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Vol 11-68 PAGE 6471

CROP FINANCING AND SALES AGREEMENT

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THIS AGREEMENT, made and entered into this 28 day of June, 1968, by and between LAWRENCE D. CHEYNE, SR. AND BETTY B. CHEYNE, husband and wife, TERRY LEE CHEYNE and MARY CHEYNE, husband and wife, LAWRENCE DON CHEYNE, JR. and SANDRA CHEYNE, husband and wife, doing business as Lower Klamath Seed Company, hereinafter called "Seller," and BUTTE VALLEY FARMS, a California corporation, hereinafter called "Buyer,"

WITNESSETH:

That the parties hereto enter into this Agreement for the purpose of growing a crop of seed potatoes upon the property hereinafter described, which said crop shall be financed by Buyer as hereinafter provided, grown, cultivated and harvested by Seller as hereinafter provided, and purchased by Buyer on the terms and conditions hereinafter provided.

In consideration of the foregoing and the mutual covenants and agreement of the Buyer and Seller hereinafter contained, it is mutually understood and agreed as follows:

1. Seller agrees to plant, cultivate and care for a crop of seed potatoes upon the following described real property in Klamath County, Oregon, more particularly described as follows:

- Parcel 1 - 80 Acres E $\frac{1}{2}$  NW $\frac{1}{4}$  Sec. 20 T 40 S R. 9 E W M
- Parcel 2 - 81 Acres E $\frac{1}{2}$  SE $\frac{1}{4}$  Sec. 20 T 40 S R. 9 E W M
- Parcel 3 - 115 Ac. E $\frac{1}{2}$  of ~~XXXXXX~~ NE Corner of Sec. 30 T 40 S R. 9 E W M
- Parcel 4 - 150 Ac. ~~XXXXXX~~ E $\frac{1}{2}$  of E $\frac{1}{2}$  of Sec. 32 T 40 S R. 9 E W M

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DONALD G. KENDALL  
ATTORNEY AT LAW  
1014 28TH STREET  
BAKERSFIELD,  
CALIFORNIA 93301  
FAIRVIEW 4-4034



1 containing 426 acres, more or less.

2       2. Seller agrees to plant a total of 345 acres of seed potatoes upon  
3 the above described acreage, which seed potatoes shall be grown from  
4 foundation stock to be furnished Seller by Buyer, and Buyer agrees to deliver  
5 to Seller sufficient foundation seed stock to plant said acreage.

6       3. Seller covenants and agrees that he will properly plant said  
7 acreage of potatoes with said foundation seed stock furnished by Buyer; that  
8 he will properly dip and treat said seed before planting same to prevent  
9 infection and disease; that he will care for, irrigate, cultivate said crop, and  
10 will rogue and dust the same as needed in accordance with the best agricultural  
11 practices in the area, and that he will harvest said crop and enter the same for  
12 certification in the State of Oregon.

13       4. It is understood and agreed between the parties that it is the  
14 intention of the parties hereto that the crop of potatoes to be raised pursuant  
15 to the terms of this Agreement are to be raised for seed potatoes and certified  
16 accordingly.

17       5. Seller agrees to deliver the potato crop as hereinafter provided  
18 to Buyer f.o.b. freight cars or trucks in sacks to be furnished by Buyer, on  
19 the dates ordered by Buyer after harvest of said potatoes. It is further  
20 understood and agreed that Buyer must take delivery of all potatoes to be  
21 purchased by Buyer as hereinafter provided, on or before March 1, 1969.

22       6. It is further understood and agreed that Buyer will furnish  
23 Seller, or has furnished Seller, at Buyer's expense, the foundation seed stock  
24 for the growing of said crop. In consideration of the foregoing, Buyer  
25 covenants and agrees to purchase, and Seller covenants and agrees to sell to  
26 Buyer, all Grade "A" seed potatoes (2" to 14 oz. top) which pass certification  
27 as seed potatoes, at the price of One Dollar Seventy Cents (\$1.70) per 100 lb.  
28 sack, provided the established grower's market price for seed potatoes of  
29 said quantity and grade in the area where said crop is grown is \$3.00 f.o.b.  
30 or less. In the event the grower's market price for said potatoes of said  
31 quality and grade in the area exceeds \$3.00 f.o.b., then Buyer shall pay Seller  
32 \$1.80 per 100 lb. sack of seed potatoes.



1           7. Seller does hereby give and grant to Buyer the sole and  
2 exclusive option to purchase all of the off grade potatoes (potatoes not  
3 qualifying as Grade "A" certified seed two inches to 14 oz. top) at the price of  
4 One Dollar Thirty-Five Cents (\$1.35) per 100 pound sack. The potatoes  
5 subject to this option are U. S. No. 1 grade seed pack, 1 1/2" to 2", and  
6 U. S. No. 1 Grade "A" oversize (over 14 oz. top). Buyer may exercise the  
7 option to purchase said off grade potatoes at any time prior to March 1, 1969.  
8 In the event Buyer does not exercise its option to purchase said off grade  
9 potatoes, Seller may sell said off grade potatoes on the open market, subject,  
10 however, to rebate to Buyer of any monies advanced in connection with the  
11 growing of said crop that may remain unpaid at said time. Buyer shall  
12 provide, at his own expense, all sacks for potatoes purchased from Seller.

13           8. It is understood and agreed that Buyer, at its discretion, may  
14 advance to Seller or pay on behalf of Seller from time to time monies necessary  
15 to bring said crop to harvest, and that all monies so advanced shall be secured  
16 by a crop mortgage in favor of Buyer, which shall be a first lien upon said  
17 crop, and Seller covenants and agrees to execute a note in the sum of  
18 \$ 110,000.00 to secure said advances.

19           Buyer shall deduct from the purchase price of said potatoes all  
20 advances made by Buyer in connection with the growing of said crop before  
21 making payment to Seller. Buyer shall make the final payment for the balance  
22 of said crop purchased from Seller not later than 30 days after the final  
23 purchase of potatoes have been loaded on cars at shipping point.

24           9. Buyer shall have the right at all times to inspect said crop in  
25 the field and to consult with and advise Seller in connection with the cultivation,  
26 irrigation, dusting and other care and treatment of said crop, and in the event  
27 Buyer, in its discretion, should determine that Seller is not caring for said  
28 crop in a good and farmer-like manner and in accordance with the usual  
29 agricultural practices in the area where said crop is grown, Buyer may enter  
30 upon the premises upon which said crop is growing and take such measures as  
31 Buyer feels necessary to preserve and protect said crop and insure the proper  
32 maturity thereof, and all expenses so incurred by Buyer in such proceeding shall



1 be chargeable to Seller and deducted against the purchase price of said crop as  
 2 hereinabove provided. Nothing herein contained, however, shall obligate  
 3 Buyer to take such measures to protect and preserve said crop, and all risks of  
 4 loss of said crop by elements, acts of God, or otherwise, shall be borne by  
 5 Seller until the potatoes are delivered on board cars f. o. b. shipping point as  
 6 ordered by Buyer.

7 10. In the event of the loss of said crop through acts of the elements  
 8 or acts of God, Buyer shall not be reimbursed for the cost of the foundation  
 9 seed stock furnished to Seller by Buyer. It is understood and agreed, however,  
 10 that in the event said crop should be lost or damaged through the negligence of  
 11 Seller, his agents or employees, or by acts of third persons, then and in such  
 12 event Buyer shall be reimbursed by Seller for its actual cost of said foundation  
 13 seed stock.

14 THIS AGREEMENT shall be binding upon the heirs, executors,  
 15 successors and assigns of the parties hereto.

16 IN WITNESS WHEREOF, the parties have hereunto set their hands  
 17 the day and year first above written.

18 Lawrence D. Cheyne, Sr.  
 19 Lawrence D. Cheyne, Sr.

20 Betty B. Cheyne  
 21 Betty B. Cheyne

22 Terry Lee Cheyne  
 23 Terry Lee Cheyne

24 Mary E. Cheyne  
 25 Mary Cheyne

26 Lawrence Don Cheyne, Jr.  
 27 Lawrence Don Cheyne, Jr.

28 Sandra Cheyne  
 29 Sandra Cheyne

"SELLER"

30 BUNNIE VALLEY FARMS, a California corporation

31 By [Signature]

32 By Shirley Good Sec.  
 "BUYER"



6475

\$ 110,000.00      Midland, Oregon      July 8, 1968.  
 10 months      after date, each of the undersigned promises to pay to the order of  
 Butte Valley Farms Inc.      Macdoel, California  
 at Klamath Falls, Oregon  
 One Hundred Ten Thousand and no/100 DOLLARS,  
~~XXXXXX~~ ~~XXXXXX~~ ~~XXXXXX~~ ~~XXXXXX~~ ~~XXXXXX~~ ~~XXXXXX~~ ~~XXXXXX~~ ~~XXXXXX~~ ~~XXXXXX~~ ~~XXXXXX~~  
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~~XXXXXX~~ ~~XXXXXX~~ ~~XXXXXX~~ ~~XXXXXX~~ ~~XXXXXX~~ ~~XXXXXX~~ ~~XXXXXX~~ ~~XXXXXX~~ ~~XXXXXX~~ ~~XXXXXX~~  
 All or any portion of the principal hereof  
 may be paid at any time. If this note is placed in the hands of an attorney for collection, each of the undersigned  
 promises and agrees to pay holder's reasonable collection costs, including attorney's fees, even though no suit or  
 action is filed hereon; however, if such suit or action is filed, the amount of such attorney's fees shall be fixed by  
 the court, or courts in which the suit or action, including any appeal therein, is tried, heard or decided.  
 Lawrence D. Cheyne, Sr.      Terry Lee Cheyne      Lawrence Don Cheyne, Jr.  
 Betty B. Cheyne      Mary Cheyne      Sandra Cheyne  
 No. \_\_\_\_\_

FORM No. 216—NOTE (Oregon UCC). 55      STEVENS-NESS LAW PUB CO. PORTLAND

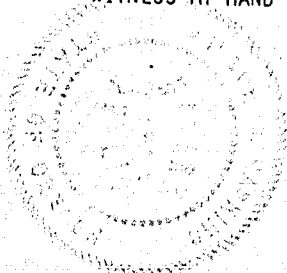
State of Oregon  
 County of Klamath

On this 8th day of July, 1968, before me, a Notary Public in  
 and for the County of Klamath, State of Oregon, personally appeared:

Lawrence D. Cheyne, Sr.      Terry Lee Cheyne      Lawrence Don Cheyne, Jr.  
 Betty B. Cheyne      Mary Cheyne      Sandra Cheyne

known to me and by me known to be the same person who executed the foregoing  
 instrument, and he/she acknowledged that the same is his/her free act and  
 deed.

WITNESS MY HAND AND SEAL this 8th day of July, 1968.



*Wilbur C. Haskins*  
 Wilbur C. Haskins  
 Notary Public  
 My commission expires December 29th 1970.

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LOAN AND SECURITY AGREEMENT  
Crops, Livestock, Equipment

6476

Date June 28, 1968

Lawrence D. Cheyne, Sr, Betty B. Cheyne, Terry Lee Cheyne, Mary Cheyne,  
Agreement between Lawrence Don Cheyne, Jr, and Sandra Cheyne d/b/a Lower Klamath Seed Co.

whose mailing address is: Midland, Oregon

(herein called the debtor) and Butte Valley Farms, Inc.

(herein called the secured party) whose address from which information concerning the security interest herein granted may be obtained is:

P. O. Box 625, Klamath Falls, Oregon

Section 1. Debtor's Places of Business.

1.1 The lands on which debtor conducts and maintains his farming operations and on which the following collateral is or will be kept and located are specifically described as follows:

Parcel 1 - 80 Acres E $\frac{1}{2}$  NW $\frac{1}{4}$  Sec. 20, T 40 S, R 9 E W M

Parcel 2 - 81 Acres E $\frac{1}{2}$  SE $\frac{1}{4}$  Sec. 20, T 40 S, R 9 E W M

Parcel 3 - 115 Acres E $\frac{1}{2}$  of NE Corner of Sec. 30, T 40 S, R 9 E W M

Parcel 4 - 150 Acres E $\frac{1}{2}$  of E $\frac{1}{2}$  of Sec. 32, T 40 S, R 9 E W M

in Klamath County, Oregon.

Debtor covenants to and with the secured party that he is the owner in fee simple of all of the above described lands excepting that portion thereof which is preceded by the caption "Leased Lands." If any such lease provides for a crop share deliverable to the landlord, it is agreed that said landlord's crop share is excepted from and is not covered by the lien of the security interest granted herein.

1.2 The livestock described in sub-section 3.2 is located in \_\_\_\_\_ County, Oregon, on the above described lands and will be kept on

and on \_\_\_\_\_ allotment of \_\_\_\_\_ unit of Land Management and Taylor Grazing Act Public Lands and on \_\_\_\_\_

allotment of \_\_\_\_\_ district of Forest Service Public Lands (delete any portion of the foregoing which is not applicable).

1.3 Other places of business of the debtor are:

Section 2. Loan Agreement.

2.1 Amount of Loan. The secured party from time to time will lend the debtor at debtor's request, such sums as the secured party in his discretion believes are adequately secured by this agreement.

2.2 Debtor's Notes. All loans shall be evidenced by debtor's promissory note or notes payable either on demand or on such maturity as the secured party may fix; all notes shall bear interest at such rates and interest shall be payable at such intervals as the parties hereto shall agree upon at the time each loan is made.

2.3 Other Charges. In addition to the principal and interest of the notes the debtor shall pay to the secured party, upon his demand, all expenses incurred by the secured party to audit and service debtor's account and to preserve, handle, collect and protect his interest in and realize on the collateral, including counsel fees, by the collateral and shall bear interest at \_\_\_\_\_ % per annum from the date advanced by the secured party until paid.

Section 3. Collateral.

To secure the payment and performance of all obligations of the debtor set forth in this agreement, the note or notes and any other obligations of the debtor to the secured party, the debtor grants to the secured party a security interest in the following collateral:

3.1 All crops and plant products (including fruit), annual and perennial, grown, growing or planted now or within two years after the date hereof upon any of the real estate described in sub-section 1.1 above; the said crops consist principally but not exclusively of the following varieties:

Item No.

Kind of Crop

Approx. Acreage

Seed Potatoes

426

69

0031



6477

Item No.	Kind of Crop	Approx. Acreage
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Each type of crop specified above should bear a separate item number.

3.2 All livestock (including poultry) and interests therein which the debtor now owns or hereafter acquires, together with all increases, increase of increases and replacements thereof, substitutions therefor and additions thereto, of whatever kind, nature or description, including but not limited to the following:

Item No.	Quantity	Animal and Breed	Approx. Age	Brand, Tag Marks and Other Distinctive Markings
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Each item described above and in sub-section 3.3 below should bear a separate number.

Tags, marks or brands stated above are holding tags, marks and brands and carry the title although some of said livestock may have other tags, marks or brands.

3.3 All farming machinery, tools, equipment, repair parts and interests and equities therein which the debtor now owns or hereafter acquires, together with all accessions thereto, replacements thereof, substitutions therefor and additions thereto, of whatsoever kind, nature or description, including but not limited to the following:

Item No.	Quantity	Article	Make	Model	Year Manufactured	Serial or Motor No., if Any
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If any item described in this sub-section 3.3 is or is to become a fixture, the same is or will be attached to the real estate described in sub-section 1.1 hereof; if the same is already a fixture, debtor will furnish and deliver to the secured party disclaimers or subordination agreements in form suitable to the secured party, executed by all persons having an interest in said real estate or in said collateral which is prior to the secured party's interest.

3.4 All supplies of any name, nature and description now on hand or hereafter acquired, including but not restricted to seed, feed, fertilizer, horticultural chemicals, sprays and pesticides.

3.5 All storage, trailing, grazing, irrigation and water rights now owned or hereafter acquired by the debtor.

3.6 Debtor's leasehold interest, if any, in that portion of the lands described in sub-section 1.1 hereof as being under lease.

3.7 Proceeds and products of each and every item of the collateral above described; but the provisions of this sub-section 3.7 shall not be construed to mean that the secured party consents to any sale or disposition of any part of the collateral except as permitted by the express terms of this agreement.

#### Section 4. Other Agreements Of Debtor.

4.1 The debtor covenants and warrants unto the secured party that he is the owner of all of the said collateral, that each item thereof is free and clear of all prior encumbrances and security interests except:

that he has and is entitled to the exclusive possession thereof, that he has a good and valid right to grant this security interest and that he will defend his title to the said collateral and each item thereof against all persons whomsoever. Furthermore, the debtor will not sell or offer to sell or otherwise transfer the collateral or the proceeds thereof or any interest in either the collateral or proceeds without the prior written consent of the secured party having been obtained.

4.2 With reference to the crops, if any, included in the above described collateral, debtor will at proper and reasonable times plow and cultivate all tillable portions of the lands described in sub-section 1.1 in accordance with the best practices of good husbandry in the locality thereof, will seed the same at the proper season, will properly cultivate and care for the crops growing and to be grown thereon and will harvest and prepare the same for market at the proper season and as soon as the same are ready for harvest; immediately after harvest, debtor will deliver the crops, ready in all respects for sale, to the order of the secured party; and if the latter so directs, will deposit the same in some warehouse, elevator or depository to be designated by the secured party, in the latter's name, and will immediately thereafter deliver the warehouse receipts for such crops to the secured party. In the event of the failure for any reason of the debtor to do any of the foregoing, the secured party at his option may take possession of all the collateral hereinabove described and of the land upon which said crops are growing and of the buildings on said lands and the contents thereof and may hold and retain exclusive possession thereof and shall have the exclusive use of any and all of debtor's farming outfit, equipment, facilities and buildings (whether or not part of the said collateral) for the purposes of and for such time as may be necessary for the production, harvesting, collection, preparation for sale, storage, transportation, removal and sale of the crops hereinabove described; the expense to the secured party in doing all or any of the foregoing shall be secured by this agreement as provided in sub-section 2.3 hereof.

4.3 With reference to the livestock, if any, included in the above described collateral, debtor agrees at all times to furnish suitable and adequate pasture, range and feeding therefor, to care for and protect the same from disease, damage or destruction either by the weather, wild animals or any other cause, to furnish suitable, experienced and sufficient competent men to herd and care for the livestock according to the best principles of animal husbandry, to cause at the proper season the breeding animals covered by this security agreement to be bred to suitable males and, if sheep, to provide the necessary herders and competent employees to care for said sheep at lambing time, to cause all said sheep to be shorn at the proper time by competent men and to cause the wool so shorn to be tied and bagged and each bag to be properly marked and prepared for market and stored in a warehouse designated by and in the name of the secured party until said wool is sold or otherwise disposed of and the proceeds thereof paid to the secured party. If for any reason the debtor shall fail to do and perform any of the things required of him in this sub-section 4.3, the secured party at his option may take possession of all the collateral hereinabove described and of the lands described in sub-sections 1.1 and 1.2 hereof and of the buildings on said lands and the contents thereof and may occupy and retain exclusive possession thereof for such time as may be necessary to enable the secured party to sell and dispose of said collateral in a commercially reasonable manner; during said time the secured party shall have the exclusive use of all debtor's farming outfit (whether or not part of the said collateral) in caring for, protecting, feeding, lambing, shearing, running, preparing for market and marketing said livestock and doing any of the things hereinabove agreed to be done and performed by the debtor and for said purposes the secured party shall have the exclusive use of all debtor's barns, shearing sheds, shearing machines, appurtenances, dipping vats, corrals, enclosures, panels, machinery, facilities, tools, equipment, buildings and the rights described in sub-section 3.5 hereof which the secured party deems necessary or suitable. The expense to the secured party in doing all or any of the foregoing shall be secured by this agreement as provided in sub-section 2.3 hereof. In feeding said livestock, either party hereto may use the said feed and the harvested crops in necessary amounts.

4.4 Right of Secured Party to Inspect. The secured party and any of its agents shall have the right, at intervals to be determined by the secured party, to inspect the collateral wherever it may be found and inspect, audit and copy any books and records of the debtor relating to the collateral or other transactions with the secured party; in this connection, the debtor shall render all assistance requested by the secured party and its agents.

4.5 Reports. The debtor, if requested by the secured party, shall submit to the secured party within thirty days after the end of each calendar quarter, his financial statement as of the close of such quarter, certified by an authorized person; within sixty days after the end of each calendar year, his financial statements as of the close of the year, certified by independent accountants, and, from time to time, such additional information and reports regarding his financial status as the secured party may require, including statements showing the additions to, changes in value of and adjustments to the collateral made since the preceding report.

4.6 Financing Statements. At the request of the secured party, debtor shall join with the secured party in executing one or more financing statements pursuant to the Uniform Commercial Code in form satisfactory to the secured party and will pay for filing the same in the proper public office or offices as well as the cost of such lien searches made by filing officers or searching agencies as may be deemed desirable by the secured party.

4.7 Other Borrowing. Without the written consent of the secured party, the debtor will not engage in any other financing or create any indebtedness for money borrowed except loans made hereunder nor allow any adverse financing statement covering any of the said collateral or proceeds thereof to be on file in any public office.

4.8 Further Documentation. At any time upon request of the secured party, debtor will do, make, execute and deliver all such additional and further acts, instruments or papers as the secured party may require to assure the secured party of the latter's rights hereunder and to the collateral and its proceeds. If debtor is a corporation, it will promptly furnish the secured party with certified copies of resolutions of its board of directors authorizing the execution and delivery of this contract.

4.9 Insurance. Debtor will carry such insurance as the secured party may require against loss or damage by fire and theft (including collision if applicable) and other hazards to be designated by the secured party on the collateral, with such deductible provisions, upon such terms, including loss payable and other endorsements, and in such company or companies as the secured party may approve; debtor immediately will deliver all policies to the secured party, to be retained by the latter in pledge to secure debtor's obligations hereunder, with irrevocable authority to submit any proofs, to adjust any loss, receive and receipt for any sum payable, surrender any policy, discharge and release any insurer, endorse in debtor's name any loss or refund check or draft and, in general, exercise in the name of the debtor or otherwise, any and all rights of the debtor in respect thereto or in respect to the proceeds thereof.

4.10 Taxes, Rents and Mortgage Payments. Debtor shall pay, when due, all taxes and assessments on or relating to the collateral and the proceeds thereof, as well as all payments of principal and interest on any mortgage on any of the real estate described herein and the rents on any of said real estate under lease and will keep said mortgage and leases, if any, free from default. Should the debtor for any reason fail to pay, when due, any payments required of him in this sub-section 4.10 or in any other portion of this agreement, the secured party at his option may pay the same; debtor agrees to repay to the order of the secured party all sums so paid by him promptly on demand, together with interest thereon at the highest lawful rate, from the date paid by the secured party until repaid; the repayment of all such payments with said interest shall be secured by this agreement.

4.11 If any of the lands described herein are under lease, debtor will procure forthwith and deliver to the secured party written easements from the respective owners of said leased lands permitting entry thereof by the secured party and his agents and his and their retention of the possession thereof during the periods of time mentioned in sub-sections 4.2 and 4.3 hereof.

#### Section 5. Default.

The debtor shall be in default under this agreement upon the occurrence of any of the following events:

5.1 Nonpayment of Principal and Interest. Failure to pay when due the principal or interest on any note.

5.2 Breach of Debtor's Agreement. Failure by debtor to keep, observe or perform any provision of this agreement or any other agreement between debtor and the secured party.

5.3 Misrepresentation. The discovery of any misrepresentation, breach of warranty or material falsity of any certificate, schedule or statement made or furnished by debtor to the secured party, whether or not in connection with this agreement.

5.4 Impairment. Change in the condition or affairs, financial or otherwise, of the debtor or of any endorser, guarantor or surety for the liability of debtor to the secured party which in the opinion of the secured party impairs or decreases secured party's security.

5.5 Insolvency and Death. Termination of business or commencement of any insolvency proceedings by or against debtor or if debtor becomes insolvent, or if any debtor dies, or, if debtor is a partnership, the death of any partner.

5.6 The secured party deems or has reasonable cause to deem himself insecure.

#### Section 6. Remedies Of Secured Party On Default.

6.1 Upon the occurrence of any event of default, the secured party may take, have and retain possession of the collateral and all thereof and for that purpose may enter and remain in possession of any premises on which the collateral may be situated and may remove the same, or any part thereof, therefrom; further, the secured party may at his option and without notice declare all notes and other obligations of the debtor secured by this agreement immediately due and payable and shall have and may exercise each and all of the rights and remedies granted to him by the said notes, this agreement and the Uniform Commercial Code of Oregon. All remedies of the secured party shall be cumulative. If secured party's realization on the proceeds of the collateral exceeds the sums due to the secured party on debtor's obligations hereunder, the debtor shall be entitled to the surplus; otherwise, debtor shall pay to the secured party on the latter's demand any deficiency that there may be.



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**Section 7. General.**

7.1 Waivers. The debtor waives demand, presentment, notice of dishonor and protest of any instrument either of debtor or others which may be included in the collateral or in the obligations secured hereby.

7.2 Consents. The debtor consents and agrees:

- (a) To any extension, postponement of time of payment, indulgence and to any substitution, exchange or release of collateral;
- (b) To the addition to or release of any party or person primarily or secondarily liable, or acceptance of partial payments on any accounts or instruments and the settlement, compromise or adjustment thereof;
- (c) If there be more than one debtor or a guarantor or co-maker of any note secured by this agreement, the obligation of each and all shall be primary and joint and several;
- (d) Each note which this agreement secures is a separate instrument and may be negotiated, extended or renewed by the secured party without releasing the debtor, the collateral or any guarantor or co-maker.
- (e) Should the secured party transfer his interest in said collateral, debtor will not assert as a defense, counter-claim, set-off or otherwise against secured party's assignee any claim, known or unknown, which debtor now has or claims to have or hereafter acquires against the secured party and further, in such event, each right herein given to the secured party shall accrue to and may be exercised by said assignee.

7.3 Duties with Respect to Collateral. The secured party shall have no duty:

- (a) To collect the collateral or any proceeds;
- (b) To preserve rights of debtor or others against prior or other parties;
- (c) To realize on the collateral in any particular manner or seek reimbursement from any particular source;
- (d) To preserve, protect, insure or care for any of said collateral.

7.4 Debtor's Use of Collateral. Until default, debtor may use and consume any part of the collateral in preserving and preparing for market any livestock or poultry covered by this agreement or in planting, cultivating or harvesting any of said crops.

7.5 Non-Waiver by Secured Party. Secured party shall not be deemed to have waived any of his rights under this or any other agreement or instrument signed by the debtor unless the waiver is in writing signed by the secured party. No delay in exercising secured party's rights shall be a waiver nor shall a waiver on one occasion operate as a waiver of such right on a future occasion.

7.6 Notices. Each demand, notice or other communication shall be served or given by mail or telegraph addressed to the party at his address set forth herein or as changed by written notice to the other party, or by personal service upon the party or proper officer. Reasonable notice, when notice is required, shall be deemed to be five days.

7.7 Law Governing. All the terms herein and the rights, duties and remedies of the parties shall be governed by the laws of Oregon.

7.8 In construing this agreement, the singular includes the plural and the masculine pronoun includes the feminine and the neuter.

7.9 This contract shall bind and inure to the benefit of, as the circumstances may require, not only the immediate parties hereto but their respective heirs, executors, administrators, successors in interest and assigns.

**Section 8. Special Terms And Conditions.**

EXECUTED in duplicate.

Secured party  
need sign  
only if this  
agreement  
should be  
used as a  
Financing  
Statement;  
if so used,  
forward it to  
Filing Officer  
together with  
a completed  
but unsigned  
set of Form  
UCC-2.

Individual Secured Party

Butte Valley Farms, Inc.  
Partnership or Corporate Secured Party

By R. W. Orahood  
R. W. Orahood, Vice-President

Individual Debtor

Lower Klamath Seed Co.  
Partnership or Corporate Debtor

By Lawrence D. Chyan



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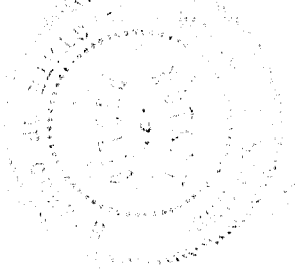
State of Oregon  
County of Klamath

On this 16th day of July, 1968, before me, a Notary Public in  
and for the County of Klamath, State of Oregon, personally appeared:

Lawrence D. Cheyne  
R. W. Grahoad

known to me and by me known to be the same persons who executed the foregoing  
instrument, and each of them acknowledged that the same is their free act  
and deed, and the free act and deed of the corporation represented.

WITNESS MY HAND AND SEAL this 16th day of July, 1968.



*Wilbur C. Haskins*  
Wilbur C. Haskins  
Notary Public  
My commission expires December 29th 1970.

STATE OF OREGON, } ss  
County of Klamath }

Filed for record at request of

Butte Valley Farms Inc.

On this 16 day of July A. D. 19 68

at 4:25 o'clock PM and July

recorded in Vol. M-68 of Deeds

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DOROTHY ROGERS, County Clerk

By *Dorothy Rogers* Deputy

Fee 15.00

*Butte Valley Farms, Inc.*  
*P.O. Box 625*  
*City*

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