

APN 007-200-31, 008-330-02 and 007-591-02

Recording Requested by:

American AgCredit, PCA

WHEN RECORDED MAIL TO:

American AgCredit, PCA
255 W. Peckham Lane, Suite 1
Reno, Nevada 89509

The undersigned hereby affirm that there is no Social Security number contained in this document.

Space Above This Line For Recorder's Use

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

THIS DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND FIXTURE FILING (hereinafter "Deed of Trust") is given this 5th day of March, 2024 by Ruth Martin Ranches LLC, a Nevada limited liability company, Juanita Ruthel Martin and Vickie G. Buchanan, as trustor ("Trustor"), to American AgCredit, PCA, as trustee ("Trustee"), for the benefit of American AgCredit, PCA, a corporation existing and operating under the Farm Credit Act of 1971, as amended, having an office at 255 W. Peckham Lane, Suite 1, Reno, Nevada 89509, as beneficiary ("Beneficiary")

WITNESSETH: That Trustor IRREVOCABLY GRANTS, CONVEYS AND ASSIGNS unto said Trustee, in trust, with power of sale together with right of entry and possession, the following described real property situated in the County of Eureka, State of Nevada:

Refer to Exhibit "A" attached hereto and incorporated herein by reference thereto.

TOGETHER WITH:

(1) all buildings, structures, equipment, fixtures (including, but not limited to, trees, vines and shrubs), machinery and improvements of every kind and description now or hereafter constructed or placed thereon; all standing timber and timber to be cut located thereon; 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;

(2) all grazing rights, leases, permits and licenses; all coal, oil, gas, petroleum and mineral leases to the extent owned by Trustor, permits and rights used with the Property; all coal, oil, gas, petroleum and mineral interests to the extent owned by Trustor including royalty interests, rents, profits, bonus money, revenue, income, rights and

benefits related to or arising out of the Property or the leasing thereof; and all tenements, hereditaments, easements, rights-of-way, and appurtenances to the Property;

(3) all carbon credits, carbon sequestration units, carbon financial instrument contracts, renewal energy credits and the like arising out of methane capture, carbon sequestration and renewal energy systems, including without limitation credits tradable under any greenhouse gases commodity exchange such as, by way of example and not limitation, trading units commonly referred to as Exchange Soil Offsets (XSOs), Exchange Methane Offsets (XMOs) and Exchange Forest Offsets (XFOs) under the Chicago Climate Exchange (CCX) (collectively, "Carbon Credits");

(4) the right, in the name of and on behalf of Trustor, to appear in and defend any action or proceeding brought with respect to the Property and to commence any action or proceeding to protect the interest of Beneficiary in the Property;

(5) all proceeds, products, substitutions and accessions (including claims and demands therefor) of each of the elements of the Property;

(6) all Water Assets (defined below);

(collectively, the "Property").

Water Assets: All right, title, and interest at any time of Trustor (or any of its bailers, 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, in each case to the extent now or hereafter relating or otherwise available to the Property or used in connection therewith, including without limitation, the following:

(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) Trustor'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, 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, decreed or otherwise and whether or not pursuant to permit or other governmental authorization, or the right to store any such water, and (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;

(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 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 interests to acquire or appropriate any Water Assets, water bank or other credits evidencing any right to Water Assets, to store, carry, transport or deliver Water Assets, to sell, lease, exchange, or otherwise transfer any Water Asset, or to change the point for

diversion of water, the location of any Water Asset, the place of use of any Water Asset, or the purpose of the use of any Water Asset;

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

(e) All storage and treatment rights for any Water Asset, whether on or off the Property or other property of Trustor, 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 Asset;

(f) All rights to transport, carry, allocate or otherwise deliver Water Assets by any means wherever located;

(g) All irrigation and watering equipment and all systems, ditches, laterals, conduits, and rights-of-way used to convey such water or to drain the Property;

(h) 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; and

(i) 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.

References to "water" and "water rights" are used herein in the broadest and most comprehensive sense of the term(s). The term "water" includes water rights and rights 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 share of any Water Assets in any water bank or with any water authority, or any other water reallocation rights.

SECURITY AGREEMENT: To the extent that any of the Property, including without limitation any Water Asset or Carbon Credits, constitutes personal property, this Deed of Trust shall also be deemed to be a security agreement and Trustor does hereby create and grant to Beneficiary a security interest in all such personal property described herein and further grants to Beneficiary all of the rights and remedies of a secured party under the Uniform Commercial Code as may be amended from time to time and other applicable state law, which rights are cumulative.

TRUSTOR ABSOLUTELY AND UNCONDITIONALLY ASSIGNS, transfers, conveys and sets over to Beneficiary all the rents, royalties, issues, profits, revenue, income and other benefits of the Property arising from the use or enjoyment of all or any portion thereof, or from any lease, mineral lease to the extent owned by Trustor, or agreement pertaining to the Property (collectively the "Rents"); **SUBJECT, HOWEVER,** to the right, power and authority given to and conferred upon Trustor by Paragraph B.3 hereof. This assignment shall be perfected automatically without appointment of a receiver or Beneficiary becoming a mortgagee in possession.

FOR THE PURPOSE OF SECURING: (1) payment of the Indebtedness or obligations evidenced by the following promissory note(s) payable by Trustor and/or others to the Beneficiary at the times, in the manner and with interest as therein set forth (**promissory notes may evidence a revolving line of credit and may contain variable or adjustable interest rate provisions and offer the ability to convert to other interest rate products**):

Face Amount	Dated
\$350,000.00	March 5, 2024

(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 Trustor, or Trustor's successors or assigns, evidenced by a promissory note, guaranty or otherwise; PROVIDED HOWEVER, THAT, such additional loans or advances shall be secured by this Deed of Trust only if the promissory note, guaranty, or other document evidencing such loans or advances shall recite that it is to be secured by this Deed of Trust; (3) the payment of any substitute notes, renewals, reamortizations, conversion agreements and extensions of all Indebtedness secured by this Deed of Trust; (4) the performance of every obligation and agreement of Trustor whether contained or incorporated by reference in this Deed of Trust, or contained in any loan document or guaranty executed by Trustor in favor of Beneficiary, with respect to any loan or advance secured by this Deed of Trust; and (5) the payment of all sums expended or advanced by Beneficiary, including but not limited to reasonable attorney's fees and expenses, under or pursuant to the terms of this Deed of Trust, together with interest thereon as herein provided. The foregoing shall hereinafter collectively be referred to as the "Indebtedness". The continuing validity and priority of this Deed of Trust as security for future loans or advances shall not be impaired by the fact that at certain times hereafter there may exist no outstanding Indebtedness from Trustor to Beneficiary or no commitment to make loans or advances.

A. TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR AGREES:

1. To use loan proceeds solely for the purposes approved by Beneficiary.
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 the Property properly cultivated, irrigated, fertilized, sprayed, and fumigated; not to sell, transfer, assign, encumber or convey any water or water right from the Property, or to enter into an agreement for the nonuse of water, without the prior written consent of Beneficiary, 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 Beneficiary, 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 Trustor under any lease of the Property.
3. To provide, maintain and deliver to Beneficiary, "All Risk" or "Special Form" coverage, flood and all other types of insurance in terms and amounts as may be required by law or Beneficiary, with lender's loss payable endorsements solely in favor of Beneficiary. In the event of loss, the insurance proceeds, or any part thereof, may be applied by Beneficiary, at its option, to reduce the indebtedness or restore or repair the property damaged. Failure to obtain, maintain or deliver to Beneficiary the insurance required shall constitute a default under this Deed of Trust.

At least thirty (30) days prior to the expiration of any such policy of insurance, Trustor 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 Beneficiary) are not so delivered to Beneficiary, without notice to or demand upon Trustor and without releasing Trustor from any obligation under this Deed of Trust, Beneficiary may (but is not obligated to), at Trustor's expense, obtain insurance in such types, on such terms and in such amounts as Beneficiary in its sole discretion shall decide, through or from any insurance agency or company acceptable to it. Any insurance obtained by Beneficiary shall be for its sole benefit and to protect the security of this Deed of Trust. The expense and cost of such insurance shall, at Beneficiary's sole option, be payable on demand or added to the Indebtedness as provided herein. Trustee nor Beneficiary 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 Beneficiary or Trustee. Beneficiary or Trustee may appear in and litigate any

such action or proceedings, including any bankruptcy, partition or condemnation proceeding, affecting the Property, or Beneficiary's interest therein, in which event Trustor 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 and assessments 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.

6. In the event that Beneficiary utilizes the services of attorneys, accountants, appraisers, consultants, or other professional or outside assistance, including the services of in-house counsel or any other attorney or professional who is a direct employee of Beneficiary, the reasonable amount of expenses incurred by Beneficiary to utilize such persons in connection with any of the following shall be payable on demand and Beneficiary may, at its option, add the amount of such expenses to any portion of the Indebtedness, and charge interest on such amount at the interest rate applicable to such portion of the Indebtedness:

(a) The preparation or modification of this Deed of Trust, or any other agreement or document incident to the Indebtedness;

(b) Advising Beneficiary concerning its legal rights and obligations with regard to the Deed of Trust, the other agreements incident to the Indebtedness, or the Property, including advising Beneficiary with regard to the extent of Trustor's rights, if any, under the provisions of the Farm Credit Act, any policy or program of Beneficiary, or any state or federal law;

(c) Any litigation, dispute, proceeding, or action, whether instituted by Beneficiary, Trustor or any other person, relating to the Indebtedness, the Property or Trustor's affairs;

(d) The furtherance of Beneficiary's interest in any bankruptcy, insolvency, or reorganization case or proceeding instituted by or against Trustor, including any steps to (i) modify or terminate the automatic stay, (ii) prohibit or condition Trustor's use of cash collateral, (iii) object to any disclosure statement or plan, (iv) propose or confirm a plan, and (v) prosecute or defend adversary proceedings or contested matters, and take or defend examinations or discovery, whether or not related to any adversary proceeding or contested matter;

(e) The inspection, verification, protection, collection, processing, sale, liquidation, or disposition of the Property; or

(f) Any of the type of expenses referred to in (a) through (e) above incurred by Beneficiary in connection with any guaranty of the Indebtedness.

The fees and costs described herein and elsewhere in this Deed of Trust shall be in addition to those set forth in the loan agreement or any other written agreement between Trustor and Beneficiary.

7. Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation to do so and without notice to or demand upon Trustor and without releasing Trustor 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, Beneficiary or Trustee being authorized to enter upon the Property for such purposes; commence, appear in and litigate any action or proceeding purporting to affect the Property or the rights or powers of Trustor, 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 to the interest of Beneficiary in the Property; 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, costs of securing evidence of title, and the costs of obtaining a third party contract to monitor the payment of taxes and assessments affecting the Property and all amounts so expended shall be obligations of

Trustor secured by this Deed of Trust and shall bear interest at the rate of 15% per annum from the date expended until paid. Nothing contained herein shall prohibit Beneficiary from entering the Property, at a reasonable time and upon reasonable notice to Trustor, 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 Beneficiary or Trustee 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 Deed of Trust or guaranteed by the continuing guaranty or continuing guaranties secured by this Deed of Trust. 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 and shall accrue interest as therein set forth. All such sums shall be secured hereby.

9. Environmental Laws and Hazardous Substances.

(a) As used in this Paragraph 9:

(i) "Environmental Laws" shall mean all federal, state and local laws, ordinances, rules and regulations now or hereafter in force, as amended from time to time, in any way relating to or regulating human health or safety, industrial hygiene or protection of the environment.

(ii) "Hazardous Substances" shall mean any substance or material that is described, designated or regulated as a toxic or hazardous substance, waste or material or a pollutant or contaminant, or words of similar import, in any of the Environmental Laws.

(iii) "Release" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing into the environment, including continuing migration, of Hazardous Substances into, onto or through the soil, surface water or groundwater of the Property, whether or not caused by, contributed to, permitted by, acquiesced to or known to Trustor.

(iv) "User" shall mean any person other than Trustor who occupies, uses or comes onto or has occupied, used or come onto the Property or any part thereof and any agent or contractor of such a person.

(b) Trustor represents and warrants to Beneficiary that as of the date of this Deed of Trust and to the best of Trustor's knowledge, based on due inquiry and investigation:

(i) except as previously disclosed in writing by Trustor to Beneficiary (A) no Hazardous Substances in excess of permitted levels or reportable quantities under applicable Environmental Laws are present in, on or under the Property or any nearby real property which could migrate to the Property, (B) no Release or threatened Release exists or has occurred, (C) neither Trustor nor any User has ever used the Property or any part thereof for the production, manufacture, generation, treatment, handling, storage, transportation or disposal of Hazardous Substances, (D) no underground, surface or elevated storage tanks of any kind, wells (except domestic water wells), septic tanks, pits, ponds or other impoundments ("Tanks") are or ever have been located in or on the Property, and (E) no investigation, claim, demand, action or proceeding of any kind relating to any Release or threatened Release or any past or present violation of any Environmental Laws relating to the Property has been made or commenced, or is pending, or is being threatened by any governmental authority or other person;

(ii) except as previously disclosed in writing by Trustor to Beneficiary, all operations and activities at, and the use and occupancy of, the Property comply with all applicable Environmental Laws;

(iii) Trustor and every User has, and is in strict compliance with, every permit, license and approval required by all applicable Environmental Laws for all activities and operations at, and the use and occupancy of, the Property;

(iv) 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; and

(v) any written disclosure submitted by or on behalf of Trustor to Beneficiary at Beneficiary's request concerning any Release or threatened Release, past or present compliance by Trustor, User or any other person of any Environmental Laws applicable to the Property, the past and present use and occupancy of the Property, any environmental concerns relating to the Property and the like was true and complete when submitted.

(c) Trustor agrees that:

(i) In a good and husbandlike manner and in strict compliance with all applicable Environmental Laws, Trustor promises that neither Trustor nor any User shall use, produce, manufacture, generate, treat, handle, store, transport, or dispose of any Hazardous Substances in, on or under the Property, or use the Property for any such purposes;

(ii) Trustor shall not cause, contribute to, permit or acquiesce to any Release or threatened Release;

(iii) Trustor shall comply fully, and shall cause every User to comply fully, with all Environmental Laws applicable to the Property, and all other laws, ordinances and regulations applicable to the use or occupancy thereof, or any operations or activities therein or thereon;

(iv) With respect to any Tanks disclosed in writing to Beneficiary, Trustor shall comply with all Environmental Laws 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;

(v) To facilitate performance of Trustor's obligations under Paragraph 9 (c)(i), (ii), (iii) and (iv) of this Deed of Trust, Trustor shall regularly inspect the Property, monitor the activities and operations of every User and confirm that every User has obtained and fully complies with all permits, licenses and approvals required by all applicable Environmental Laws;

(vi) Immediately after Trustor obtains any information indicating any Release or threatened Release, or that Hazardous Substances in, on or under any nearby property could migrate to the Property or a violation of any Environmental Laws may have occurred or could occur regarding the Property, Trustor shall give notice thereof to Beneficiary with a reasonably detailed description of the event, occurrence or condition in question;

(vii) If Beneficiary obtains any information that Beneficiary believes in good faith indicates a reasonable possibility of a Release or threatened Release, or that Hazardous Substances in, on or under any nearby real property could migrate to the Property or any violation of any Environmental Laws may have occurred or could occur regarding the Property, then Trustor shall, at the expense of Trustor, promptly after a request by Beneficiary, or Beneficiary may at Trustor's expense any time prior to completion of a judicial or nonjudicial foreclosure, engage a qualified environmental engineer to conduct a comprehensive environmental assessment of the Property and prepare and submit to Beneficiary a written report containing the findings and conclusions resulting from such investigation. Trustor shall, on demand, pay to Beneficiary all sums expended by Beneficiary in connection with any such comprehensive environmental assessment, together with interest thereon after such demand at the interest rate as set forth in the applicable promissory note(s) evidencing the Indebtedness;

(viii) Trustor shall permit, or cause any User to permit, Beneficiary or its agents or independent contractors to enter and inspect the Property (including the taking of building materials, soil and groundwater samples) at any reasonable time and after reasonable notice, except in an emergency, whether or not a default has occurred under this Deed of Trust, and including after the commencement of judicial or nonjudicial foreclosure proceedings, for purposes of determining, as Beneficiary deems necessary or desirable: the existence, location or nature of any Hazardous Substances into, onto, or spread beneath or from the Property, that is located or has been

spilled, disposed of, discharged or released on, under or about the Property. Trustor acknowledges that all inspections and reviews undertaken by Beneficiary are solely for the benefit and protection of Beneficiary and agrees that Beneficiary shall have no duty to Trustor with respect to Hazardous Substances or Environmental Laws as a result of any such inspections, and such inspections shall not result in a waiver of any default by Trustor. If Trustor or any User fails to comply fully with the terms of this section, Beneficiary may obtain affirmative injunctive relief to compel such compliance; and

(ix) If any Release or threatened Release exists or occurs before this Deed of Trust is reconveyed or foreclosed upon, or if Trustor is in breach of any of its representations, warranties or covenants as set forth in this Section 9, Trustor shall immediately give notice of the condition to Beneficiary, and Trustor shall at its own expense cause all Hazardous Substances to be cleaned up and removed from the Property, and the Property shall be restored, in compliance with all applicable Environmental Laws and other laws, ordinances, rules and regulations (the "Remediation Work"). If requested by Beneficiary, Trustor shall submit to Beneficiary, for Beneficiary's prior approval, complete plans and specifications for all Remediation Work to be done before any Remediation Work is performed, except in an emergency. Alternatively, Beneficiary may cause such Remediation Work to be completed at Trustor's expense.

(d) Beneficiary 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 Trustor's obligations hereunder.

(e) Trustor and its successors and assigns shall indemnify, defend, protect, and hold harmless Beneficiary and/or Trustee, its directors, officers, employees, agents, shareholders, successors and assigns and their officers, employees or agents, from and against any and all claims, suits, damages, foreseeable and unforeseeable consequential damages, liens, losses, liabilities, interest, judgments, 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, sums paid in settlement of claims, and all consultant, expert and the reasonable fees and expenses of counsel, including in-house legal services) of any kind whatsoever ("Claims") paid, incurred or suffered by, or asserted against Beneficiary and/or Trustee, including but not limited to Claims arising out of loss of life, injury to persons, trespass or damage to or contamination of property or natural resources, or injury to business, in connection with or arising out of the activities of Trustor on the Property, Trustor's predecessors in interest, third parties who have been invited, permitted or trespassed on the Property, or parties in a contractual relationship with Trustor, 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 Trustor or within the control of Trustor, including without limitation: (i) the presence, use, generation, treatment, storage, disposal, Release, threatened Release, or discharge of any Hazardous Substances at or from said Property and/or the cleanup of Hazardous Substances within, on or under the Property; (ii) Trustor's breach of any of the representations, warranties and covenants contained herein; and (iii) Trustor's violation or alleged violation of any applicable Environmental Law, regulation or ordinance.

(f) Trustor's representations, warranties, covenants and indemnities contained herein shall survive the occurrence of any event whatsoever, including without limitation the payoff of the Indebtedness secured hereby, the reconveyance or foreclosure of this Deed of Trust, the acceptance by Trustee of a deed in lieu of foreclosure, or any transfer or abandonment of the Property.

10. **Water Rights.** All water used on, or water rights arising from or related to the Property is deemed to be real property and is not personal property. Trustor represents that Trustor 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. Trustor further agrees that in no event will any water or water rights be goods identified to a contract. Trustor hereby acknowledges that any severance of water or water rights from the Property would materially harm the Property. If Trustor fails to abide by all the statutes, rules, and regulations of any and all state and local authorities having jurisdiction over the use and distribution of water or water resources, including but not limited to the filing of water use reports, Beneficiary is authorized, in Trustor's name or otherwise, to take any action

including, without limitation, signing Trustor's name, to complete, sign or consummate any and all required documents, agreements, contracts, etc., as may be required by such state and local authorities.

11. Trustor shall not remove any of the Property from its present location, except in the ordinary course of its business as presently conducted, without first notifying the Beneficiary.

12. Trustor represents, warrants, covenants and agrees that:

(a) If Trustor is a business entity, Trustor will not change Trustor's name or principal place of business without immediately giving Beneficiary written notice of such change, and in no event shall such notice be more than fifteen (15) days after such change.

(b) To the extent that any Trustor is a corporation, partnership, joint venture, limited liability company, or limited liability limited partnership, Trustor will not change Trustor's name or principal place of business, registration or incorporation.

(c) Trustor will not deliver any Property under any consignment or bailment without first obtaining the consent of Beneficiary and executing such additional documents as Beneficiary may require to continue and perfect the security interests granted herein. Trustor agrees to cooperate with Beneficiary in obtaining control agreements, bailee acknowledgements and/or other acknowledgements and agreements deemed necessary or advisable by Beneficiary.

(d) To the extent that any Trustor is a partnership, joint venture, or limited liability company, its name and state of organization or registration as stated in the introductory paragraph of this Deed of Trust is its exact legal name and state of organization or registration, it is duly organized and existing under the laws of said state, and the individuals executing this Deed of Trust and all agreements relating to the Indebtedness are fully authorized to execute the same and no other signature is necessary in order to bind the Trustor.

(e) No Mineral Exploration, Development or Removal. Unless previously disclosed to Beneficiary, neither exploration nor development nor removal of oil or gas or other hydrocarbon substances or helium or other substances of a gaseous nature or coal or metals or minerals or fossils or fertilizer of any name or description or uranium or thorium or any other material of commercial value (other than living plants or animals) is currently taking place on the Property, nor has Trustor or any person or entity claiming through or under Trustor authorized any such activity on the Property to take place in the future, nor does Trustor or any person or entity claiming through or under Trustor have any present intent to engage in any such activity in the future, nor is Trustor aware of any plans to engage in any such activity on the Property in the future by any predecessor in interest of Trustor or any person or entity claiming through or under any predecessor in interest.

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 Beneficiary, under the terms and conditions of this Deed of Trust pertaining to Rents. Upon receipt of such money Beneficiary may apply the same on the Indebtedness. Trustor agrees to execute such further documents as may be required to effect the assignments herein made as Beneficiary or Trustee may require.

2. At any time, without affecting the liability of any person for the payment of the Indebtedness, and without otherwise affecting the security hereof, Trustee 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 Deed of Trust; (d) extend or modify the term of the loan or loans secured hereby; and (e) reconvey without warranty, all or any part of the Property. Trustor agrees to pay reasonable fees for any of the foregoing services.

3. Prior to any default by Trustor in the payment, observance, performance and discharge of any condition, obligation, covenant, or agreement of Trustor contained herein, Trustor may, as the agent and fiduciary representative of Beneficiary for collection and distribution purposes only, collect and receive the Rents as they come due and payable; the Rents are to be applied by Trustor to the payment of the Indebtedness and to the payment of all other sums payable under this Deed of Trust and, thereafter, so long as aforesaid has occurred, the balance shall be distributed to the account of Trustor. However, Beneficiary 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 Beneficiary. Upon any default, Beneficiary 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, enter upon and take possession of the Property or any part thereof, in his own name, sue for or otherwise collect such Rents, 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, and in such order as Beneficiary 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.

4. The entering upon and taking possession of the Property, the collection of Rents, 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.

5. Upon default by Trustor in payment of all or a portion of the Indebtedness or in performance of any agreement hereunder or in the performance of any agreement pertaining to the Indebtedness or the breach of any representation, covenant or warranty (each a "default"), the Indebtedness shall immediately become due and payable at the option of the Beneficiary and in accordance with applicable state law. In the event of default, Beneficiary may employ counsel to enforce payment of the Indebtedness, may cause the Trustee to sell the Property in accordance with the power of sale granted herein and the applicable state law, and may exercise such other rights and remedies granted under this Deed of Trust or by law and equity, including, but not limited to, California Code of Civil Procedure Sections 726.5 and 736, or similar state law, which rights and remedies shall be cumulative and not exclusive. Trustee may sell the Property as a whole or in separate parcels, and in such order as it may determine. The purchase price shall be payable in lawful money of the United States at the time of the sale. To the extent permitted by applicable law, Trustee may hold one or more sales of all or any portion of the Property by public announcement at the time and place of sale set forth in the notice thereof, and from time to time thereafter may postpone such sale or sales of all or any portion of the Property to the same or separate days by public announcement at such time fixed by the preceding postponement. Any person, including Trustee or Beneficiary, may purchase at such sale. Beneficiary may credit bid at any such sale, and if Beneficiary is the successful purchaser, it may apply any of the outstanding Indebtedness in settlement of the purchase price. Beneficiary may resort to and realize upon the security hereunder and any other real or personal property security now or hereafter held by Beneficiary for the Indebtedness in such order and manner as Beneficiary may, in its sole discretion, determine; or may resort to any or all such security may be taken concurrently or successively and in one or several consolidated or independent judicial actions or lawful nonjudicial proceedings, or both. If the Indebtedness is also secured by personal property, fixtures or crops, Beneficiary may enforce its security interest in the personal property, fixtures and crops and its lien under this Deed of Trust in any manner and in any order or sequence permitted by applicable law and the Uniform Commercial Code. Beneficiary shall have no duty or obligation to clean-up or otherwise prepare the personal property for sale. If Beneficiary elects to sell all or any portion of the personal property, Beneficiary is authorized to disclaim all warranties in connection with said sale. All remedies are cumulative and none are exclusive; no election by Beneficiary to pursue one remedy or item of collateral shall be deemed to be a release or waiver of any other item of collateral or a release or modification of the inability of Trustor or any guarantor to pay all Indebtedness or perform in full all obligations to Beneficiary. The procedures governing the enforcement by Beneficiary of its foreclosure and provisional remedies against Trustor shall be governed by the laws of the state in which the Property is located. Nothing contained herein shall be construed to provide that the substantive law of the state in which the Property is located shall apply to the Beneficiary's rights

and the Trustor's obligations hereunder or under the promissory note(s), which are and shall continue to be governed by the substantive law of the state in which the promissory note was executed.

Each Trustor expressly waives all defenses to the enforcement of Beneficiary's remedies in this Deed of Trust based on, any of the following events: (A) Insolvency, bankruptcy, reorganization, arrangement, adjustment, composition, assignment for the benefit of creditors, liquidation, winding up, dissolution, or death of Trustor; (B) Any limitation, discharge, or cessation of the liability of any Trustor due to any statute, regulation or rule of law, or any invalidity or unenforceability in whole or in part of the documents evidencing the Indebtedness; (C) Any merger, acquisition, consolidation, or change in structure of any Trustor; or any sale, lease, transfer, or other disposition of the Property, or any or all of the assets or shares of or ownership interests in any Trustor; or any removal, death, bankruptcy, reorganization, incapacity, discharge, or dissolution of any Trustor or any general or limited partner or member, beneficiary or trustee of any Trustor; (D) Any assignment or other transfer, in whole or in part, of Beneficiary's interests in the Indebtedness, the Property, or any security therefore; (E) Any claim, defense, counterclaim, or setoff, other than that of prior performance, which any Trustor may have or assert, including but not limited to any defense of incapacity or lack of corporate, partnership, limited liability company, trust or other authority to execute any documents relating to the Indebtedness; (F) Any cancellation, renunciation, or surrender of any debt instrument evidencing the Indebtedness; (G) Beneficiary's amendment, modification, renewal or extension of any documents or agreements relating to the Indebtedness, including any increase or decrease of the applicable interest rate thereon, the Property, or any portion thereof, or Beneficiary's exchange, release, or waiver of any Property; (H) Beneficiary's exercise or nonexercise of any power, right, or remedy with respect to the Indebtedness or the Property, including but not limited to Beneficiary's compromise, release, settlement, or waiver with or of any Trustor or any other person or the Property or Beneficiary's grant of additional credit to Trustor or Beneficiary's renewal, compromise, extension, acceleration or other change in time of payment and or any other terms of the Indebtedness, including increase or decrease in the rate of interest thereon; (I) Beneficiary's vote, claim, distribution, election, acceptance, action, or inaction in any bankruptcy case related to the Indebtedness or the Property; (J) Any impairment of any Property or invalidity of, or failure to perfect Beneficiary's security interest in the Property; (K) Beneficiary's foreclosure judicially or nonjudicially of any real or personal Property, or acceptance of any assignment or deed in lieu of foreclosure, or exercise of any other remedy against any Trustor, even though any rights any Trustor may have to seek reimbursement or other recovery from another Trustor or any other person may be eliminated thereby. Each Trustor also expressly and irrevocably waives all applicable suretyship and anti-deficiency statute defenses or any right to enforce any remedy that Beneficiary now has, or may have against any Trustor.

Each Trustor warrants and agrees that each of the waivers set forth above is made with each Trustor's full knowledge of its significance and consequences, and under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any of said waivers are determined to be contrary to any applicable law or public policy, such waivers shall be effective only to the extent permitted by law.

6. The failure on the part of the Beneficiary to promptly enforce any right hereunder shall not operate as a waiver of such right and the waiver by Beneficiary of any default shall not constitute a waiver of any other or subsequent defaults. Subsequent acceptance of any payment by the holder hereof shall not be deemed a waiver of any default by Trustor, or of Beneficiary'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.

7. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the holder and owner of any note or guaranty secured hereby; or, if the note has been pledged, the pledgee thereof. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. All obligations of Trustor hereunder are joint and several.

8. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee. This

provision shall not act as a waiver of Trustor's right to notification of the Beneficiary's sale of personal property as granted in the Uniform Commercial Code.

9. Beneficiary may, from time to time or at any time, substitute a Trustee or Trustees to execute the trust hereby created, and when any such substitution has been filed for record in the office the recorder of the county in which the Property herein described is situated, it shall be conclusive evidence of the appointment of such Trustee or Trustees, and such new Trustee or Trustees shall succeed to all of the powers and duties of the Trustee or Trustees named herein.

10. (a) Except as otherwise provided in the Loan Documents, in the event the Property, or any part thereof, or any interest therein, is sold, agreed to be sold, conveyed, alienated or further encumbered subject to any lien or charge, voluntarily or involuntarily, contractual or statutory, or transferred, including any sale of Carbon Credits or any water transfer as defined in subsection (b) below, by Trustor, or by operation of law or otherwise, without Beneficiary's prior written consent, the same shall be a default and all Indebtedness, regardless of the maturity dates, at the option of the holder hereof, and without demand or notice, shall immediately become due and payable. 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.

(b) A water transfer is any transfer, assignment, sale, agreement to sell, conveyance, 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 any existing or hereafter created or acquired Water Assets.

(c) Trustor shall provide to Beneficiary upon request copies of any and all instruments in its possession or control, or to which it has access, pursuant to which the Trustor, or any predecessor-in-interest to Trustor, reserved, conveyed or leased any coal, oil, petroleum, gas or other mineral rights (collectively, "mineral rights"), or any portion thereof, in, on or under the Property to any third party, including any modifications, amendments, or addenda to said instruments. Trustor shall provide to Beneficiary prompt notice of (a) any reservation, sale, lease or other transfer of any minerals in, on or under the Property occurring after the date hereof, and (b) the commencement by Trustor or any third party of any action to exploit any mineral rights in, on or under the Property, including the mining or other removal thereof and further including any preparatory work such as, without limitation, the installation of roads, wells, pipelines or other equipment (individually and collectively, a "Mineral Exploitation Event"). If any Mineral Exploitation Event occurs after the date hereof, Beneficiary shall have the right, at its sole option, exercisable by written notice to Trustor, to declare all Indebtedness, regardless of maturity date, immediately due and payable. Notwithstanding the foregoing, if the Exploited Parcel(s) constitute one or more separate legal parcels not necessary for the continuing use of the remainder of the Property, Beneficiary may at its sole option, exercisable by written notice to Trustor, to declare a portion of the Indebtedness (the "Accelerated Loan Amount") immediately due and payable equal to 110% of the value of the parcel or parcels overlying the mineral estate (whether created by reservation, grant or lease) within which the Mineral Exploitation Event occurred or is occurring (the "Exploited Parcel(s)"). The value of the Exploited Parcel(s) shall be determined by Beneficiary in its sole but reasonable discretion using any reasonable method of valuation. Beneficiary shall, subject to receipt of the Accelerated Loan Amount, release the Exploited Parcels from the lien of this Deed of Trust.

11. If Trustor is an entity other than a natural person (such as a corporation or other organization), then any Indebtedness, irrespective of the maturity date, at the option of the Beneficiary, and without demand or notice, shall become immediately due and payable if: (a) a beneficial interest in Trustor equal to 25% or more in the aggregate is sold or transferred; (b) there is a change in either the identity or number of the managing members, partners or managers of Trustor if Trustor is a partnership or similar entity; or (c) there is a change in ownership of more than 25% of the voting stock of Trustor if Trustor is a corporation or similar entity.

12. If any portion of the Property is determined to be personal property, the Trustor has granted the Beneficiary a security interest therein and Beneficiary shall have all of the rights and remedies of a secured creditor under the

Uniform Commercial Code. Trustor hereby authorizes Beneficiary to file the required Uniform Commercial Code financing statements, amendments, continuation statements and/or termination statements to perfect, amend, continue or terminate its security interest in the Property or any part thereof. Trustor further authorizes Beneficiary to file, with or without any additional signature from Trustor, as Beneficiary may elect, such amendments and continuation statements as Beneficiary may deem necessary or desirable from time to time to perfect or continue such lien.

13. In the event any one or more of the provisions contained in this Deed of Trust or in any promissory note or guaranty hereby secured shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceable shall not affect any other provision of this Deed of Trust or said promissory note or guaranty, but this Deed of Trust and said promissory notes or guaranties shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

14. Trustor agrees that he/she 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 Trustor at the address set forth below.

15. **THIS DOCUMENT MAY BE EXECUTED IN COUNTERPART, EACH OF WHICH WHEN EXECUTED AND DELIVERED SHALL BE DEEMED TO BE AN ORIGINAL AND ALL OF WHICH COUNTERPARTS TAKEN TOGETHER SHALL CONSTITUTE BUT ONE AND THE SAME INSTRUMENT.**

ALL SIGNATURES MUST BE ACKNOWLEDGED BEFORE A NOTARY PUBLIC.

Box 227
Eureka, Nevada 89316

Ruth Martin Ranches LLC, a Nevada limited liability
company

By: *Vickie Dubose Buchanan*
Vickie Dubose Buchanan, Managing Member

By: *Juanita Ruthel Martin*
Juanita Ruthel Martin, Managing Member

Box 227
Eureka, Nevada 89316

Juanita Ruthel Martin
Juanita Ruthel Martin

Box 227
Eureka, Nevada 89316

Vickie G. Buchanan
Vickie G. Buchanan

ACKNOWLEDGMENT

STATE OF ARIZONA)
) SS
COUNTY OF MOHAVE)

This instrument was acknowledged before me on this 9TH day of MARCH,
20 24 by Vickie Dubose Buchanan and Juanita Ruthel Martin, Managing Members of Ruth Martin Ranches
LLC, a Nevada limited liability company, Juanita Ruthel Martin and Vickie G. Buchanan.

Patsy Schwochow
Notary Public

PATSY Schwochow
Print or Typed Name of Notary Public

My commission (appointment) expires: 6.9.2024

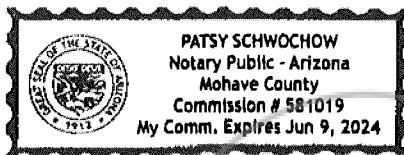


Exhibit "A"

All that certain real property situate in the County of Eureka, State of Nevada, described as follows:

PARCEL ONE:

Township 21 North, Range 53 East, M.D.B. & M.

Section 13: All

ASSESSOR'S PARCEL NUMBER FOR 2016 - 2017: 007-200-31

PARCEL TWO:

H.E. Survey No. 85, embracing a portion of the unsurveyed public domain located in Eureka County, Nevada, more particularly bounded and described as follows:

Beginning at Corner no. 1, from which the South Corner of Sections 35 and 36 in Township 18 North, Range 49 East, M.D.B. & M., bears North 2° West, 142.99 chains distant;

Thence South 68°28' East, 8.21 chains to Corner No. 2;

Thence South 10°16' East, 45.86 chains to Corner No. 3;

Thence South 24°51' East, 28.62 chains to Corner No. 4;

Thence North 88°43' West, 14.75 chains to Corner No. 5;

Thence North 18°9' West, 29.13 chains to Corner No. 6;

Thence North 4°5' West, 47.44 chains to Corner No. 1, the place of beginning according to the official plat of the Survey of said land, on file in the General Land Office as Patent No. 489452.

The above legal description is a metes and bounds description and was obtained from a Deed, recorded August 12, 2016 in Book 582 of Official Records, page 68, as File No. 229744, Eureka County, Nevada records.

This additional information required by NRS 111.312 and NRS 239B.030.

ASSESSOR'S PARCEL NUMBER FOR 2016 - 2017: 008-330-02

All that certain real property situate in the County of Nye, State of Nevada, described as follows:

PARCEL THREE:

H.E. Survey No. 142, embracing a portion of Sections 25 and 36 in Township 15 North, Range 49 East, M.D.B. & M., more particularly described as follows:

Beginning at Corner No. 1 from which U.S. Location Monument No. 275 bears South 58°45' West, 11.05 chains distant;

Thence North 11°18' East, 21.79 chains to Corner No. 2;

Attachment to Deed of Trust
Ruth Martin Ranches LLC, a Nevada limited liability company
Dated March 5, 2024
Page 2 of 2

**Thence South 70°4' East, 14.78 chains to Corner No. 3;
Thence South 41' West, 45.79 chains to Corner No. 4;
Thence South 23°25' West, 28.99 chains to Corner No. 5;
Thence South 87°34' West, 3.99 chains to Corner No. 6;
Thence North 12°3' East, 31.81 chains to Corner No. 7;
Thence North 19°11' West, 26.63 chains to Corner No. 1, the place of beginning according to the
official plat of the Survey of the land, on file in the General Land Office as Patent No. 1019483.**

**The above legal description is a metes and bounds description and was obtained from a Deed, recorded
January 30, 2016 as File No. 826674, Nye County, Nevada records.**

This additional information required by NRS 111.312 and NRS 239B.030.

ASSESSOR'S PARCEL NUMBER FOR 2016 - 2017: 007-591-02



October 1, 2023

Re: Sales Tax Exemption

Dear Vendor:

American AgCredit is made up of three entities: American AgCredit, ACA, American AgCredit, FLCA and American AgCredit, PCA. The ACA is the holding company for the FLCA and the PCA. The employees of the company are employed by American AgCredit, FLCA and perform the normal business functions including, but not limited to bill paying, loan servicing, purchasing and facilities administration for all entities. The services and or goods we purchased from you are for the use and benefit of the FLCA.

American AgCredit, FLCA is a federal land credit association. Congress has designated federal land credit associations as "federally chartered instrumentalities of the United States" in the Farm Credit Act (12 USC paragraph 2091). A federal land credit association as an instrumentality of the United States is immune from state, local and municipal taxation. Sales to American AgCredit, FLCA are therefore exempt from sales, use, and excise tax.

The states in which we conduct business (California, Nevada, Kansas, Oklahoma, Colorado, Hawaii, and New Mexico) have affirmed the exempt status of Federal Land Credit Associations in December 2002. The California Board of Equalization does not issue exemption certificates to federal instrumentalities. The December 2002 ruling is the authoritative document affirming the sales tax-exempt status. Copies of the California ruling or tax-exempt certificates from other states are available upon request. As an exempt entity, no sales, use, or excise tax is required to be withheld on purchases made by our company.

We hereby certify that any purchases made by American AgCredit, FLCA will be used in a manner or for a purpose entitling the vendor to regard the gross receipts from the sale to be exempted from the sales tax by one or more of the provisions of prevailing state sales and use tax law. In California, this certification complies with regulation 1667 of the sales and use tax regulations. (<http://www.boe.ca.gov/pdf/reg1667.pdf>)

Should you have questions, reach out to Accounts Payable at 707-545-1200.

Jerry Rose
Chief Strategy and
Financial Officer

Laws, Regulations & Annotations

BTLG Table of Contents ([../business-taxes-law-guide.html](#)) > Sales and Use Tax Regulations ([sales-and-use-tax-regulations.html](#)) > Article 10 ([sales-and-use-tax-regulations-art10.html](#)) > Regulation 1614

**BUSINESS TAXES LAW GUIDE –
REVISION 2018**

Sales And Use Tax Regulations

ARTICLE 10. MATTERS INVOLVING THE FEDERAL GOVERNMENT REGULATION 1614

Regulation 1614. SALES TO THE UNITED STATES AND ITS INSTRUMENTALITIES.

Reference: Sections 6381 and 6381.5, Revenue and Taxation Code.

Construction contractors generally, see Regulation 1521.

Motion pictures produced for United States Government, see Regulation 1529.

For Banks Generally, see Regulation 1567.

Leases and rentals in general, see Regulation 1660.

(a) GENERALLY. Sales tax does not apply to sales to:

- (1) The United States or its unincorporated agencies and instrumentalities.
- (2) Any incorporated agency or instrumentality of the United States wholly owned by either the United States, or by a corporation wholly owned by the United States
- (3) The American National Red Cross, its chapters and branches.
- (4) Incorporated federal instrumentalities not wholly owned by the United States, unless federal law permits taxing the instrumentality. Examples of incorporated federal instrumentalities exempt from tax are federal reserve banks, federal credit unions, federal land banks, and federal home loan banks.

Application of the use tax to the storage, use, or other consumption of tangible personal property by agencies or instrumentalities of the United States is prohibited unless federal law permits taxing the agency or instrumentality.

Where payment for tangible personal property sold or consumed in this state is made partly by the United States or its instrumentalities and partly by nonexempt persons, the payment is exempt to the extent of the United States' or its instrumentality's share provided it is made directly to the vendor by the United States or its instrumentality. If the nonexempt party makes full payment and then seeks reimbursement from the United States or its instrumentality, the entire amount is taxable even though the United States or its instrumentality may reimburse the party in full or in part.

(b) ARMY AND AIR FORCE EXCHANGE SERVICES, NAVY EXCHANGES, COAST GUARD EXCHANGES, OPEN MESSES, AND OFFICERS' MESSES. Army and air force exchange services, navy exchanges, coast guard exchanges, open messes, and officers' messes, established pursuant to regulations of the appropriate branch of the armed services are instrumentalities of the United

States, and tax does not apply to sales to these organizations.

Tax applies to sales to persons in the armed services of the United States, notwithstanding the circumstance that the merchandise may be billed through any army or air force exchange service, navy exchange, coast guard exchange, or similar organization.

(c) COMPANY AND OTHER UNIT FUNDS. Tax does not apply to sales to the armed services of merchandise purchased with unit and similar funds (company, troop, hospital, recreation, welfare, etc.) where the expenditures are made in accordance with appropriate regulations of the armed services for the general benefit of armed services personnel.

(d) CIVILIAN WELFARE FUNDS. Civilian welfare funds are established and administered under armed services regulations under which post restaurants are also administered. Both are nonappropriated fund activities and are unincorporated governmental instrumentalities. Accordingly, sales tax does not apply to sales made to such organizations properly conducted and operated at military installations in this state in accordance with appropriate regulations.

Any seller to such organizations claiming a transaction as exempt from sales tax must obtain from the purchaser a certificate similar to the following:

This is to certify that the

(Name of Fund)

located at

(Name of Installation)

is a nonappropriated fund activity located at a military installation of the United States in the State of California and is conducted and operated in accordance with armed services regulations established for such activities. As such, sales to this nonappropriated civilian welfare fund are exempt from California state and state-administered local sales taxes.

Signature of Commanding Officer or Representative

Print or Type Name

Rank

Date

(e) THE SELECTIVE SERVICE SYSTEM. Tax does not apply to receipts from sales, to State Procurement Officers for selective service authorized by selective service regulations.

(f) MEDICARE PROGRAM. Tax does not apply to the sale of items to a person insured pursuant to Part A of the Medicare Act as such sales are considered exempt sales to the United States.

Tax applies to the sale of an item to a person insured pursuant to Part B of the Medicare Act even though the person assigns the claim for reimbursement to the retailer and the retailer files the claim with, and is paid by, a carrier administering medicare claims under contract with the United States.

(g) SUPPORTING DOCUMENTS. Any seller claiming a transaction as exempt from tax under Section 6381 must obtain from the purchaser, and retain, a government purchase order or documents demonstrating direct payment by the United States to support the claim.

History: Effective as follows: Use Tax July 1, 1935; Sales Tax August 1, 1933, except Subdivisions (2) and (3) of Division (a), and Division (b) which became effective May 22, 1943.

Adopted as of January 1, 1945, as a restatement of previous rulings.

Amended August 2, 1965, applicable on and after August 1, 1965.

Amended and renumbered February 17, 1970, effective March 22, 1970.

Amended August 17, 1976, effective September 19, 1976. Added a reference, noted change in incidence of sales tax, that tax on banks is legal only where permitted by federal law, and that State law prohibits use tax on banks, and deleted leases as taxable items.

Amended December 7, 1978, effective January 28, 1979. Amends subsection (a), and added new subsection (b) to provide that sales tax does not apply to sales other than leases to the United States or its instrumentalities, and added new subsection (c) to impose sales tax on sales to various corporations. The old subsection (b) and (c) and (d) thru (f) renumbered (d) thru (h) and added new subsection (i).

Amended February 6, 1980, effective March 29, 1980. In (a)(3) deleted last sentence in first paragraph; in (b) added conditions for exemption; in (f) added lines for printed or typed name, and date; added (h), and relettered remaining subsections.

Amended May 9, 1984, effective August 29, 1984. Added new (a)(4); deleted former (b) and (c) and relettered succeeding subdivisions; deleted reference to leases from (b), (c), and (e) and deleted former (j).

Amended March 23, 2004, effective May 25, 2004. In subdivision (a)(4), the word "him" replaced with "the party." Subdivision (g)- phrase "a government remittance advice" replaced with "documents demonstrating direct payment by the United States" and word "his" replaced with "the."

[Back to top \(#top\)](#)



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

450N STREET, SACRAMENTO, CALIFORNIA
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0082
TELEPHONE (916) 324-2816
FAX (916) 323-3387
www.boa.ca.gov

RECEIVED

0 11 9 2002

AMERICAN AGCRSDIT, ACA
SANTA ROSA

December 20, 2002

JOHAN KLEHS
First District, **Hayward**
DEAN ANDAL

Second District, **Stoddon**

CLAUDE PARRISH
Third District, **Torrance**

JOHN CHIANG
Fourth District, **Los Angeles**

KATHLEEN CONNELL
State Controller, **Sacramento**

JAMES E. SPEED
Executive Director

Mr. Chris B. Call
Chief Financial Officer
American AgCredit
Administrative Office
Post Office Box 1120
Santa Rosa, California 95402-1120

Re: **Opinion Request**
American AgCredit

Dear *Mri* Call:

This letter is in response to your letter dated October 3, 2002, regarding the taxability of sales to American AgCredit, FLCA. We apologize for the delay in our response.

You state:

"Thank you for your letter dated August 16, 2002 clarifying sales tax exemption status for American AgCredit ACA and its subsidiaries. While we understand that an Agricultural Credit Association (ACA) and a Production Credit Association (PCA) were found to be taxable in the Supreme Court's opinion in *Director of Revenue of Missouri v. CoBank*, we note that Federal Land Banks (also called Federal Land Credit Associations) are not taxable. In your letter (page 5), you state, 'Federal land bank associations, as confirmed in *CoBank*, are exempt from state taxation.'

"To help clarify this situation further for the vendors that do business with American AgCredit, FLCA, would you please provide a tax exempt certificate for American AgCredit, FLCA? Many of our vendors require such a certificate for their records and we have been unable to comply with their requests." •

Preliminarily, we understand and assume that American AgCredit, FLCA, is a subsidiary of American AgCredit, ACA. We further understand and assume that American AgCredit, FLCA is a federal land credit association. We note that you have provided no documentation for

our review concerning American AgCredit, FLCA, or its relationship to American AgCredit, ACA.

As a starting point, we note that our letter of August 16, 2002 ("August 2002 letter") concluded "that sales to American AgCredit, [ACA,] a 'merged association' are not exempt from the application of tax" in light of the recent United States Supreme Court opinion in *Director of Revenue of Missouri v. CoBankACB* (2001) 531 U.S. 316.¹

In determining whether tax applies to sales to American AgCredit, FLCA, we refer to the general discussion of Sales and Use Tax Law in our August 2002 letter. There, we explained that Revenue and Taxation Code section 6352 provides that where federal law or the United States Constitution prohibits taxation, the gross receipts from such sale, or use, storage or other consumption of tangible personal property in this state are exempt from tax. We also explained that Revenue and Taxation Code section 6381 further provides that an exemption applies to the gross receipts from the sale of any tangible personal property to the United States, its unincorporated agencies and instrumentalities, and any incorporated agency or instrumentality of the United States wholly owned by the United States or by a corporation wholly owned by the United States. We noted that Regulation 1614, which further explains and implements Revenue and Taxation Code section 6381, states that sales of tangible personal property to incorporated federal instrumentalities not wholly owned by the United States are also exempt from sales tax unless federal law permits taxing the instrumentality. (Reg. 1614 (a)(4).) We noted that Regulation 1614 also states that the application of use tax to the storage, use of other consumption of tangible personal property by agencies or instrumentalities of the United States is prohibited unless federal law permits taxing the agency or instrumentality. (Reg. 1614 (a), 12.)

Our August 2002 letter then analyzed the United States Supreme Court's decision in *Director of Revenue of Missouri v. CoBankACB* (2001) 531 U.S. 316. In *CoBank*, the high court held that banks for farm cooperatives are subject to state corporate income taxation, because, in light of the specific grant of tax immunity to other institutions within the Farm Credit System, Congress' silence with respect to banks for cooperatives indicates that such banks are subject to taxation. In so holding, the Supreme Court noted that in the Farm Credit Act of 1933, as amended (12 U.S.C. § 2001, et seq.), Congress created various lending institutions, including federal land bank associations, to meet the specific credit needs of farmers. (*Director of Revenue of Missouri v. CoBank ACB*, supra, 531 U.S. 316, 318.) The high court also noted that Congress designated federal land bank associations as a "federally chartered instrumentality of the United States", in the Farm Credit Act (12 U.S.C. § 2091). (*Id.*)

As we explained in our August 2002 letter, the *CoBank* opinion specifically stated that federal land bank associations receive immunity from state taxation, and quoted 12 U.S.C. section 2098, which sets forth that tax immunity as follows: "Each Federal land bank

¹ We emphasized that our opinion was based upon the Supreme Court's interpretation of federal statutes governing the taxability of production credit associations, and thus merged associations, and was entirely independent of the name change in the organization from Pacific Coast Farm Credit Services, ACA, to American AgCredit, ACA.

association and the capital, reserves, and surplus thereof, and the income derived therefrom, shall be exempt from Federal, State, municipal and local taxation...' "

The term "Federal land credit association" is defined by federal regulation as referring "to a Federal land bank association that has received a transfer of direct long-term real estate lending authority pursuant to section 7.6 of the [Fann Credit] Act." (12 C.F.R., § 619.9155.) Accordingly, a federal land credit association, as a type of federal land bank association with extended lending authority, is an instrumentality of the United States immune from state, local and municipal taxation pursuant to federal statute. We therefore conclude that, under the Sales and Use Tax Law, gross receipts from sales to American AgCredit, FLCA, a federal land credit association, are exempt from taxation.

We emphasize that gross receipts from sales to *American AgCredit, FLCA*, only are exempt from taxation. As we concluded in our August 2002 letter, "sales to **American AgCredit, [ACA,]** a 'merged association' are *not* exempt from the application of **tax**" (Emphasis added.) We note that our research has not discovered a definition of the term "subsidiary" in the Fann Credit Act or the regulations explaining that Act. Our conclusion is based upon this research. Were the Farm Credit Act or the regulations that explain it to change, our opinion might be different.

This opinion is based on the facts, representations and assumptions set forth above. **Our** response might be different if any of these facts, representations or assumptions are not as stated. Please feel free to write us again if you have further questions regarding your situation.

Sincerely,



Carla J. Caruso
Senior Tax Counsel

CJC/qs

cc: Santa Rosa District Administrator (JH)

Request for Taxpayer Identification Number and Certification

Give Form to the
requester. Do not
send to the IRS.

► Go to www.irs.gov/FormW9 for instructions and the latest information.

Print or type.
See Specific Instructions on page 3.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank. American AgCredit, FLCA	
2 Business name/disregarded entity name, if different from above	
3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.	4 Exemptions (codes apply only to certain entities; not individuals; see instructions on page 3).
<input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ► Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner. <input checked="" type="checkbox"/> Other (see instructions) ► Federal chartered instrumentality of the United States	Exempt payee code (if any) 2 Exemption from FATCA reporting code (if any) (Applies to accounts maintained outside the U.S.)
5 Address (number, street, and apt. or suite no.) See instructions. PO Box 1120	Requester's name and address (optional)
6 City, state, and ZIP code Santa Rosa, CA 95402	
7 List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number									
			-				-		
or									
Employer identification number									
6	8	-	0	4	3	5	8	6	6

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person ► Kimberly Smith	Date ► January 23, 2023
------------------	--	--------------------------------

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amounts reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
 - Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
 - Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
 - Form 1099-S (proceeds from real estate transactions)
 - Form 1099-K (merchant card and third party network transactions)
 - Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
 - Form 1099-C (canceled debt)
 - Form 1099-A (acquisition or abandonment of secured property)
- Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See *What is backup withholding*, later.