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FEDERAL LAND BANK MORTGAGE

- Carlo and and a

KNOW ALL MEN BY THESE PRESENTS, That on this _____13th ____ day of ____October _____, 1981,

Montgomery Drilling Co., also shown of record as R. B.

Montgomery Drilling Co., Inc., a California corporation; R. B. Montgomery, aka Robert Bruce Montgomery and Ruth Ann Montgomery, husband

and wife.

hereinafter called the Mortgagors, hereby grant, bargain, sell, convey and mortgage to THE FEDERAL LAND BANK OF SPOKANE, a corporation in Spokane, Washington, hereinafter called the Mortgagee, the following described real estate in the County of _________, State of __________.

The description of real property covered by this mortgage is attached between

	Auditor, Clerk or Recorder	_
	, Page	
	o'clock	
Recorded_		
FLB LOAN	189508-8	

successors and assigns of the respective parties hereto.

This mortgage and the note secured hereby are executed and delivered under and in accordance with the Farm Credit Act of 1971 and any acts amendatory or supplementary thereto and the regulations of the Farm Credit Administration, and are subject to all the terms, conditions and provisions thereof, which are made a part hereof the same as if set out in full herein. The covenants and agreements herein contained shall extend to and be binding upon the heirs, executors, administrators,

Upon or during the continuance of any default hereunder, the mortgagee shall have the right forthwith to enter into and upon the mortgaged premises and take possession thereof, and collect the rents, issues and profits thereof, and apply the same, less reasonable costs of collection, upon the indebtedness hereby secured, and the mortgagee shall have the right to the appointment of a receiver to collect the rents, issues and profits of the mortgaged premises. The rents, issues and profits of said premises after default are hereby assigned and mortgaged to the mortgagee as additional security for the indebtedness herein described.

In case of any suit to foreclose this mortgage or to collect any charge growing out of the debt hereby secured, or any suit which the mortgagee may deem it necessary to prosecute or defend to effect or protect the lien hereof, the mortgagors agree to pay a reasonable sum as attorney's fees and all costs and legal expenses in connection with said suit, and further agree to pay the reasonable costs of searching records and abstracting or insuring the title, and such sums shall be secured hereby and included in

Time is material and of the essence hereof; and in case of breach of any of the covenants or agreements hereof, or if default be made in the payment of any of the sums hereby secured, or if the whole or any portion of said loan shall be expended for purposes other than those specified in the original application therefor except, by the written permission of said mortgagee, or if said land or any portion thereof shall be hereafter included in any special assessment district, then, in any such case, all indebtedness hereby secured, shall, at the election of the mortgagee, become immediately due without notice, and this mortgage may be foreclosed; but the failure of the mortgagee to exercise such option in any one or more instances shall not be considered as a waiver or relinquishment of the right to exercise such option upon or during the continuance of the same or any other

Should the mortgagors be or become in default in any of the covenants or agreements herein contained, then the mortgagee (whether electing to declare the whole indebtedness hereby secured due and payable or not) may, at its option, perform the same in whole or in part and all expenditures made by the mortgagee in so doing, together with interest and costs, shall be immediately repayable by the mortgagors without demand, shall be secured by this mortgage, and shall draw interest until paid at

If any of the mortgaged property shall be taken under right of eminent domain, the mortgagee shall be entitled at its option to receive all compensation for the portion taken and damages to the remaining portion, to be applied by the mortgagee upon the indebtedness hereby secured in such manner as it shall elect.

To keep all buildings now existing or hereafter erected continuously insured against loss or damage by fire and such other risks in manner and form and in such company or companies and in such amounts as shall be satisfactory to the mortgagee; to pay all premiums and charges on all such insurance when due; to deposit with the mortgagee upon request all insurance policies affecting the premises, with receipts showing payment of all premiums and charges affecting said policies; and that all insurance whatsoever affecting the premises shall be made payable, in case of loss, to the mortgagee, with a loss payable clause in favor of and satisfactory to the mortgagee. The mortgagee shall be entitled to receive the proceeds of any loss under any such policy which may be applied by the mortgagee upon the indebtedness hereby secured in such manner as it may elect.

To pay before delinquency all taxes, assessments and other charges upon said premises, all assessments upon water company stock, and all rents, assessments and charges for water appurtenant to or used in connection with said property; and to suffer no other encumbrance, charge or lien against said premises which is superior to this mortgage.

To keep the buildings and other improvements now or hereafter existing on said premises in good repair; to complete without delay the construction on said premises of any building, structure or improvement in progress, any improvements to existing structures in progress, and any improvements or remodeling for which the loan hereby secured was granted in whole or in part; not to remove or demolish or permit the removal or demolishment of any building thereon; to restore promptly in a good and workmanlike manner any building, structure or improvement thereon which may be damaged or destroyed; to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property and its use; not to use or permit the use of said premises for any unlawful or objectionable purpose; not to cut or permit the cutting of timber from said premises except for domestic use; to maintain and cultivate the premises in good and husbandlike manner, using approved methods of preserving the fertility thereof; to keep the orchards on said lands properly irrigated, cultivated, sprayed, pruned and cared for, not to commit or suffer waste of any kind upon said premises; and to do all acts or things necessary to preserve all water rights now or

To pay all debts and money secured hereby when due.

That they are lawfully seized of said premises in fee simple, have good right and lawful authority to convey and mortgage the same, and that said premises are free from encumbrance; and each of the mortgagors will warrant and defend the same forever segainst the lawful claims and demands of all persons whomsoever, and this covenant shall not be extinguished by any foreclosure

This conveyance is intended as a mortgage securing the performance of the covenants and agreements hereinafter contained, and the payment of the debt represented by one promissory note made by the mortgagors to the order of the mortgagee, of even date here with, for the principal sum of \$ 1,965,000.00 with interest as provided for in said note, being payable in installments, the last of which being due and payable on the first day of <u>November</u>, 2016 MORTGAGORS COVENANT AND AGREE:

Together with the tenements, hereditaments, rights, privileges and appurtenances, including private roads, now or hereafter belonging to or used in connection with the above described premises; and all plumbing, lighting, heating, cooling, ventilating, elevating, watering and irrigating apparatus and other fixtures, now or hereafter belonging to or used in connection with the above described premises, all of which are hereby declared to be appurtenant to said land; and together with all waters and water rights of every kind and description and however evidenced, and all ditches or other conduits, rights therein and rights of way therefor. which now are or hereafter may be appurtenant to said premises or any part thereof, or used in connection therewith.

bureau, or agency there of, which have been or will be assigned or waived to mortgagee.

including all leases, permits, licenses or privileges, written or otherwise, appurtenant or nonappurtenant to said mortgaged premises, now held by mortgagors or hereafter issued, extended or renewed to them by the United States or the State or any department.

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IN WITNESS WHEREOF, The mortgagors have hereunto set their hands the day and year first above written.

Robert Bruce Montgomer Ruth Ann Montgomery

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	SANDY HOLMES	7		
	NOTARY PUBLIC - CALIFORNIA BOND FILED IN			
MY COMM	ISSION EXPIRES FEB. 19, 1985	1		
•••	California	۲ ۲		
County of_	Kern	\$\$5.		

MONTGOMERY BRILLING CO, BY: ATTEST: Secretary

On October 15, 1981 before me personally appeared

Robert Bruce Montgomery and Ruth Ann Montgomery

to me known to be the person(s) described in and who executed the foregoing instrument, and acknowledged that (he) (she) (they) executed the same as (his) (her) (their) free act and deed.

NOTARY PUBLIC

My Commission Expires Felt 19 1985

STATE OF California): ss.County Of Kern

On this <u>15th</u> day of <u>October</u>, 19 <u>81</u>, before me personally appeared <u>R.B. Montgomery</u> and <u>F.R. Rosenlieb</u>, known to me to be the <u>President and Secretary</u>, respectively, of the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same as its free act and deed; and each on oath stated that he was authorized to emecute said instrument.

SANDY FROLINES NOTARY PUBLIC - CALIFORNIA BOND FILED IN KERN COUNTY MY COMMISSION EXPIRES FEB. 19, 1985

X

Landy Halmer
Notary Public for the State of California Residing at Bally shuld
My commission expires 2/19/85

PARCEL 1

OF 4

A parcel of land situate in Sections 11, 12, 13, 14, 23, 24 and 25 all in Township 34 South, Range $7\frac{1}{2}$ East of the Willamette Meridian, being more particularly described as follows:

Beginning at a brass capped monument marking the Northeast corner NW $\frac{1}{2}$ of said Section 13; thence South 01°18'11" East along the center of section line 1329.05 feet to a 5/8 inch iron pin; thence North 83°55'56" East, 303.21 feet to a 5/8 inch iron pin; thence North 77°27'38" East 743.71 feet to a 5/8 inch iron pin; thence South 23°27'00" East, 904.20 feet to a 5/8 inch iron pin; thence East 155.31 feet to a 5/8 inch iron pin on the Northwesterly bank of Crooked Creek; thence continuing East, to the center line of said Crooked Creek; thence Southerly along the centerline of said Crooked Creek to a point on the North line SELNWLSEL of said Section 13: thence North 89°55'34" West along said North line to a 5/8 inch iron pin on the Northwesterly bank of Crooked Creek; thence continuing along said North line, North 89°55'34" West, 208.75 feet to a 5/8 inch iron pin marking the Northwest corner SELNWLSEL of said Section 13: thence South 01°27'14" East, 662.91 feet to a 5/8 inch iron pin marking the Southwest corner SELNWISEI of said Section 13; thence South 89°56'02" East, 661.13 feet to a 5/8 inch iron pin marking Southeast corner NW: SE: of said Section 13; thence South 01°36'42" East, 1325.74 feet to a 5/8 inch iron pin marking the Southwest corner SELSEL of said Section 13; thence South 89°56'58" East 1329.56 feet to a brass capped monument marking the Southeast corner of said Section 13; thence South 00°03'20" East along the Section line 1450.38 feet to a $\frac{1}{2}$ inch iron pin; thence South 82°39'36" West, 280.19 feet to a 1 inch iron pin; thence South 85°18'24" West, 267.93 feet to a 36 inch pine tree; thence South $01^{\circ}51'47''$ West, 357.64 feet to a $\frac{1}{2}$ inch iron pin; thence South 83°37'38" West, 161.18 feet to a 32 inch pine tree; thence South 02°03'27" East, 145.28 feet to a $\frac{1}{2}$ inch iron pin; thence South 77°38'34" West, 540.43 feet to a $\frac{1}{2}$ inch iron pin on the Easterly bank of Crooked Creek; thence continuing South 77°38'34" West to the centerline of said Crooked Creek; thence Southerly along the centerline of said Crooked Creek to a point in said Section 25 from which the Northeast corner of said Section bears North 87°18'30" East a distance of 1589.28 feet; thence leaving said creek South 27°52'51" East, 252.57 feet to a 5/8 inch iron pin; thence continuing South 27°52'51" East, 43.43 feet to a 5/8 inch iron pin on the center line of that certain easement described in Deed Volume 358 at page 471, Klamath County Deed Records; thence along the centerline of said easement the following courses and distances: North 85°16'31" West, 420.66 feet to a 5/8 inch iron pin; South 69°16'28" West, 339.99 feet to a 5/8 inch iron pin; South 52°04'22" West, 307.99 feet to a 5/8 inch iron pin; South 28°50'21" West, 134.01 feet to a 5/8 inch iron pin; South 43°40'20" West, 224.00 feet to a 5/8 inch iron pin; South 29°27'04" West, 201.00 feet to a 5/8 inch iron pin; South 04°07'38" East, 42.10 feet to a 5/8 inch iron pin; South 23°32'52" East, 415.26 feet to a 5/8 inch iron pin on the mean high water line of Wood River; thence leaving said easement and along the mean high water line of said Wood River in a Northerly direction upstream to a point in said Section 14 where said mean high water

line intersects the North line of said Section 14; thence leaving the mean high water line of said Wood River North 89°48'46" East along the section line 1122.00 feet to a 1 inch iron pipe; thence North 01°00'35" West, 1349.19 feet to a 5/8 inch iron pin marking the Northwest corner SELSWL of said Section 11; thence South 89°57'19" East, 3958.62 feet to a 5/8 inch iron pin marking the Northeast corner SELSEL of said Section 11; thence South 89°36'42" East, 2651.91 feet to a brass capped monument marking the Northwest corner SWLSEL of said Section 12; thence South 00°45'00" East, 1322.61 feet to the point of beginning.

TOGETHER WITH: A roadway easement for the purpose of ingress and egress 50.00 feet in width lying 25.00 feet on each side of the following described centerline: Commencing at the Southeast corner NE¹ of said Section 24; thence North 00°03'20" West along the section line 1194.78 feet; thence South 82°39'36" West, 25.20 feet to the point of beginning for the centerline of this easement; thence South 00°03'20" East parallel to but 25.00 feet Westerly of the section line 1191.58 feet; thence South 00°03'24" East parallel to but 25.00 feet Westerly of the section line 1346.71 feet; thence South 88°57'13" East, parallel to but 25.00 feet Southerly of the North line of Government Lot 4 of Section 19, Township 34 South, Range 7 East of the Willamatte Meridian, 922.12 feet; thence South 05°32'32" East parallel to but 25.00 feet Westerly of the centerline of an existing roadway easement; thence North 60°36'37" East, 27.33 feet to a point on the Westerly right of way line of said State Highway said point being the terminus of the centerline of this roadway easement.



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TOGETHER WITH: All of the Grantor's interest in the following described irrigation easements: An irrigation ditch easement 30.00 feet in width for the purpose of conveying water and for ditch maintenance lying 15.00 feet on each side of the existing ditch centerline described as follows: Beginning at the intersection of an existing irrigation ditch with the north line SW $\frac{1}{5}$ SE $\frac{1}{5}$ of said Section 12 said point being South 89°44'01" East, 450 feet, more or less, from the northwest corner SW $\frac{1}{5}$ SE $\frac{1}{5}$ of said Section 12; thence Southerly along the centerline of the existing ditch to a point where said ditch enters the above described property said point being approximately 1250 feet Souch and 450 feet East of the Northwest corner NW $\frac{1}{5}$ NE $\frac{1}{5}$ of said Section 13.

ALSO TOGETHER WITH: An Irrigation ditch easement 30.00 feet in width for the purpose of conveying water and for ditch maintenance lying 15.00 feet on each side of the following described centerline: Beginning at a ditch intersection as the same now exists said ditch intersection being 485 feet East and 1360 feet South of the Northwest corner NE¹/₄ of said Section 13; thence northwesterly along said existing ditch centerline to a point where said ditch centerline intersects the West line NE¹/₄ of said Section 13.

PARCEL 2:

Tract 1

A piece or parcel of land being portions of Sections 31 and 32, Township 34 South, Range $7\frac{1}{2}$ East of the Willamette Meridian and Sections 5 and 6 of Township 35 South, Range $7\frac{1}{2}$ East of the Willamette Meridian, situate in Klamath County, Oregon, and more particularly described as follows:

Beginning at the Southwesterly corner of Section 31, Township 34 South, Range $7\frac{1}{2}$ East of the Willamette Meridian and running thence Northerly along the range line marking the Westerly boundary of the said Section 31, 3340.5 feet; thence Easterly parallel with and 3340.5 feet distant at right angles Northerly from the township line between Township 34 South, Range $7\frac{1}{2}$ East of the Willamette Meridian and Township 35 South, Range 7½ East of the Willamette Meridian, 10,560 feet, more or less, to a point in the section line marking the Easterly boundary of the said Section 32, Township 34 South, Range $7\frac{1}{2}$ East of the Willamette Meridian; thence southerly along the said section line 3340.5 feet, more or less, to the Southeasterly corner of the said Section 32; thence Southerly along the section line marking the Easterly boundary of the said Section 5, Township 35 South, Range $7\frac{1}{2}$ East of the Willamette Meridian, 788.3 feet; thence Westerly, parallel with and 788.3 feet distant at right angles Southerly from the said Township line between Township 34 South, Range $7\frac{1}{2}$ East of the Willamette Meridian and Township 35 South, Range 71 East of the Willamette Meridian, 10,560 feet, more or less, to a point in the range line marking the Westerly boundary of the said Section 6, Township 35 South, Range 7 East of the Willamette Meridian; thence Northerly along the said range line 788.3 feet, more or less, to said point of beginning.

Tract 2

A piece or parcel of land being portions of Section 29, 30, 31 and 32, Township 34 South, Range $7\frac{1}{2}$ East of the Willamette Meridian, situate in Klamath County, Oregon, and more particularly described as follows:

Beginning at a point in the range line marking the Westerly boundary of the said Section 30, Township 34 South, Range $7\frac{1}{2}$ East of the Willamette Meridian, which is 394.1 feet Southerly from the Southeasterly corner of Section 24, Township 34 South, Range 6 East of the Willamette Meridian, as the same was established by Norman D. Price, U. S. Cadastral Engineer, between October 31, 1930 and June 22, 1931, and running thence Easterly to the Northwesterly corner of the said Section 29, Township 34 South, Range $7\frac{1}{2}$ East of the Willamette Meridian; thence Easterly along the Northerly boundary of the said Section 29, Township 34 South, Range $7\frac{1}{2}$ East of the Willamette Meridian, 4905.3 feet, more or less, to a point in a line parallel with and 70 feet distant at right angles Southeasterly from the center line of Dixon and McQuiston Lower Levee as the same is now located and constructed; thence South 44°40' West, along said parallel line 349.8 feet; thence South 12°30' East, leaving said parallel line 2622.3 feet, more or less, to a point in the section line marking the Easterly boundary of the said Section 29; thence Southerly along the said section line and the section line marking the Easterly boundary of said Section 32, Township 34 South, Range 71 East of the Willamette Meridian, 4588 feet, more or less, to a point 3340.5 feet Northerly from the Southeasterly corner of the said Section 32; thence Westerly parallel with and 3340.5 feet distant at right angles Northerly from the township line between Township 34 South, Range $7\frac{1}{2}$ East of the Willamette Meridian and Township 35

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South, Range $7\frac{1}{2}$ East of the Willamette Meridian, 10,560 feet, more or less, to a point in the range line marking the Westerly boundaries of the said Sections 30 and 31, Township 34 South, Range $7\frac{1}{2}$ East of the Willamette Meridan; thence Northerly along said range line; 7131 feet, more or less, to the said point of beginning.

EXCEPTING THEREFROM any portion of the above described parcel lying Northerly of the South line of that property described as Parcel 2 in Deed from Puckett & Scherer, a co-partnership to d'Artenay Brothers, a co-partnership, recorded August 2, 1961, in Deed Volume 331 at page 367, Klamath County Deed Records.

Tract 3

All that portion of the N_2^1 of Section 29, and the N_2^1 of Section 30, Township 34 South, Range 7_2^1 East of the Willamette Meridian, lying Southerly of the Northerly line of that property described as Parcel 2 in Warranty Deed from Clifford J. Shuck and Helen Shuck, Claude Shuck and June Shuck, Daniel F. Geaney and Lillian Geaney to d'Artenay Brothers, a co-partnership, recorded October 13, 1950 in Deed Volume 242 at page 532, Klamath County Deed Records and Northerly of the Northerly line of that property described as Parcel 2 in deed from Puckett & Scherer, a co-partnership to d'artenay Brothers, a co-partnership, recorded August 2, 1961, in Deed Volume 331 at page 367, Klamath County Deed Records, being more particularly described as follows:

Beginning at the section corner common to Sections 19, 20, 29 and 30, Township 34 South, Range 71 East of the Willamette Meridian; thence Easterly along the Northerly boundary of the said Section 29, 4905.3 feet, more or less, to a point in a line parallel with and 70 feet distant at right angles Southeasterly from the center line of Dixon and McQuiston Lower Levee as the same is now located and constructed; thence South 44°40' West, along said parallel line 349.8 feet; thence South 12°30' East, to the intersection of the Northerly line of Parcel 2 in deed recorded August 2, 1961, in Deed Volume 331 at page 367; thence North 88°57' West along said Northerly line to its intersection with a straight line drawn between a point on the Westerly line of Section 30 said Township and Range, being 394.1 feet Southerly of the corner common to Sections 24 and 25, Township 34 South, Range 6 East of the Willamette Meridian and Sections 19 and 30, Township 34 South, Range $7\frac{1}{2}$ East of the Willamette Meridian, and a point at the corner common to Sections 19, 20, 29 and 30, Township 34 South, Range $7\frac{1}{2}$ East of the Willamette Meridian; being the most Northerly line of property in Section 30 as described by deed recorded October 13, 1950, in Deed Volume 242 at page 532; thence Northeasterly along said straight line to the point of beginning.

Tract 4

The $E_2^{+}SE_2^{+}$, the SE_2^{+}NE_2^{+} and the $E_2^{+}SW_2^{+}SE_2^{+}$ of Section 24, Township 34 South, Range 6 East of the Willamette Meridian.

Tract 5

That portion of land lying between the range line of Ranges 6 and $7\frac{1}{2}$ East and the center line of the 4 Mile Canal, being more fully described as follows:

Starting from the section corner common to Sections 19, 30, 24 and 25, Township 34 South, Ranges 6 and $7\frac{1}{2}$ East of the Willamette Meridian; thence Northerly North 0°32' East a distance of 3874.8 feet; thence Easterly North 90° East a distance of 98.0 feet, more or less, to the center line of the 4 Mile Canal; thence Southerly along the said center-line of the 4 Mile Canal, as the same is now located and constructed, South 0°03' West a distance of 4084.8 feet; thence Westerly North 88°57' West a distance of 134.5 feet, more or less, to a point on the section line between Sections 25 and 30; thence Northerly North 0°32' East, a distance of 207.6 feet, more or less, to the point of beginning.

Tract 6

That portion of the property lying North of the South boundary of the 7 Mile Ranch as the same is now located and deeded to a line 8 feet North of the North edge of the East-West Canal along the South side of the 7 Mile Ranch, more fully described as follows:

Starting from the section corner common to Sections 19, 30, 24 and 25, Township 34 South, Ranges 6 and 7 Heast of the Willamette Meridian; thence South 0°32' West a distance of 394.1 feet to the point of beginning; thence Easterly South 89°50' East a distance of 10,160.7 feet; thence Northerly North 0°00' East to a point in line with a line 8.0 feet North and parallel with the North edge of the East-West Canal on the 7 Mile Ranch, as the same is now located and constructed; thence Westerly, along the said parallel line North 88°57' West a distance of 10,162.4 feet, more or less, to a point on the section line between Sections 25 and 30; thence Southerly South 0°32' West a distance of 186.5 feet to the point of beginning.

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EXCEPTING THEREFROM any portion of the above described parcel conveyed to Tulana Farms by Deed recorded February 20, 1947, in Deed Volume 202 at page 411, Klamath County Deed Records.

TOGETHER WITH an easement for a 60 foot roadway for ingress and egress with the right to maintain same along the Westerly line of Sections 6, 7, 18 and 19, Township 34 South, Range $7\frac{1}{2}$ East of the Willamette Meridian, as shown by easement recorded in Deed Volume 215 at page 11, Klamath County Deed Records and further conveyed by grantee to the vestees herein by documents recorded in Deed Volume 346 at page 73 and Deed Volume 346 at page 74, Klamath County Deed Records.

EXCEPTING from all of the above described parcels, any rights of way for ditches and canals, of the Meadows Drainage District and the United States.

Together with a 15 HP G.E. electric motor with a Jemco centrifugal pump; a 15 HP G.E. electric motor with a Jemco centrifugal pump; a 15 HP G.E. electric motor with a Jemco centrifugal pump; a 30 HP U.S. electric motor with a Bauer centrifugal pump; a 40 HP G.E. electric motor with a Peerless centrifugal pump; a 10 Ton Howe Richardson scale and a 10 Ton Fairbanks Morse scale; and any replacements thereof; all of which arc hereby declared to be appurtenant thereto.

Initials:

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of _____Klamath County Title_Co. this 15th day of Oct. A. D. 19 81 af2:51 o'clock P. M., and

duly recorded in Vol. <u>M-81</u>, of <u>Mortgages</u> on Page <u>1813</u>4

EVELYN BIEHN, Gounty)Clcrk

Fee \$28.00

Ret: KC.T.C.