) without causing structural damage thereto as if the same were personal property or a fixture, as the case may be, and dispose of the same in accordance with applicable law, separate and apart from the sale of the Property. Any sale of collateral hereunder shall be conducted in any manner permitted by the UCC. No specific right or remedy provided in this Section may be construed, in each case, to create a duty for Mortgagee to act or exercise any specific right or remedy or make Mortgagee liable for any failure to exercise such right or remedy, to make Mortgagee responsible for the Property; its operation, maintenance, or condition; or any circumstances occurring on the Land. Except as may be otherwise required by applicable law, after deducting all costs, fees and expenses, including, without limitation, cost of evidence of title and attorneys' fees in connection with sale and costs and expenses of sale and of any judicial proceeding wherein such sale may be made, all proceeds of any foreclosure sale shall be applied: (a) to payment of all sums expended by Mortgagee under the terms hereof and not then repaid, with accrued interest at the rate of interest specified in the Note to be applicable on or after maturity or acceleration of the Note; (b) to payment of all other Indebtedness; and (c) the remainder, if any, to the person or persons legally entitled thereto.

- 8. The failure on the part of the Mortgagee to promptly enforce any right hereunder shall not operate as a waiver of such right and the waiver by Mortgagee of any default shall not constitute a waiver of any other subsequent defaults. Subsequent acceptance of any payment by the holder hereof shall not be deemed a waiver of any default by Mortgagor, or of Mortgagee's rights hereunder as the result of any sale, agreement to sell, conveyance, or alienation, regardless of holder's knowledge of such default, sale, agreement to sell, conveyance, or alienation at the time of acceptance of such payment.
- 9. This Mortgage applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Mortgagee shall mean the holder and owner of any note secured hereby; or, if the note has been pledged, the pledgee thereof. In this Mortgage, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. All obligations of Mortgagor hereunder are joint and several.

10. In the event the herein-described Property, or any part thereof, or any interest therein, is sold, agreed to be sold, conveyed, alienated or transferred, including any water transfer as defined in subsection (a) below, by Mortgagor, or by operation of law or otherwise, except by inheritance, without Mortgagee's prior written consent, all obligations secured hereby, irrespective of the maturity dates, at the option of the holder hereof, and without demand or notice, shall immediately become due and payable. As used herein, "Transfer" or "Transferred" means sold, conveyed, alienated, exchanged, transferred by gift, further encumbered, pledged, hypothecated, made subject to an option to purchase, or otherwise disposed of, directly or indirectly, or in trust, voluntarily or involuntarily, by Mortgagor or by operation of law or otherwise. Failure to exercise such option shall not constitute a waiver of the right to exercise this option in the event of subsequent sale, agreement to sell, conveyance or alienation.
- a. A water transfer is any transfer, assignment, sale, exchange, gift, encumbrance, pledge, hypothecation, alienation, grant of option to purchase, or other disposition of, directly, indirectly or in trust, voluntarily or involuntarily, by operation of law or otherwise, or the entry into a binding agreement to do any of the foregoing with respect to all or any part of (i) the groundwater on, under, pumped from or otherwise available to the Property, (ii) Mortgagor's right to remove and extract any such groundwater including any permits, rights or licenses granted by any governmental authority or agency and any rights granted or created by any easement, covenant, agreement or contract with any person or entity, (iii) any rights to which the Property is entitled with respect to surface water, whether such right is appropriative, riparian, prescriptive or otherwise and whether or not pursuant to permit or other governmental authorization, or the right to store any such water, (iv) any water, water right, water allocation, distribution right, delivery right, water storage right, water allocation, or other water-related entitlement appurtenant or otherwise applicable to the Property by virtue of the Property's being situated within the boundaries of any district, agency, or other governmental entity or within the boundaries of any private water company, mutual water company, or other non-governmental entity, or (v) any shares (or any rights under such shares) of any private water company, mutual water company, or other non-governmental entity pursuant to which Mortgagor or the Property may receive any rights.
- b. If Mortgagor is an entity other than a natural person (such as a corporation or other organization), then all Indebtedness, irrespective of the maturity date, at the option of Mortgagee, and without demand or notice, shall become immediately due and payable if: (a) a beneficial interest in Mortgagor is transferred; (b) there is a withdrawal or removal of a general partner of a partnership or a manager of a limited liability company; (c) there is a transfer in the aggregate of more than 20% of the voting stock of Mortgagor if Mortgagor is a corporation, or there is a transfer in the aggregate of more than 20% of the partnership interests or membership interests if Mortgagor is a partnership, limited liability company or similar entity; or (d) Mortgagor is dissolved or its existence as a legal entity is terminated.
11. All sums received by Mortgagee under this Mortgage, except as otherwise provided herein, less all costs and expenses incurred by Mortgagee or any receiver, including, without limitation, attorneys' fees, shall be applied in payment of the Indebtedness in such order as Mortgagee shall determine in its sole discretion; provided, however, Mortgagee shall have no liability for funds not actually received by Mortgagee.
12. Without notice to or the consent, approval or agreement of any persons or entities having any interest at any time in the Property or in any manner obligated under the Indebtedness ("Interested Parties"), Mortgagee may, from time to time, release any person or entity from liability for the payment or performance of any of the Indebtedness, take any action or make any agreement extending the maturity or otherwise altering the terms or increasing the amount of any of the Indebtedness, or accept additional security or release all or a portion of the Property and other security for the Indebtedness. None of the foregoing actions shall release or reduce the personal liability of any of said Interested Parties, or release or impair the priority of the lien of and security interests created by this Mortgage upon the Property.
13. To the extent permitted by law, the reconveyance may describe the grantee as "the person or persons legally entitled thereto" and the recitals of any matters or facts in any reconveyance executed hereunder shall be

conclusive proof of the truthfulness thereof. Mortgagee shall not have any duty to determine the rights of persons claiming to be rightful grantees of any reconveyance.

14. Mortgagee, its agents and employees, may enter the Property at any reasonable time for the purpose of inspecting the Property and ascertaining Mortgagor's compliance with the terms hereof. Mortgagor and Borrower shall permit an examination of the Property by Mortgagee at Mortgagor's and Borrower's expense at any reasonable time and for any reasonable purpose, including without limitation, appraisal. Furthermore, Mortgagor and Borrower shall permit additional examinations or inspections of the Property as Mortgagee may request. Such inspections shall be conducted by an agent or independent contractor of Mortgagee's choice at Mortgagor's and Borrower's expense, and each such expense shall be paid by Mortgagor and Borrower within ten days after demand by Mortgagee.
15. Neither Mortgagee's nor any receiver's entry upon and taking possession of all or any part of the Property, nor any collection of rents, issues, profits, insurance proceeds, condemnation proceeds or damages, other security or proceeds of other security, or other sums, nor the application of any collected sum to any Indebtedness, nor the exercise or failure to exercise of any other right or remedy by Mortgagee or any receiver, shall cure or waive any breach, default or notice of default under this Mortgage, or nullify the effect of any notice of default or sale (unless all Indebtedness then due has been paid and performed and Mortgagor has cured all other defaults), or impair the status of the security, or prejudice Mortgagee in the exercise of any right or remedy, or be construed as an affirmation by Mortgagee of any tenancy, lease or option or a subordination of the lien of, or security interests created by, this Mortgage.
16. In the event any one or more of the provisions contained in this Mortgage or in any promissory note(s) hereby secured shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Mortgage or said promissory note(s), but this Mortgage and said promissory note(s) shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.
17. The undersigned Mortgagor agrees that it is entitled only to those notices required by applicable law and requests that a copy of any notice of default and of any notice of sale hereunder be mailed to Mortgagor at the address set forth below.
18. All exhibits to this Mortgage are considered to be incorporated into and made a part of this Mortgage.
19. If Mortgagor consists of more than one person, each will be jointly and severally liable for the faithful performance of all of Mortgagor's obligations under this Mortgage. If Mortgagor is a legal entity, Mortgagor (and any person signing this Mortgage in a representative capacity on behalf of Mortgagor) represents, warrants and certifies that Mortgagor is duly constituted under applicable laws and in good standing; that Mortgagor has the power, authority, and appropriate authorization to execute this Mortgage and enter into the transactions described herein and that, when executed, this Mortgage, and any document executed by Mortgagor in connection herewith, shall be valid and legally binding on Mortgagor. If Mortgagor is a trust, each trustee executing this Mortgage on behalf of the trust also represents, warrants and certifies that this Mortgage and any document executed in connection herewith is being executed by all the currently acting trustees of the trust and that the trust has not been revoked, modified, or amended in any manner which would cause any of the foregoing to be incorrect.
20. No merger will occur as a result of Mortgagee acquiring any other estate in or any other lien on the Property, unless Mortgagee consents to a merger in writing.
21. Borrower releases and waives all rights under and by virtue of applicable homestead exemption laws, if any, in accordance with the laws of the state where the Property is located.
22. As used herein, the word "Including" means "including without limitation" and/or "including but not limited to". The captions used in this Mortgage, if any, are for convenience only and do not define or limit any terms or provisions. No listing of any specific collateral, items, instances or other matters in any way limits the scope or generality of any language of this Mortgage.

23. This Mortgage shall be construed in accordance with the laws of the state where the Property is located, except to the extent that federal laws preempt the laws of such state.

BORROWER WAIVES ALL RIGHTS OF HOMESTEAD EXEMPTION IN THE PROPERTY AND RELINQUISHES ALL RIGHTS OF CURTESY AND DOWER IN THE PROPERTY.

Signature(s):

BALL FARMS LIMITED PARTNERSHIP, an Idaho Limited Partnership

By: Carl M. Ball
CARL M. BALL, Managing General Partner

Notary Acknowledgment(s):

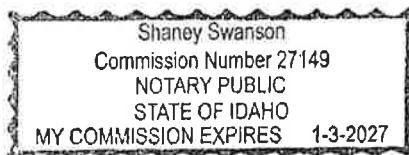
STATE OF Idaho)

ss.

COUNTY OF Jefferson)

On this 5th day of June, 20 26, before me, the undersigned Notary Public in and for said County and State, personally appeared CARL M. BALL [() personally known to me] [X] proved to me on the basis of satisfactory evidence] to be the person who executed the within instrument as MANAGING GENERAL PARTNER of the partnership therein named, on behalf of the partnership, and acknowledged to me that the partnership executed it.

WITNESS my hand and official seal



Shaney Swanson
Notary Public in and for said County and State

EXHIBIT "A"

Jefferson, ID

Parcel No.: RP07N36E020002 and RP07N36E027200

NE¼ and SE¼, Section 2, Township 7 North, Range 36 East, Boise Meridian, Jefferson County, Idaho

TOGETHER WITH the following water rights registered with the State of Idaho Department of Water Resources: Water Right Number(s): 31-4000-A and 31-4000-B.



IDAHO DEPARTMENT OF
WATER RESOURCES

Eastern Region • 900 N Skyline Drive, Suite A • Idaho Falls, ID 83402-1718

Phone: 208-525-7161 • Fax: 208-525-7177 • Email: easterninfo@idwr.idaho.gov • Web: idwr.idaho.gov

Governor Brad Little

Director Mathew Weaver

June 17, 2026

THE BANK OF COMMERCE
C/O WESTERN AGCREDIT
PO BOX 95850
SOUTH JORDAN UT 84095-0850

RE: Notice of Security Interest for Water Right/Permit No(s): 31-4000B, 31-4000A

Dear Security Interest Holder:

The Department of Water Resources (Department) acknowledges receipt of correspondence adding security interest of the above referenced water right(s) to you. The Department has modified its records to reflect the change in security interest and has enclosed a computer-generated report for you.

Please note according to the records filed with the department the current owner of water rights 31-4000A and 31-4000B is Hamer Land LLC. According to your application the owner should be listed as Ball Farms Limited Partnership. In order for the department to update the ownership of a water right a Notice of Change in Water Right Ownership Form, evidence of ownership and filing fee is required.

Updating the ownership record for a water right does not reconfirm the validity of the right. When processing a Notice of Security Interest, the Department does not review the history of water use to determine if the right has been forfeited or deliberately abandoned through five years or more of non-use. To read more about water right forfeiture, including how to protect a water right from forfeiture, please see Idaho Code §§ 42-222 and 42-223.

If you have any questions concerning the enclosed information, please contact me at 208-525-7161.

Sincerely,

Misty Pettis
Office Specialist 2

Enclosure(s)

CC: HAMER LAND LLC
ZIONS FIRST NATIONAL BANK