

75741

38-20448

Vol. ^M79 Page 24730MORTGAGE

DATED:

FROM:

JOHN B. ANDERSON
P. O. Box 190
Davis, California 95616

Mortgagor

TO:

SECURITY PACIFIC NATIONAL BANK
P. O. Box 1917
Sacramento, California 95809

Mortgagee

Mortgagor is the owner of the real property described on attached Exhibit A (the Real Property), subject only to the liens and encumbrances of record.

Mortgagee has lent, or agreed to lend, to Mortgagor and business entities owned or controlled by Mortgagor certain amounts set forth in the instruments more particularly described on the attached Exhibit B, on certain terms and conditions.

To secure payment by Mortgagor of all payments required of Mortgagor pursuant to the instruments described on the attached Exhibit B in strict accordance with the terms thereof, performance by Mortgagor of the covenants contained in this Mortgage and in a Security Agreement between Mortgagee and Mortgagor dated January 5, 1979, and Oct. 16, 1979, and payment by the obligor under each instrument described on the attached Exhibit B and performance of each covenant and obligation contained

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therein in strict accordance with the terms thereof, Mortgagor mortgages and conveys to Mortgagee the Real Property described on Exhibit A, together with all appurtenances, all existing or subsequently erected or affixed improvements and fixtures, all of which is called the "Mortgaged Property," and presently assigns to Mortgagee all rents, revenues, income, issues and profits from the Mortgaged Property, whether now or hereafter due, on the following terms and conditions:

1. Payment and Performance.

Mortgagor will pay to Mortgagee promptly when due all amounts payment of which is secured by this Mortgage and will strictly perform all obligations imposed by this Mortgage, the Security Agreement and the instruments described on the attached Exhibit B.

2. Possession.

Until in default, Mortgagor may remain in possession and control of and operate and manage the Mortgaged Property and collect the rents, revenues, income, issues and profits.

3. Warranties of Mortgagor.

3.1 Title. Mortgagor warrants that Mortgagor holds marketable title to the Mortgaged Property subject only to the liens and encumbrances of record. Mortgagor shall defend Mortgagee's rights against the claims and

demands of all persons except on account of such liens and encumbrances.

3.2 Compliance with Laws. Mortgagor warrants that its use of the Mortgaged Property complies with all existing applicable laws, ordinances and regulations of governmental authorities.

4. Maintenance and Alterations.

4.1 Duty to Maintain. Mortgagor shall maintain the Mortgaged Property in first class condition and promptly perform all repairs and maintenance necessary to preserve its value.

4.2 Waste; Nuisance. Mortgagor shall neither conduct or permit any nuisance nor commit or suffer any strip or waste on the Mortgaged Property.

4.3 Removal of Improvements. Mortgagor shall not demolish or remove any improvements from the Mortgaged Property without the prior written consent of Mortgagee, which will not be withheld if Mortgagor makes arrangements satisfactory to Mortgagee to replace any improvement which Mortgagor proposes to remove with one of at least equal value. "Improvements" shall include all existing and future buildings, structures and fences.

4.4 Mortgagee's Right to Enter and Inspect. Mortgagee and its agents and representatives may enter upon

the Mortgaged Property at all reasonable times to attend to Mortgagee's interest and to inspect the Mortgaged Property.

4.5 Compliance with Governmental Requirements.

Mortgagor shall promptly comply with all laws, ordinances and regulations of all governmental authorities applicable to the use or occupancy of the Mortgaged Property. Mortgagor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Mortgagee's interest in the Mortgaged Property is not jeopardized.

4.6 Duty to Protect. Mortgagor shall do all other acts, in addition to those set forth in this section, that from the character and use of the Mortgaged Property are reasonably necessary to protect and preserve the security.

5. Taxes and Assessments; Liens and Claims.

5.1 Payment. Mortgagor shall pay when due all taxes and assessments against the Mortgaged Property and all claims and demands arising from Mortgagor's use or occupancy of the Mortgaged Property.

5.2 Protection of the Mortgaged Property.

Mortgagor shall not permit any lien prior or equal to the lien of this Mortgage to be imposed upon the Mortgaged Property, except for the lien of taxes and assessments not due and except as otherwise provided in paragraph 5.3 below.

5.3 Mortgagor's Right to Contest. Mortgagor may withhold payment of any taxes, assessments, claims or demands or may elect to contest any lien if Mortgagor is in good faith conducting appropriate proceedings to contest the obligation to pay and so long as Mortgagee's interest in the Mortgaged Property is not jeopardized. If the Mortgaged Property is subjected to a lien which is not discharged within 15 days, Mortgagor shall deposit with Mortgagee cash, a sufficient corporate surety bond or other security satisfactory to Mortgagee in an amount adequate to provide for the discharge of the lien plus any interest, costs, attorneys' fees or other charges that could accrue as a result of foreclosure or sale. In any contest Mortgagor shall defend itself and Mortgagee and shall satisfy any final adverse judgment before enforcement against the Mortgaged Property. Mortgagor shall name Mortgagee as an additional obligee under any surety bond furnished in the contest proceedings.

5.4 Evidence of Payment of Taxes or Assessments. Mortgagor shall upon demand furnish to Mortgagee evidence of payment of the taxes or assessments and shall authorize the appropriate county official to deliver to Mortgagee at any time a written statement of the taxes and assessments against the Mortgaged Property.

5.5 Reserves. Mortgagee may require Mortgagor to maintain with Mortgagee reserves for payment of taxes and

assessments. The reserves shall be created by monthly payments of a sum estimated by Mortgagee to be sufficient to produce, at least 15 days before the taxes and assessments are due, amounts at least equal to the taxes and assessments to be paid. If 15 days before such taxes and assessments are due the reserve funds are insufficient, Mortgagor shall upon demand pay any deficiency to Mortgagee. The reserve funds shall be held by Mortgagee as a general deposit from Mortgagor and shall constitute a noninterest bearing debt from Mortgagee to Mortgagor which Mortgagee may satisfy by payment of the taxes and assessments required to be paid by Mortgagor as they become due. Mortgagee does not hold the reserve funds in trust for Mortgagor, and Mortgagee is not the agent of Mortgagor for payment of the taxes and assessments required to be paid by Mortgagor.

5.6 Notice of Construction. Mortgagor shall notify Mortgagee at least 15 days before any work is commenced, any services are furnished or any materials are supplied to the Mortgaged Property if a construction lien could be asserted on account of the work, services or materials and the cost exceeds \$25,000. Mortgagor will on request furnish to Mortgagee advance assurances satisfactory to Mortgagee that Mortgagor can and will pay the cost of such improvements.

6. Casualty Insurance.

6.1 Maintenance of Casualty Insurance. Mortgagor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement cost basis covering all improvements on the Mortgaged Property in an amount sufficient to avoid application of any coinsurance clause and with loss payable to Mortgagee. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Mortgagee. Mortgagor shall deliver to Mortgagee certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of 10 days' written notice to Mortgagee.

6.2 Mortgagor's Report on Insurance. Within 60 days after the close of Mortgagor's fiscal year, Mortgagor shall furnish to Mortgagee a report on each existing policy of insurance showing:

- (a) the name of the insurer;
- (b) the risks insured;
- (c) the amount of the policy;
- (d) the property insured, the then current replacement cost of the property, and the manner of determining that cost; and
- (e) the expiration date of the policy.

Mortgagor shall upon request have an independent appraiser satisfactory to Mortgagee determine the replacement cost of the Mortgaged Property.

6.3 Application of Proceeds. Mortgagor shall promptly notify Mortgagee of any loss or damage to the Mortgaged Property. Mortgagee may make proof of loss if Mortgagor fails to do so within 15 days of the casualty. All proceeds of any insurance on the Mortgaged Property shall be held by Mortgagee as part of the Mortgaged Property. If Mortgagor elects to restore the Mortgaged Property, Mortgagor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Mortgagee. Upon satisfactory proof of expenditure, Mortgagee shall pay or reimburse Mortgagor from the proceeds for the reasonable cost of repair or restoration. If Mortgagor elects not to restore the Mortgaged Property, Mortgagee shall retain a sufficient amount of the proceeds to pay all amounts payment of which is secured by this Mortgage, and shall pay the balance to Mortgagor. Any proceeds which have not been paid out within 180 days after their receipt and which Mortgagor has not committed to the repair or restoration of the Mortgaged Property shall be used to pay or prepay such amounts. If Mortgagee holds any proceeds after payment in full of such amounts, the balance thereof shall be paid to Mortgagor.

6.4 Unexpired Insurance at Sale. Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Mortgaged Property at any foreclosure sale of such Property.

6.5 Reserves. Mortgagee may require Mortgagor to maintain with Mortgagee reserves for payment of insurance premiums. The reserves shall be created and held in the same manner as provided in paragraph 5.5 above for reserves for payment of taxes and assessments.

7. Imposition of Tax by State.

7.1 State Taxes Covered. This section shall apply to the following state taxes:

(a) A specific tax on mortgages or any part of the secured indebtedness.

(b) A specific tax on the owner of mortgaged property which the taxpayer is authorized or required to deduct from payments on the mortgage.

(c) A tax on mortgaged property chargeable against the mortgagee or holder of the note secured.

(d) A specific tax on all or any portion of the indebtedness or on payments of principal and interest made by mortgagors.

7.2 Effect of Taxes. If any state tax to which this section applies is enacted after the date of this

Mortgage, this shall constitute an event of default, and Mortgagee may exercise any or all of the remedies available to it in the event of a default unless the following conditions are met:

(a) Mortgagor may lawfully pay the tax or charge imposed by the state tax, and

(b) Mortgagor pays or offers to pay the tax or charge within 30 days after notice from Mortgagee that the tax law has been enacted.

8. Transfer by Mortgagor.

8.1 Consent by Mortgagee. Mortgagor shall not transfer or agree to transfer the Mortgaged Property without the prior written consent of Mortgagee. If Mortgagor or a prospective Transferee applies to Mortgagee for consent to a transfer, Mortgagee may require such information concerning the prospective Transferee as would normally be required from a new loan applicant.

8.2 Effect of Consent. Consent by Mortgagee to one transfer shall not constitute a consent to other transfers or a waiver of this section. No transfer by Mortgagor shall relieve Mortgagor of liability for payment of the indebtedness secured by this Mortgage. Following a transfer, Mortgagee may agree to any extension of time for payment or modification of the terms of this Mortgage, the Security Agreement or any of the instruments described on the attached

Exhibit B or waive any right or remedy thereunder without relieving Mortgagor from liability.

9. Events of Default.

The following shall constitute events of default:

(a) Failure of Mortgagor to make any payment required under or secured by this Mortgage when due.

(b) Failure of Mortgagor within the time required by this Mortgage to make any payment for taxes, insurance, or for reserves for such payment, or any other payment necessary to prevent filing of or discharge of any lien.

(c) Default by the obligor under any of the instruments described on the attached Exhibit B.

(d) Failure of Mortgagor to perform any other obligation contained in this Mortgage, the Security Agreement or the instruments described on the attached Exhibit B, within 20 days after notice from Mortgagee specifying the nature of the default or, if the default cannot be cured within 20 days, failure within such time to commence and pursue with reasonable diligence curative action. No notice of default and no opportunity to cure shall be required if during the prior 12 months Mortgagee has already sent a notice to Mortgagor concerning default in performance of the same obligation.

(e) Dissolution, termination of existence, insolvency, business failure, appointment of a receiver of any of the property of, assignment for the benefit of creditors by, the commencement of any proceedings under any bankruptcy or insolvency laws by or against, or failure to obtain dismissal or deny the contents of any petition filed against it under any bankruptcy or insolvency laws within the time required to answer by, either Mortgagor or any of the obligors under the instruments described on the attached Exhibit B.

10. Mortgagee's Rights upon Default.

10.1 Remedies. Upon the occurrence of any event of default and at any time thereafter, Mortgagee may exercise any one or more of the following rights and remedies in addition to any other remedy which may be available at law, in equity or otherwise:

(a) To the extent permitted with respect to any of the instruments described in Exhibit B, Mortgagee may declare the entire amount owed thereunder to be immediately due and payable.

(b) Mortgagee may have a receiver appointed as a matter of right or may exercise all rights of a receiver as a mortgagee-in-possession.

(c) Mortgagee may, either through a receiver or as a mortgagee-in-possession, take

possession of all or any part of the Mortgaged Property, which shall be peaceably surrendered by Mortgagor.

(d) Mortgagee may revoke Mortgagor's right to collect the rents and revenues from the Mortgaged Property, and Mortgagee may collect the same, including amounts past due and unpaid. To facilitate collection, Mortgagee may notify any tenant or other user of the Mortgaged Property to make payment of rent or use fees directly to Mortgagee, and payments by such tenant or user to Mortgagee in response to its demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed. Mortgagee shall not be deemed a mortgagee-in-possession solely by reason of exercise of the rights contained in this subparagraph. Mortgagee may exercise such rights either in person, by agent or through a receiver.

(e) Mortgagee may obtain a decree foreclosing Mortgagor's interest in all or any part of the Mortgaged Property.

(f) If permitted by applicable law, Mortgagee may obtain a judgment for any deficiency remaining in the indebtedness due to Mortgagee

after application of all amounts received from the exercise of the rights provided in this section.

10.2 Receiver. Mortgagee shall be entitled to the appointment of a receiver as a matter of right whether or not the apparent value of the Mortgaged Property exceeds the amount of the secured indebtedness, and any receiver appointed may serve without bond. Employment by Mortgagee shall not disqualify a person from serving as receiver.

10.3 Rights of Receiver or Mortgagee-in-Possession. Upon taking possession of all or any part of the Mortgaged Property, the receiver or Mortgagee may:

(a) Use, operate, manage, control and conduct business on the Mortgaged Property and make expenditures for all maintenance and improvements as in its judgment are proper;

(b) Collect all rents, revenues, income, issues and profits from the Mortgaged Property and apply such sums to the expenses of use, operation and management;

(c) At Mortgagee's option, complete any construction in progress on the Mortgaged Property, and in that connection pay bills, borrow funds, employ contractors and make any changes in plans or specifications as Mortgagee deems appropriate.

If the revenues produced by the Mortgaged Property are insufficient to pay expenses, the receiver may borrow, from Mortgagee or otherwise, or Mortgagee may borrow or advance such sums as it deems necessary for the purposes stated in this paragraph, and repayment of such sums shall be secured by this Mortgage. The amounts borrowed or advanced shall bear interest from the date of expenditure until repaid at the highest rate then being charged on any of the Notes from Mortgagor to Mortgagee secured by this Mortgage, and shall be payable by Mortgagor to Mortgagee on demand.

10.4 Election of Remedies. Election by Mortgagee to pursue one remedy shall not exclude resort to any other remedy, and all remedies of Mortgagee under this Mortgage are cumulative and not exclusive. An election to make expenditures or to take action to perform an obligation under paragraph 11.7 shall neither prejudice Mortgagee's right to declare a default nor constitute a waiver of the breached term or of any of the remedies provided in this section.

10.5 Application of Proceeds from Mortgaged Property. All proceeds realized from the exercise of Mortgagee's rights and remedies shall be applied as follows:

- (a) To pay the costs of exercising such rights and remedies, including the costs of any sale, the costs and expenses of any receiver or

mortgagee-in-possession, and the costs and expenses provided for in paragraph 11.3;

(b) To pay all amounts owed by Mortgagor payment of which is secured by this Mortgage;

(c) The overplus, if any, shall be paid to the clerk of the court in the case of a foreclosure by a judicial proceeding, otherwise to the person or persons legally entitled thereto.

11. Miscellaneous.

11.1 Notices. Any notice under this Mortgage shall be in writing. Any notice to be given or document to be delivered under this Mortgage shall be effective when either delivered in person or deposited as registered or certified mail, postage prepaid, addressed to the party at the address specified in this Mortgage. Either party may change its address for notices by written notice to the other party.

11.2 Annual Reports. Within 120 days following the close of each fiscal year of Mortgagor, Mortgagor shall furnish to Mortgagee a statement of net operating income received from the Mortgaged Property during Mortgagor's previous fiscal year in such detail as Mortgagee shall require. "Net operating income" shall mean all cash receipts from the Mortgaged Property less all cash expenditures made in connection with the operation of the Mortgaged Property.



11.3 Expenses. In the event that Mortgagee shall take any action, judicial or otherwise, to enforce any provision of this Mortgage, the Security Agreement or the instruments described on the attached Exhibit B or if Mortgagee shall be required to appear in any proceeding to protect and maintain the priority of this Mortgage, Mortgagee shall be entitled to recover from Mortgagor all expenses which Mortgagee may reasonably incur in taking such action, including (but not limited to) costs incurred in searching records, the cost of title reports and surveyors reports, and attorneys' fees, whether incurred in a suit or action or appeal from a judgment or decree therein or in connection with nonjudicial action. Mortgagor shall reimburse Mortgagee for expenses so incurred on demand with interest thereon from the date of expenditure until repaid at the highest rate then being paid on any of the Notes from Mortgagor to Mortgagee secured by this Mortgage.

11.4 Waiver. A waiver by Mortgagee of a breach of any provision of this Mortgage shall not constitute a waiver of that provision or of any succeeding breach of or prejudice Mortgagee's right otherwise to demand strict compliance with the same or any other provision.

11.5 Mortgage Binding upon Successors and Assigns. Subject to section 8, this Mortgage shall be binding on and

inure to the benefit of the successors and assigns of both Mortgagor and Mortgagee.

11.6 Time of Essence. Time is of the essence of this Mortgage.

11.7 Mortgagee's Right to Perform Obligations of Mortgagor. If Mortgagor fails to perform any obligation required of Mortgagor under this Mortgage, Mortgagee without notice may take any steps necessary to remedy such failure. Mortgagor shall reimburse Mortgagee for all amounts expended in so doing on demand with interest from the date of expenditure until repaid at the highest rate then being paid on any of the Notes from Mortgagor to Mortgagee secured by this Mortgage. Such action by Mortgagee shall not constitute a waiver of the default or any other right or remedy which Mortgagee may have on account of Mortgagor's default.

11.8 Release on Full Performance. If Mortgagor pays the full indebtedness when due and performs all obligations under this Mortgage, Mortgagee shall, if requested, execute and deliver to Mortgagor a suitable satisfaction of this Mortgage.

11.9 Applicable Law. The Mortgaged Property is located in the State of Oregon. The law of the State of Oregon shall be applicable for the purpose of construing and determining the validity of this Mortgage and determining the

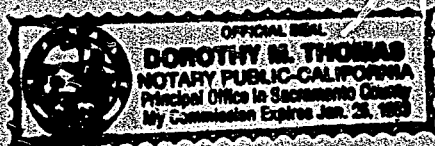
rights and remedies of Mortgagee on default with respect to
the Mortgaged Property.

MORTGAGOR:

John B. Anderson
John B. Anderson

STATE OF *California*)
County of *Sacramento*) ss.

The foregoing instrument was acknowledged before me
this *16th* day of *October*, 1979, by JOHN B. ANDERSON.



Dorothy M. Thomas
Notary Public for
Serial Number (if any)

My commission expires: *1-25-83*

EXHIBIT "A"

PARCEL 1 - AGENCY LAKE RANCH

The following described property located in Klamath County, Oregon:
TOWNSHIPS 34 AND 35 SOUTH, RANGES 7 and 7-1/2 EAST OF THE WILLAMETTE
MERIDIAN

Parcel 1-A

All those portions of Sections 20, 21, 22, 26, 27, 28, 29, 33 and 34 Township 34 South, Range 7½ East of the Willamette Meridian, and Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 16, 17 and 18 in Township 35 South, Range 7½ East of the Willamette Meridian, in Klamath County, Oregon, more particularly described as follows:

Beginning at the intersection of the center line of Seven Mile Canal, as the same is now located and constructed with a line parallel with and 70.0 feet distant at right angles Southeasterly from the centerline of the Dixon and McQuiston Lower Levee as the same is now located and constructed, and from which point the Southeasterly corner of Section 1 Township 34 South, Range 6 E.W.M., as established by Norman D. Price, U.S. Cadastral Engineer, between October 31, 1930 and June 22, 1931, bears North 52°51½' West 18,650.2 feet distant, and running thence South 44°40' West along the aforementioned parallel line 7,011.7 feet; thence South 12°30' East along a line parallel with and 70.0 feet distant at right angles Northeasterly from the center line of the said Dixon and McQuiston Lower Levee, 2,622.3 feet, more or less, to a point in the section line between the said Sections 28 and 29, Township 34 South, Range 7½ E.W.M.; thence Southerly along the said section line between the said Sections 28 and 29, and Sections 32 and 33 of the same Township and Range, 7,928 feet, more or less, to the Southeasterly corner of the said Section 32; thence Southerly along the Section line between the said Sections 4 and 5, Township 35 South, Range 7½ E.W.M., 788.3 feet; thence Westerly along a line parallel with and 788.3 feet distant at right angles Southerly from the Township line between Township 34 South, Range 7½ E.W.M., and Township 35 South, Range 7½ E.W.M., 10,560 feet, more or less, to a point in the line marking the Westerly boundary of Section 6 Township 35 South, Range 7½ E.W.M.; thence Southerly along the Westerly boundary of the said Section 6, 4,492 feet, more or less, to the Southwesterly corner of the said Section 6; thence continuing Southerly along the Westerly boundary of Section 7, 5,280 feet, more or less, to the Southwesterly corner of said Section 7; thence continuing South along the West line of Section 18 a distance of 660 feet; thence East, parallel with and 660 feet South of the North lines of Sections 18 and 17, a distance of 10,560 feet, more or less, to the East line of Section 17; thence continuing East along said parallel line a distance of 1,980.0 feet to a point; thence North at right angles to said parallel line a distance of 660 feet to a point on the South line of Section 9 which is 1,980.6 feet East of the Southwest corner thereof; thence

N. $13^{\circ}46'$ E. a distance of 2,717.95 feet, more or less, to the center of Section 9 and the Southwest corner of Lot 2 in said Section 9; thence N. $44^{\circ}52'$ E. to the Northeast corner of said Lot 2; thence continuing N. $44^{\circ}52'$ E. a distance of 0.983 chains; thence W. $86^{\circ}54'$ E. a distance of 81.715 chains to a point on the East line of Section 10 and on the meander line of Agency Lake; thence Northerly along the shore line of Agency Lake to its intersection with the center line of the Seven Mile Canal as the same is now located and constructed; thence N. $41^{\circ}02'30''$ W., along said center line, a distance of 11,000 feet, more or less, to the point of beginning.

Parcel 1-B

A parcel of land situate in the NW $\frac{1}{4}$ of Section 31, Township 34 South, Range 7 East of the Willamette Meridian, lying East of Wood River and being more particularly described as follows: Beginning at an iron pipe on the North line of Section 31, from which the brass cap monument marking the Northwest corner of said Section 31 bears North $88^{\circ}51'3/4''$ West 789.8 feet distant and the brass cap monument marking the North Quarter Section corner of said Section 31 bears South $83^{\circ}51'3/4''$ East 1,787.4 feet distant; thence South $38^{\circ}23'3/4''$ East 548.6 feet to a point; thence along a $15^{\circ}56'3/4''$ circular curve to the right (having a deflection angle of $55^{\circ}26'1/2''$, a radius of 359.4 feet, and a long chord which bears South $10^{\circ}40'1/2''$ East 334.3 feet) a distance of 347.6 feet; thence South $17^{\circ}02'3/4''$ West 122.1 feet to a point; thence along an $18^{\circ}52'3/4''$ circular curve to the left (having a deflection angle of $40^{\circ}26'1/2''$, a radius of 303.5 feet, and a long chord which bears South $3^{\circ}10'1/2''$ East 209.8 feet) a distance of 214.2 feet; thence South $23^{\circ}-23'3/4''$ East 419.5 feet to a point; thence South $14^{\circ}07'1/2''$ East 498.7 feet to a point; thence South $2^{\circ}39'1/2''$ East 682.9 feet to an iron pipe on the South line of the Northwest quarter of said Section 31; thence North $89^{\circ}34'1/2''$ West along the South line of the Northwest quarter of said Section 31, 1,488.1 feet to a point on the West boundary of said Section 31; thence North along the West boundary of said Section 31, 2,640.0 feet to the brass cap monument marking the Northwest corner of said Section 31, thence South $88^{\circ}51'3/4''$ East along the North boundary of Section 31, 789.8 feet, more or less, to the point of beginning.

ALSO a strip of land 90.0 feet in width along the Southerly boundary of the NW $\frac{1}{4}$ of Section 31 lying between the above described parcel and the Westerly right of way line of Highway No. 422.

Parcel 1-C

A piece or parcel of land situate in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 31, Township 34 South, Range 7 East of the Willamette Meridian, lying East of Wood River and being more particularly described as follows: Beginning at a 5/8 inch iron pin on the East-West centerline of Section 31, Twp. 34 S., R. 7 E.W.M., in the West right of way fence line of State Highway #422, as the same is presently located and constructed, from which the scribed stone marking the East quarter corner to said Section 31, bears South 89°34'15" East 3,413.95 feet distant; thence North 0°28'15" West along said Westerly highway right of way fence 90.01 feet to the true point of beginning; thence North 89°34'15" West 303.27 feet to a point; thence North 2°39'15" West 120.17 feet to a point; thence South 89°34'15" East 32.05 feet to a 5/8 inch iron pin reference monument; thence South 89°34'15" East 275.80 feet to a 5/8 inch iron pin in said Westerly highway right of way fence; thence South 0°28'15" East along said Westerly highway right of way fence 120.01 feet, more or less, to the true point of beginning.

Parcel 1-D

A piece or parcel of land situate in Sections 11, 13, 14, 15, 16, 21, 22, 23, 24, 25, 26 and 27, Township 34 South, Range 7 $\frac{1}{2}$ East of the Willamette Meridian, and more particularly described as follows: Beginning at a point at the intersection of the centerline of Seven Mile Canal as the same is now located and constructed, with the line of a division fence extended Southwesterly, from which point the Southeasterly corner of Section 1, Township 34 South, Range 6 East of the Willamette Meridian, as established by Norman D. Price, U.S. Cadastral Engineer, between October 31, 1930 and June 22, 1931, bears North 54°19 $\frac{1}{2}$ ' West 16,670.3 feet distant, and running from said point of beginning South 41°02 $\frac{1}{2}$ ' East along the said center line of the Seven Mile Canal, 12,811.0 feet, more or less, to a point in a line 150 feet distant at right angles Southerly from the center line of the old Lake Levee, as the same is now located and constructed; thence leaving said center line and following said parallel line North 50°28 $\frac{1}{2}$ ' East, 2,202.6 feet; thence North 88°32' East 1,158.1 feet; thence South 75°19' East, 1,064.8 feet; thence South 45°41' East 588.3 feet; thence South 69°24' East 1,593.6 feet; thence South 84°17' East 203.5 feet; thence South 32°44' East 664.1 feet; thence South 61°23' East 251.2 feet; thence North 81°42' East 1,181.4 feet, more or less, to a point on the Westerly or right bank of Wood River; thence leaving said parallel line and running Northerly along the said Westerly bank of Wood River 19,000 feet, more or less, to a point at the intersection of said Westerly bank of Wood River, with the above mentioned division fence; thence South 61°40 $\frac{1}{2}$ ' West along said division fence 9,958 feet, more or less, to the said point of beginning.

Parcel 1-E

Lots 2, 3, 5 and 6 in Section 36, Township 34 South, Range 7½ East of the Willamette Meridian.

Parcel 1-F

That portion of the NE¼ of Section 31, Township 34 South, Range 7 East of the Willamette Meridian lying East of the State Highway No. 62 right of way.

Parcel 1-G EASEMENT

A perpetual right and easement for borrow pit or canal and for support of dike on the following described land:

T. 35 S., R. 7½ E.W.M.: In Sections 9, 10, 16, 17, and 18, a strip of land 150.0 feet in width bounded and described as follows: BEGINNING at a point on the West boundary line of said Section 18, from which point the Northwest corner thereof bears North, 10.00 chains distant; thence parallel to the North boundary lines of said Sections 16, 17 and 18 East 190.70 chains; thence North 10.00 chains to a point on the North boundary line of said Section 16, from which point the Northeast corner thereof bears East, 2.000 chains distant; thence N. 13°46' E., 41.181 chains to the Southwest corner of Lot 2 of the aforesaid Section 9; thence passing within said Lot 2, N. 44°52' E., 28.217 chains to the Northeast corner thereof; thence continuing N. 44°52' E., 0.983 chain to a point in the NE¼NE¼ said Section 9; thence passing through said NE¼NE¼ and aforesaid Section 10, N. 86°54' E., 81.715 chains to a point on the meander line of Agency Lake and on the east boundary line of said Section 10, from which point the Northeast corner thereof bears N. 36°20' E., 18.487 chains distant; thence along said east boundary line and with the meanders of Agency Lake, S. 36°20' W., 1.341 chains; S. 17°34' W., 1.312 chains; thence S. 86°54' W., 79.527 chains; thence S. 44°52' W., 27.694 chains; thence S. 13°46' W., 40.253 chains; thence South 12.019 chains; thence West, 192.979 chains to a point on the west boundary line of aforesaid Section 18, from which point the Northwest corner thereof bears North, 12.273 chains distant; thence along said west boundary line North, 2.273 chains to the place of beginning.

PARCEL II - WILLIAMSON RIVER RANCH

The following described property located in Klamath County,
Oregon: IN TOWNSHIP 35 SOUTH, RANGE 1 EAST OF THE WILLAMETTE
MERIDIAN

Parcel 2-A

IN SECTION 19: Lots 2, 3, 4, 5, 8, 9, 10, 11, 12, 15, 16, 17, 18, 19, 20, 25, 26, 27, 28, 29, 30 and the following described tract: Starting at a point 7.85 chains West from the Section corner common to Sections 19, 20, 29 and 30, Township 35 S.R. 7 E.W.M., and running thence West 12.15 chains; thence North 20 chains to the center line of the old Dalles-California Highway; thence South 25° East following the center line of the said Old Dalles-California Highway 17.00 chains; thence in a Southeasterly direction also following the center of the said Dalles-California Highway 7.27 chains, more or less, to the starting point. Being a part of Lots 24 and 31 of said Section 19.

EXCEPTING from Lot 3 the following described parcel: Beginning at the intersection of the North section line of Section 19, said Township and Range and the West right of way line of State Highway 427; thence South 13°10'28" East along the West right of way line 415.69 feet; thence North 89°36'24" West parallel to the North section line of Section 19, 577.28 feet to Agency Lake; thence North 3°50'07" West along the shore line of Agency Lake 405.20 feet to the North section line of Section 19; thence South 89°36'24" East along the section line of Section 19, 509.63 feet to the point of beginning.

Parcel 2-B

IN SECTION 20: Lots 11, 13, 17, 18, 23, 24, 28 and 29, EXCEPTING from Lots 18 and 23 the following described parcel: Beginning at a point on the Southerly bank of Williamson River which lies West a distance of 225 feet and North a distance of 61 feet from the Northeast corner of said Lot 23, said beginning point being the Northeast corner of parcel of land described in Deed Volume 106 page 474, records of Klamath County, Oregon; thence South a distance of 190.03 feet to the Southeast corner of said parcel; thence N. 72°05' W. to a point on the North line of said Lot 23 which is 700 feet East of the Northwest corner of said Lot and which said point is the Southwest corner of parcel of land described in Deed Volume 106 page 291, records of Klamath County, Oregon, thence North along the West line of last mentioned parcel, a distance of 210 feet, more or less, to a point on the Southerly bank of Williamson River; thence Easterly along said Southerly bank to the point of beginning.

Parcel 2-C

IN SECTION 30: Lots 3, 4, 5, 6, 7, 14, 15, 16, 17, 19, 23, 24, 25, 26, 27, 28, 33, 34, 35, 36, 37 and the West 10 chains (660 feet) of Lots 8, 13 and 18.

Parcel 2-DIN SECTION 31

Lot 4 EXCEPTING therefrom the following described parcel: Beginning at a point on the North line of said Lot 4 which bears N. $89^{\circ}39'50''$ E. a distance of 498.3 feet from the Northwest corner of said Lot 4; thence S. $07^{\circ}13'10''$ E. a distance of 336.7 feet to a point; thence S. $51^{\circ}05'40''$ E. a distance of 165.5 feet to a point; thence S. $06^{\circ}30'30''$ E. a distance of 50.5 feet to a point; thence N. $80^{\circ}02'40''$ E. a distance of 135 feet, more or less, to a point on the Westerly bank of Williamson River; thence Northerly along said Westerly bank to the Northeast corner of said Lot 4; thence S. $89^{\circ}39'50''$ W. along the North line of said Lot 4 to the point of beginning.

Lots 5, 6, 7, 12, 13, 14, 15, 16, 17, 18, 19, 22, 23, 24, 25, 26, 27, 30, 31, 32, 33, 34, 35, 36, 37 and portion of Lots 11, 20, 21, 28, 29 and 38 in Section 31, more particularly described as follows: Beginning at the stone monument marking the section corner common to Sections 31 and 32, Township 35 South, Range 7 E.W.M. and to Sections 5 and 6, Township 36 S.R. 7 E.W.M.; thence South $89^{\circ}55'3/4''$ West along the section line common to said Sections 31 and 6, 425.0 feet to a point; thence North $0^{\circ}25'$ West 30.0 feet to an iron pipe on the Northerly right of way line of a county road as the same is presently located and constructed and the True Point of beginning of this description; thence South $89^{\circ}55'3/4''$ West along the said Northerly right of way line 868.7 feet to a point in the fence line marking the Westerly boundary of Lot 38 of said Section 31; thence North $0^{\circ}55'3/4''$ West 1271.7 feet to the stone monument marking the Northwest corner of Lot 29 of said Section 31 (said monument being also the SE $1/16$ corner of said Section 31); thence North $0^{\circ}25'$ West 1316.7 feet to the stone monument marking the Northwest corner of Lot 21 of said Section 31 (said monument being also the East $1/16$ corner on the East-West centerline of said Section 31); thence North $0^{\circ}19'3/4''$ West 1263.3 feet to an iron pin on the Westerly boundary of Lot 11 of said Section 31 and from which point the Northwest corner of said Lot 11 bears North $0^{\circ}19'3/4''$ West 55.0 feet distant; thence South $13^{\circ}14'$ East 3955.5 feet, more or less, to the True Point of Beginning.

EXCEPTING that portion of Lot 12, more particularly described as follows: A portion of Lot 12 beginning at the Northeast corner of Lot 12, said Township and Range; thence South $0^{\circ}19'3/4''$ East 55.0 feet to an iron pin; thence North $45^{\circ}18'3/4''$ West 77.8 feet to an iron pin; thence North $89^{\circ}40'$ East 55.0 feet, more or less, to the point of beginning, containing 0.04 acres, more or less.

IN TOWNSHIP 36 SOUTH, RANGE 7 EAST OF THE WILLAMETTE MERIDIAN

Parcel 2-E

SECTIONS 5 and 8 described as follows: Beginning at a point on the West line of said Section 5 which bears S 0°21'20" E. a distance of 644.5 feet from the Northwest corner of said Section 5; thence S. 33°55'20" E. a distance of 4,666.55 feet, more or less, to a point on the North-South center Section line of said Section 5, which point bears N. 1°18'55" E. a distance of 723.9 feet from the South one-quarter corner of said Section 5; thence S. 1°09'50" E. a distance of 1,768.3 feet to a deep water channel situate in the NW¼NE¼ of said Section 8; thence West a distance of 52.55 feet to a point on the North-South centerline of said Section 8; thence North along said centerline a distance of 1,044.2 feet, more or less, to the Quarter section corner common to said Sections 5 and 8; thence West along the South line of said Section 5 to the Southwest corner thereof; thence North along the West line of said Section 5 to the point of beginning. Said parcel being all of Lots 20, 21, 28, 29, 30 and portions of Lots 4, 5, 12, 13, 14, 19, 22, 27 and 31 in Section 5, and portion of the NW¼NE¼ of Section 8.

Parcel 2-F

IN SECTION 6: All of Section 6, SAVINGS AND EXCEPTING The North 30 feet of Lot 1 of Section 6, Township 36 South, Range 7 E.W.M., as conveyed by Tulana Farms to Klamath County by deed executed January 11, 1954, recorded January 13, 1954, in Deed Volume 265, page 50, Deed Records of Klamath County, Oregon.

IN SECTION 7: All of Fractional Section 7

IN SECTION 8: The NW¼; Lot 1 and that portion of Lot 2 lying Northerly and Westerly of the present shore line of Klamath Lake.

IN TOWNSHIP 35 SOUTH, RANGE 7-1/2 EAST OF THE WILLAMETTE MERIDIAN

Parcel 2-G

All of Fractional Sections 25; 26; 27; 33; 34; 35 and 36; All of Fractional Section 24 EXCEPT Government Lot 5; All of Fractional Section 28 lying East of the Straits which connect Upper Klamath Lake and Agency Lake.

IN TOWNSHIP 36 SOUTH, RANGE 7½ EAST OF THE WILLAMETTE MERIDIAN

All of Section 1; AND All of Fractional Sections 2, 3, 4, 11 and 12 lying Northeasterly and Northerly of the shore line of Klamath Lake.

SAVING AND EXCEPTING a substation site 40 feet square in said Section 25, described as follows: Beginning at a point on the right hand or westerly bank of Williamson River, and on the Easterly side or boundary of Lot 37 of Section 30, Township 35 South, Range 7 East of the Willamette Meridian, said point being situated South $89^{\circ}09'$ West 2.7 feet and West 3,114 feet, more or less, from the Southeast corner of said Section 30; thence West 110.0 feet; thence North $82^{\circ}22'$ West 249.4 feet; thence West 1,750.0 feet; thence North $70^{\circ}00'$ West 7.0 feet to a point on the East boundary fence line of that certain structure known and referred to as Indian Lands Substation and from which the Southeast corner of said substation bears South 12.5 feet, being the true point of beginning; thence South 12.5 feet to the Southeast corner; thence West 40 feet; thence North 40 feet; thence East 40 feet; thence South 27.5 feet to the true point of beginning.

EXCEPTING THEREFROM

Parcel 1

Lot 1 in Section 10 Township 35 South, Range 7 $\frac{1}{2}$ East, Willamette Meridian.

Parcel 2

All that property conveyed to Gary Renne under document number 26586 recorded March 11, 1977, in official records of Klamath County in Volume M77 at page 4201.

EXCEPTING THEREFROM

The following described real property situate in Klamath County, Oregon:

All that portion of Lots 2, 3, 4, 5 and 8 of Section 19, Township 35 South, Range 7 E.W.M., lying Northerly of State Highway No. 422 and Easterly of State Highway No. 427.

SAVING AND EXCEPTING the following: A parcel of land situated in the N $\frac{1}{4}$ of Section 19, Township 35 S.R. 7 E.W.M., said parcel being -- portions of Government Lots 5 and 8 of said Section 19, and being bounded on the Southwesterly by the Modoc Point Highway (State Highway #427) and on the Southeasterly by Chiloquin Market Road (State Highway #422) more particularly described as follows:

Beginning at a point on the centerline of said Modoc Point Highway at Engineers Station 1270+50.7, said point being approximately 1229.0 feet South and 20 feet East of the North one-quarter corner of said Section 19; thence leaving said centerline N. 50°17' E. a distance of 435.0 feet to a point; thence S. 39°43' E. a distance of 530.0 feet, more or less, to a point on the centerline of Chiloquin Market Road (State Highway #422); thence along said centerline S. 50°17' W. a distance of 291.0 feet, more or less, to the beginning of a 28°40'12" curve to the right; thence along the arc of said curve, having an angle of 67°30' and a radius of 199.83 feet, a distance of 235.4 feet to the beginning of a 12°45' curve to the right; thence along the arc of said curve having an angle of 48°30' and a radius of 449.38 feet, a distance of 380.4 feet, more or less, to a point on centerline of the Modoc Point Highway; thence along said centerline Northwesterly a distance of 60.2 feet, more or less, to the point of beginning.

LESS AND EXCEPTING those portions lying within the boundaries of Modoc Point Highway (State Highway #427) and Chiloquin Market Road (State Highway #422).

EXCEPTING THEREFROM

A parcel of land situated in the N $\frac{1}{4}$ of Section 19, Township 35 S.R. 7 E.W.M., said parcel being portions of Government Lots 5 and 8 of said Section 19, and being bounded on the Southwesterly by the Modoc Point Highway (State Hwy #427) and on the Southeasterly by Chiloquin Market Road (State Highway #422), more particularly described as follows:

Beginning at a point on the centerline of said Modoc Point Highway at Engineers Station 1270+50.7, said point being approximately 1229.0 feet South and 20 feet East of the North one-quarter corner of said Section 19; thence leaving said centerline N. 50°17' E. a distance of 435.0 feet to a point; thence S. 39°43' E. a distance of 530.0 feet, more or less, to a point on the centerline of Chiloquin Market Road (State Highway #422); thence along said centerline S. 50°17' W. a distance of 291.0 feet, more or less, to the beginning of a 28°40'12" curve to the right; thence along the arc of said curve, having an angle of 67°30' and a radius of 199.83 feet, a distance of 235.4 feet to the beginning of a 12°45' curve to the right; thence along the arc of said curve having an angle of 48°30' and a radius of 449.38 feet, a distance of 380.4 feet, more or less, to a point on centerline of the Modoc Point Highway; thence along said centerline Northwesterly a distance of 60.2 feet, more or less, to the point of beginning.

LESS AND EXCEPTING those portions lying within the boundaries of Modoc Point Highway (State Highway #427) and Chiloquin Market Road (State Highway #422).

EXHIBIT "B"

This Mortgage secured payment of so much as may be borrowed from time to time, with interest thereon, according to the terms of the following instruments, and performance of the covenants contained therein:

1. Optional Advance Note - Interest Tied to Prime, No. 1A, dated April 26, 1979, made by Mortgagor, payable to order of Mortgagee (maximum aggregate unpaid principal balance of \$7,100,000);
2. Optional Advance Note - Interest Tied to Prime, No. 2, dated January 5, 1979, made by Mortgagor payable to order of Mortgagee (maximum aggregate unpaid principal balance of \$2,000,000);
3. Optional Advance Note - Interest Tied to Prime, No. 3, dated January 5, 1979, made by Mortgagor, payable to order of Mortgagee (maximum aggregate unpaid principal balance of \$500,000);
4. Optional Advance Note - Interest Tied to Prime, No. 4, dated January 5, 1979, made by Mortgagor, payable to order of Mortgagee (maximum aggregate unpaid principal balance of \$1,000,000);
5. Optional Advance Note - Interest Tied to Prime, dated January 5, 1979, made by G. P. Trucking Company, Inc., a California corporation, payable to order of Mortgagee (maximum aggregate unpaid principal balance of \$1,250,000);
6. Optional Advance Note - Interest Tied to Prime, No. 5, dated January 5, 1979, made by Mortgagor, payable to order of Mortgagee (maximum aggregate unpaid principal balance of \$1,500,000);
7. Any promissory note, made by Mortgagor, payable to order of Mortgagee, under Mortgagor's lines of credit with Mortgagee;
8. Any note or notes given in renewal or substitution for the promissory notes originally issued, and any extensions or modifications thereof.
9. Any note or notes evidencing any future amounts that Mortgagee may in its discretion loan to Mortgagor.

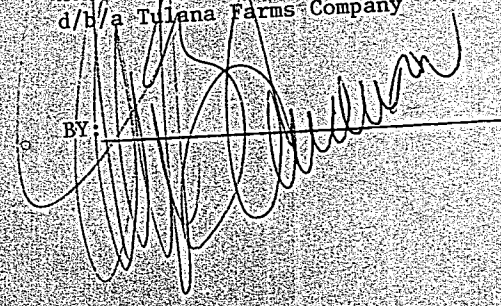
This Mortgage also secures performance of each covenant and obligation contained in the following instruments:

1. Letter of Inducement of Mortgagor addressed to Mortgagee, dated January 5, 1979.
2. Deed of Trust from Mortgagor to Mortgagee as beneficiary, dated January 5, 1979, April 26, 1979, June 21, 1979, and July 16, 1979, securing the above mentioned notes, covering certain property located in Alpine, Solano, Sutter and Yolo County, California, and Douglas County, Nevada.
3. Any mortgage, deed of trust or security agreement that Mortgagor may give in the future to secure payment and performance of any and all obligations now or hereafter owing to Mortgagee, whether such obligations are (a) joint or several; (b) direct, indirect or contingent; (c) due or not; (d) payable to or otherwise acquired by Mortgagee; (e) evidenced by promissory note or otherwise.

This is Exhibit "B" referred to in the Mortgage of even date herewith and to which this is incorporated by reference.

EXECUTED this 16th day of October, 1979.

John B. Anderson d/b/a
Anderson Farms Company, d/b/a
H. F. Dangberg Farms Company and
d/b/a Tulana Farms Company

BY: 

*After recording return to:
TA Main*

EXHIBIT "B" - 2

STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 22nd day of October A.D., 19 79 at 10:38 o'clock A M., and duly recorded in Vol M79 of Mortgages on Page 24730.

FEE \$108.50

WM. D. MILNE, County Clerk

By Bernice Helock Deputy