

23807

MTC #22676-L

TRUST DEED, ASSIGNMENT OF RENTS
AND SECURITY AGREEMENT

THIS TRUST DEED, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT made this 14th day of December, 1990, between CHRISTOPHER R. STEELE and SHARON L. STEELE, TRUSTEE OF THE CHRIS AND SHARON STEELE 1986 IRREVOCABLE TRUST, as Grantor, to MOUNTAIN TITLE COMPANY OF KLAMATH FALLS, an Oregon corporation, as Trustee, and JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY, a Massachusetts corporation, Beneficiary,

W I T N E S S E T H:

Grantor irrevocably grants, bargains, sells and conveys to Trustee in trust, with power of sale, the property in Lake County, Oregon, described on Exhibit "A" attached and incorporated herein by reference, together with all and singular the tenements, hereditaments, rights, rights-of-way, easements, privileges, appurtenances thereunto belonging or in any way appertaining thereto; all rents, issues, profits, damages, royalties, revenues, and benefits therefrom; all crops (provided that, in connection with Grantor's annual financing of crops to be grown on the aforesaid property, this Trust Deed shall be automatically subordinate to each annual crop financing statement executed by Grantor in favor of the crop lender), all fences, buildings (as described in paragraph 5(a) and any new structures), improvements, fixtures, and silos owned by Grantor, now or hereafter located or placed thereon, exclusive of farm machinery and rolling stock (whether or not any of same are annexed thereto); all irrigation equipment and machinery, including without limitation, sprinklers, circles, systems, pumps, pipes, engines, motors, wells, casings and all appurtenances thereto; all water, water rights, ditches and aquaducts; and all appropriations and franchises upon, leading to, connected with, or had and enjoyed in connection with the aforesaid property and each and every part thereof; all after-acquired property of the types and classes described and mentioned in this paragraph which Grantor owns and all additions, substitutions, renewals or replacements thereof, all being considered as fixtures and conclusively construed, intended and presumed to be a part of said real estate, and all hereinafter referred to as the "Premises." Grantor covenants and agrees that all additions, substitutions, renewals or replacements of the property of the types and classes described and mentioned in this paragraph shall be held with title in the name of Grantor for the term of the indebtedness secured hereunder and any extensions thereof.

TO HAVE AND TO HOLD the Premises, together with all and singular the rights and appurtenances now or hereafter in any way appertaining thereto, unto the Trustee for the term of the indebtedness secured hereunder and any extensions thereof; and Grantor hereby binds itself, its successors and assigns, to warrant and forever defend all and singular of the Premises unto Trustee against all persons now or hereafter claiming the same or any part thereof.

This conveyance is made in Trust, for the benefit of Beneficiary, to secure the payment of an indebtedness of Two Million Three Hundred Five Thousand and no/100ths Dollars (\$2,305,000.00), together with interest thereon, in accordance with the terms of a Note evidencing said indebtedness, of even date herewith, executed by Grantor and payable to the order of Beneficiary at its Home Office in Boston, Massachusetts, or at

199 DEC 17 PM 2 39

such other place or places as Beneficiary may from time to time designate, providing that said Note finally matures on November 1, 1995, and that upon default in the payment of principal or interest as therein provided, or in the performance or observance of any of the covenants or agreements of this Trust Deed, the principal remaining unpaid with accrued interest shall bear interest at the rate of twelve percent (12%) per annum and shall, if the legal holder of said Note so elects, immediately become due and payable, without notice, and providing, also, for payment of all costs of collection, including reasonable attorneys' fees.

TO PROTECT THE SECURITY OF THIS TRUST DEED, Grantor hereby warrants, covenants and agrees:

1. WARRANTY OF TITLE AND PRIORITY OF LIEN:

Grantor covenants and agrees to and with the Beneficiary and those claiming under it, that Grantor is lawfully seized in fee simple of said Premises and has a valid, unencumbered title thereto; that the lien of this Trust Deed is a first, prior and superior lien and encumbrance on the Premises and that Grantor will warrant and forever defend the same against all persons whomsoever.

2. PAYMENT OF INDEBTEDNESS HEREUNDER:

To pay the aforesaid Note, with all interest thereon, in accordance with its terms; and to pay all sums, the failure to pay which may result in the acquisition of a lien prior to the lien of this Trust Deed, before such prior lien may attach, or be enforced.

3. PAYMENT OF OTHER ASSESSMENTS AND CHARGES:

To pay--

- (a) all taxes and assessments of every type or nature affecting said Premises before they become delinquent;
- (b) all other charges and encumbrances which may now or shall hereafter be or appear to be a lien prior to the lien of this Trust Deed; and
- (c) all taxes upon this Trust Deed, the interest of Beneficiary herein, or upon the Note or debt secured hereby.

4. PROVISIONS OF INSURANCE COVERAGE:

To provide and maintain insurance covering--

- (a) all buildings, fixtures, structures and improvements now situated or which hereafter may be erected or placed upon the Premises; and
- (b) all personal property in which Beneficiary has a security interest pursuant to the terms of this instrument against loss or damage by fire and such other hazards as Beneficiary may from time to time require and against which insurance is written at the time of such requirement, whether or not such insurance is now written. All of such insurance is to be in forms, with companies and in sums (not less than sufficient to avoid any claim on the part of the insurers for co-insurance) satisfactory to Beneficiary; and the original of each policy is to be held by Beneficiary and be for the benefit of and first payable in case of loss to said Beneficiary. At least fifteen (15) days before the expiration of each such policy, Grantor is to deliver to Beneficiary a new and sufficient policy to take the place of the one so expiring.

It is further agreed that in the event of a loss, the amount so collected under any policy of insurance on the Premises may, at

the option of Beneficiary--

- (a) be applied by Beneficiary upon any indebtedness or obligation secured hereby in such order or manner as Beneficiary may determine;
- (b) be used in said amount or any portion thereof in partially or totally replacing or restoring the premises to a condition satisfactory to Beneficiary; or
- (c) be released to Grantor.

In the event Beneficiary chooses either option (b) or (c) above, Beneficiary shall not be obligated to see to the proper application thereof, the amount so used or so released shall not be deemed a payment on any indebtedness secured hereby, and such application, use or release shall not cure or waive any default. Grantor hereby appoints Beneficiary irrevocable attorney-in-fact of Grantor to assign each policy in the event of the foreclosure of this Trust Deed or other transfer of the title to the Premises in extinguishment, in whole or in part, of the debt secured hereby.

5. MAINTENANCE OF PREMISES:

(a) To keep the Premises in good condition and repair; not to commit or permit waste or strip thereof; not to remove or demolish, nor alter or impair the design or structural character of the residences, main shop, pole barn or machinery shed, currently existing on the premises and which Beneficiary acknowledges are the only existing structures which constitute material security for Grantor's indebtedness secured hereby; nor alter or impair the design or structural character of any building, fixture, equipment, main canal, well, or other improvement now or hereafter situated upon the Premises, without the prior written consent of Beneficiary; not to do or permit any other act or thing that will damage the Premises or cause the same to depreciate in value; not to use the Premises for any purpose other than the agricultural or agri-business and other incidental purposes such as hunting or other recreational uses; not to acquire any fixtures, equipment, furnishings or apparatus covered by this Trust Deed subject to any security interest, conditional sale, title-retention arrangement or other charge or lien taking precedence over this Trust Deed; to use prudent farming and ranching practices in accordance with standards established by other prudent agricultural operators in the area to prevent the Premises from being damaged by erosion, inadequate water supply, inadequate or improper irrigation nor improper soil, grazing, farm or ranching practices; not to form or enter into any irrigation or drainage district without the prior written consent of Beneficiary; not to permit mineral explorations, operations or related activities, other than such activities over which Grantor has no ability to control or prevent, without the prior written consent of Beneficiary.

(b) To keep all required permits, licenses and certificates in full force and effect; to comply with all conservation, environmental protection and pollution laws and regulations; and to conform to all zoning and building laws and requirements; Grantor will not engage in, or cease to perform any activities which would cause disqualification of the Premises for special assessment as farm land by the County Assessor. Grantor assumes and agrees to pay any taxes levied by reason of disqualification

of the Premises for special assessment as farm land for acts taking place on or after March 17, 1990 (the date of commencement of Grantor's occupancy of the Premises) including those taxes assessed as a penalty for such disqualification, which may include reassessment of tax years prior to March 17, 1990.

(c) To complete or restore promptly and in good and workmanlike manner any of the buildings specifically defined in subparagraph (a) above and any building or improvement hereafter constructed on the Premises, which may be damaged or destroyed thereon, and pay when due all costs incurred therefor.

6. ENVIRONMENTAL PROTECTION REQUIREMENTS AND WARRANTIES:

That Grantor has had a full and complete opportunity to inspect and investigate the Premises. No representations or warranties have been made by the Beneficiary or anyone on Beneficiary's behalf to the Grantor as to the environmental condition of the Premises or the improvements, and it is understood and agreed that the Premises have been accepted by Grantor "as is" at the time of Beneficiary's conveyance of the Premises to Grantor.

That Grantor shall not use, nor permit any tenant, occupant or any other party or entity to use, the premises, or any part thereof, for the purpose of generating, treating, producing, storing, handling, transferring, processing, transporting, disposing or otherwise releasing "hazardous substances," as hereinafter defined, either on, in, from or about the premises which:

(a) creates or causes a contamination either on the premises or elsewhere which is required by any governmental authority to be removed, remediated, or otherwise cleaned up under any applicable "Environmental Law," as defined below;

(b) creates any form of liability, civil or criminal, direct or indirect, due to such contamination; or

(c) is in contravention of any Environmental Law.

That the terms "Environmental Law" and "Environmental Laws" as used in this trust deed include any and all current and future federal, state, and local environmental laws, statutes, rules, regulations and ordinances, as the same shall be amended and modified from time to time, including but not limited to, "common law," the Comprehensive Environmental Response, Compensation and Liability Act, (CERCLA) as amended from time to time, the Resource Conservation and Recovery Act, (RCRA) as amended from time to time, and the Toxic Substances Control Act, (TSCA) as amended from time to time.

That "hazardous substances" as used in this trust deed includes any and all "hazardous substances" as defined in CERCLA, any and all "hazardous wastes" as defined in RCRA, any and all "toxic substances" as defined in TSCA, petroleum products, asbestos or asbestos-containing materials, polychlorinated biphenyls ("PCB's"), radon gas, urea formaldehyde foam insulation ("UFFI") and any and all other hazardous substances, hazardous wastes, pollutants and contaminants regulated or controlled by any of the Environmental Laws.

That Grantor shall, upon discovery of any discharge, spill, injection, escape, emission, disposal, leak or other release of hazardous substances on, in, under, onto or from the premises,

which is not authorized by a currently valid permit or other approval issued by the appropriate governmental agencies:

- (a) promptly notify Beneficiary, the Environmental Protection Agency National Response Center and the appropriate State Department of Environmental Resources;
- (b) shall take all steps necessary to promptly clean up such discharge, spill, injection, escape, emission, disposal, leak or another release in accordance with the provisions of all applicable Environmental Laws; and
- (c) shall receive a certification from the appropriate State Department of Environmental Resources or Federal Environmental Protection Agency that the premises, and any other property affected, has been cleaned up to the satisfaction of those agencies.

That Grantor shall and does hereby grant Beneficiary and Beneficiary's agents, employees, contractors and designees an irrevocable license (coupled with an interest), subject to the notice requirements set out in paragraph 17 hereof, to enter the premises from time to time to:

- (a) evaluate and monitor the premises for compliance with all Environmental Laws and the terms of the trust deed;
- (b) to evaluate the presence of hazardous substances; and
- (c) to perform appropriate tests and test borings, including taking soil and ground water samples.

That Grantor shall provide Beneficiary with all notices and other communications received from federal, state and local agencies and departments which enforce and administer the Environmental Laws. From time to time Grantor shall provide Beneficiary, upon request, any and all information requested by Beneficiary concerning the use of the premises and Grantor's compliance with the Environmental Laws and the terms of this trust deed, including but not limited to, all licenses, permits and certificates, and Grantor's books and records pertaining to the Premises.

That Grantor shall require that all tenants, subtenants, undersubtenants and other occupants of the premises to use and occupy the premises in strict compliance with the Environmental Laws and the terms of paragraph 6 of this trust deed.

That Grantor shall and does hereby release, indemnify, agree to pay on behalf of and hold harmless Beneficiary, its officers, directors, agents, employees, successors and assigns of, from and against any impositions imposed by any governmental authority for any lien or so-called "super priority lien" upon the premises, as well as all losses, claims, costs, liabilities, penalties, punitive damages, causes of action, actions, demands, damages, fines (civil or criminal), penalties, expenses, clean-up costs, attorney fees and court costs, if such claims, costs, losses, and liabilities to Beneficiary are occasioned in any way by hazardous substances being placed on the Premises on or after March 17, 1990, or by the negligent or intentional activities of Grantor, or of any tenant, subtenant, undersubtenant, licensee, guest of Grantor, on or after March 17, 1990. The terms of this subparagraph shall not be construed to include such claims, costs, losses and liabilities occasioned by acts of any subsequent purchaser of the premises occurring after such purchaser's acquisition of the premises, which purchaser may have been (at some time prior to acquisition) a tenant, subtenant, undersubtenant, licensee, or guest of Grantor.

That this indemnity specifically includes the direct obligation of Grantor (which obligation arises out of any activities of Grantor on or after March 17, 1990 or any condition of environmental contamination on the Premises occurring on or after such date) to perform any remedial or other activities required, ordered, recommended or requested by any agency, government official or third party, or otherwise necessary to avoid injury or liability to any person, or to prevent the spread of pollution (hereinafter, the "remedial work"), however it came to be located on the Premises on or after March 17, 1990. Grantor shall perform all such work in its own name and in accordance with Environmental Law as herein defined.

That if Grantor has failed to take appropriate corrective action within thirty (30) days after Grantor has received notice to do so, Beneficiary, without waiving its rights hereunder, may, at its option, perform such remedial or removal work as described above and thereafter seek reimbursement for the costs thereof. Grantor shall permit Beneficiary access to the site to perform such remedial activities.

That whenever Beneficiary has incurred costs described in this section, Grantor shall, within ten (10) days of receipt of notice thereof, reimburse Beneficiary for all such expenses together with interest from the date of expenditure at a rate of twelve percent (12%) per annum. In the event Grantor shall not reimburse such expenses as herein provided, all such sums, including interest thereon, shall be added to the amount secured hereby, shall be deemed to be obligatorily advanced under the terms of this trust deed, and shall be secured hereby.

That without limiting its obligations under any other paragraph of this trust deed, Grantor shall be solely and completely responsible for responding to and complying with any administrative notice, order, request or demand, or any third party claim or demand relating to potential or actual contamination on the Premises as required by this paragraph 6. The responsibility conferred under this paragraph includes but is not limited to responding to such orders on behalf of Beneficiary and defending against any assertion of Beneficiary's financial responsibility or individual duty to perform under such orders. Grantor shall assume, pursuant to the indemnity set out above, any liabilities or responsibilities which are assessed against Beneficiary in any action described under this paragraph 6.

That Grantor hereby waives, releases and discharges forever, Beneficiary from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, known and unknown, arising out of or in any way connected with Grantor's use, maintenance, ownership or operation of the Premises on or after March 17, 1990, and any condition of environmental contamination on the Premises, and/or the existence of hazardous substances in any state on the Premises, however they came to be placed there on or after March 17, 1990.

That the terms of this paragraph 6 shall survive the payment in full of all sums secured hereby and the termination and reconveyance of record of the trust deed and/or a deed in lieu of foreclosure.

That Grantor agrees that any materials or other items found in, on, under or around the premises which qualify as hazardous substances for which Grantor or any tenant, subtenant, undersubtenant, licensee, guest of Grantor is responsible, shall be immediately removed from the premises, at Grantor's sole cost and expense, in compliance with all applicable Environmental Law.

That neither Grantor nor Beneficiary shall be under any obligation or duty to inspect for, test, or discover any hazardous substances on the premises, other than as required by Environmental Laws.

That Grantor shall, in addition to those notifications required elsewhere in the trust deed, promptly notify Beneficiary of:

- (a) the discovery of any visible asbestos or asbestos-containing materials, PCB's, radon gas beyond acceptable limits, or urea formaldehyde foam insulation at, in, on, under, onto or from the premises; and
- (b) the receipt by Grantor of any notice or other communication from any governmental entity or authority or from any tenant or other occupant or from any other person or source with respect to any alleged or actual release, contamination or other event involving a hazardous substance on, in, under, onto, or from the premises; and
- (c) all results of tests of underground storage tanks at the premises, and if Beneficiary's so requests, provide Beneficiary with copies of same.

7. ASSIGNMENTS AS ADDITIONAL SECURITY:

All of the following are hereby assigned to Beneficiary as further security for the payment of the indebtedness and performance of the obligations, covenants, promises and agreements hereby secured.

- (a) All the rents, issues and profits of the premises. In case default be made in payment of any indebtedness secured hereby or in the performance of any of Grantor's agreements contained herein, Beneficiary shall be entitled, at any time, without notice, and in its sole discretion, either by its agents, attorneys, employees, or any receiver appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, to enter upon and immediately take possession of the premises, or any part thereof, and do and perform any act that Beneficiary may deem necessary or proper to conserve the value thereof and to collect and receive all rents, issues and profits thereof, including those past due and unpaid as well as those accruing thereunder. Grantor further agrees that Beneficiary may also immediately take possession of and use any and all personal property contained in the premises owned or hereafter acquired by Grantor and used in the operation, rental or leasing of the premises or any part thereof. Grantor covenants and agrees that all additions, substitutions, renewals or replacements of all personal property of the types and classes of those items subject to Beneficiary's security interest herein shall be held with title in the name of Grantor for the term of the indebtedness secured hereunder and any extensions thereof. Beneficiary may, at its option, apply all such rents, issues and profits collected or received by it in the manner heretofore specified in respect of insurance as provided in paragraph 4 hereof. The expense (including receivers' fees, if any, and compensation to any agent appointed by Beneficiary for management of the premises and repairs to the premises and counsel fees, costs and disbursements) incurred in taking possession and effecting such collection, shall be deemed a portion of the expense of this trust deed. Neither the entering upon and taking possession of the premises nor the collection of such rents, issues and profits and the application or release thereof as aforesaid shall cure or waive any default. Said rents,

issues and profits may be applied upon any indebtedness or obligation secured hereby in such order or manner as Beneficiary may desire or determine.

(b) At Beneficiary's option, Grantor shall assign to Beneficiary all Grantor's interest in any or all leases and Grantor's interest in all agreements, contracts, licenses and permits affecting the premises, such assignments to be made by instruments in form satisfactory to Beneficiary; but no such assignment shall be construed as a consent by the Beneficiary to any lease, agreement, contract, license or permit so assigned or to impose upon Beneficiary any obligations with respect thereto. Grantor shall not enter into any lease agreement, other than short-term crop leases not to exceed a term of five (5) years, without prior written consent of Beneficiary. Other than such short-term crop leases, Grantor shall not cancel any of the leases now or hereafter assigned to Beneficiary pursuant to this paragraph, nor terminate or accept a surrender thereof, or reduce the payment of the rent thereunder, or modify any of said leases or accept any pre-payment of rent therein (except any amount which may be required to be prepaid by the terms of any such lease) without first obtaining, on each occasion, the written approval of Beneficiary. Grantor will faithfully keep and perform all of the obligations of the landlord under all of the leases now or hereafter assigned to Beneficiary pursuant to this paragraph and will not permit to accrue to any tenant under any such lease, other than the usual prepayment of rent as would result from the acceptance on the first day of each month of the rent for the ensuing month, according to the terms of the various leases.

(c) All damages, royalties and revenues of every kind, nature and description, whatsoever, that Grantor may be entitled to receive from any person, company or corporation owning, having or hereafter acquiring a right to the oil, gas or mineral rights and reservations of the premises, with the right in Beneficiary to receive, receipt therefor and apply the same to said indebtedness, upon any default hereunder, and in such order or manner as Beneficiary may require or determine; and Beneficiary may demand, sue for and recover any such payments but shall not be required to do so.

(d) All moneys payable to the Grantor, its successors-in-interest and assigns to the property covered by this trust deed by the owners of any mineral interests or rights in said property as compensation for disturbing the surface or interfering with the use of the property are hereby assigned to the Beneficiary and upon default hereunder, the Beneficiary, at its option, is authorized and empowered to collect and receive such moneys and to give receipts and acquittances therefor, and may, upon default hereunder, at the election of Beneficiary, use the same or any part thereof in any one or more of the following ways: (1) apply it upon the indebtedness secured hereby, whether the debt is matured or unmatured, in such order or manner as Beneficiary may require or determine, (2) use it to fulfill any of the covenants contained herein as the Beneficiary may determine, (3) use it to replace or restore the property to a condition satisfactory to the Beneficiary, or (4) release it to Grantor.

Grantor will make, execute and deliver any and all assignments and instruments sufficient to assign these moneys to Beneficiary free, clear and discharged of all encumbrances of any kind or nature whatsoever.

8. WATER RIGHTS:

24959

That Grantor shall proceed with due diligence to perfect any and all water rights covering the water from the irrigation system situated on and used in connection with the irrigation of the Premises, as well as any other existing or future water rights or permits, appurtenant to the Premises, into complete appropriation and license or certificate, in order that the water output from said system may legally be used, and continued to be used, for the irrigation of the Premises; and in the event Grantor fails to do so, Beneficiary may perfect such water rights or permits into complete appropriation and license or certificate, and upon demand being made, Beneficiary shall be entitled to repayment by Grantor of all sums expended by Beneficiary for such purposes, including attorney's fees and expenses, and with interest due on such sums expended at the rate of twelve percent (12%) per annum until paid, and all such sums shall be immediately due and payable and be secured hereby.

9. SECURITY AGREEMENT:

That an express security interest is hereby granted to Beneficiary in respect to any part of the Premises which, under Oregon law, might now or hereafter be construed or considered as Grantor's personal property, fixtures, or otherwise, as governed under the Uniform Commercial Code; and this Trust Deed shall constitute a Security Agreement in respect thereto. Beneficiary, at its option and discretion, shall have all rights and remedies available to a Secured Party under the Uniform Commercial Code, and the right to proceed upon default by Grantor as provided by ORS 79.5010 (4).

Grantor covenants and agrees that all additions, substitutions, renewals or replacements of the property of the types and classes of those items subject to Beneficiary's security interest herein shall be held with title in the name of Grantor for the term of the indebtedness secured hereunder and any extensions thereof.

10. PAYMENTS OF COMPENSATION FOR DAMAGE:

That all money and awards payable as damages or compensation for the taking of title to or possession of, or for damage to any portion of the Premises by reason of any condemnation, eminent domain, change of grade, or other proceeding, shall, at the option of Beneficiary, be paid to Beneficiary; and such moneys and awards are hereby assigned to Beneficiary, and any judgment therefor shall be entered in favor of Beneficiary and, when paid, shall be used, at its option, toward the payment of any indebtedness or obligation secured hereby, in such order or manner as Beneficiary may desire or determine, or for payment of taxes, assessments, repairs or other items the payment of which this Trust Deed is given as security, whether the same be then due or not, and in such order or manner as Beneficiary may determine. Any amount not so used shall be released by Beneficiary to Grantor, and such application or release shall not cure or waive any default or foreclosure proceedings.

11. PARTIAL RELEASES:

Grantor shall have the right to redeem the interest in all of the Premises in three (3) separate portions, more particularly identified as:

Tract I: Certain portions of Sections 23, 24, 25, 26, 27, 34, 35, and 36, T40S, R8E and Sections 19, 30 Trust Deed, Assignment of Rents and Security Agreement - Page 9.

and 31, T40S, R9E lying North of Township Road;
TOGETHER WITH those portions of Section 3 and 4,
T41S, R8E, lying South of Township Road upon which
the headquarters building is situate;

Tract II: Certain portions of Sections 1, 2, 3, 10, 11, 12,
13, 14, T41S, R8E lying South of Township Road,
EXCLUDING that portion of Section 3 upon which the
headquarters building is situate;

Tract III: Certain portions of Sections 33 and 34, T40S, R8E
and a portions of Section 3 and 4, T41S, R8E lying
west of Oregon State Highway U.S. 97;

free and clear of the blanket encumbrance of this Trust Deed,
provided no event of default exists under the terms and con-
ditions of the Note, this Trust Deed or any instrument evidencing
or securing the indebtedness hereunder. Grantor shall have the
right to obtain, as to each parcel, a release of the lien or
charge created by this Trust Deed and a reconveyance thereof upon
satisfaction of the following condition:

- (a) Grantor shall deliver to Beneficiary a certificate
stating to the best knowledge of the person executing
the Certificate:
 - (1) that no default exists under any of the terms or
conditions of the Note, Trust Deed or any other
instrument securing the indebtedness;
 - (2) that no condemnation proceedings are pending or
threatened with respect to the particular parcel to
be released;
 - (3) that the particular parcel to be released constitutes
a properly created parcel under state subdivision
laws, rules or regulations and implements local
ordinances pursuant to a parcel or subdivision map,
if applicable; and
 - (4) that both the parcel to be released and the
remainder of the Premises shall retain adequate access;
- (b) compliance with the following terms and payment of the
following sums to Beneficiary, that will represent a
reduction of the principal balance then outstanding:
 - (1) At no time shall the tract West of the highway,
Tract III, become the sole security for repayment
of the indebtedness. If releases of both Tracts I
and II are requested, the entire indebtedness must
be paid in full.
 - (2) For the release of Tract I alone, leaving Tract II
and Tract III as security for repayment of the
indebtedness, Beneficiary may require Grantor to
reduce the unpaid balance of the loan to an amount
not less than \$600,000.00. The determination of
such amount shall be at Beneficiary's sole option,
but in no event shall Grantor be required to reduce
the unpaid balance to less than \$600,000.00.
 - (3) For the release of Tract II alone, leaving Tract I
and Tract III as security for repayment of the
indebtedness, Grantor must tender to Beneficiary,
payment of the sum of not more than \$750,000.00 (or

some lesser amount should Beneficiary, in its sole discretion, so determine).

- (4) For the release of Tract III alone upon sale of same, Beneficiary's consent to such sale and payment to Beneficiary of one hundred percent (100%) of the sale price received by Grantor.
- (c) payment of Beneficiary's administrative fees and all costs and expenses, including but not limited to counsel fees and expenses, the cost of a survey, the binding commitment to the appropriate title policy and the cost of all Endorsements to Beneficiary's ALTA Loan Policy that Beneficiary, in its sole discretion, deems relative to insuring the continued priority of the lien of this Trust Deed and all costs otherwise incurred in connection with the preparation, execution and delivery of any such partial reconveyance.

12. LAWFUL COMPLIANCES:

To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Premises; if the Beneficiary so requests, to join in executing such financing statements pursuant to the Uniform Commercial Code as the Beneficiary may require and to pay for filing same in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by the Beneficiary.

13. REPAYMENT OF PROTECTIVE ADVANCES:

That upon Grantor's failure to comply with the covenants and agreements contained in this Trust Deed, including without limitation payment of taxes, charges, assessments, insurance premiums, maintenance and repair of the Premises and costs incurred for the protection of the Premises and Beneficiary's priority, Beneficiary, without prejudice to any rights given herein, may make advances to perform or cure same in behalf of Grantor; and Grantor hereby agrees to repay all sums so advanced, on demand, with interest from the date advanced at the rate of twelve percent (12%) per annum. All sums so advanced, with interest as aforesaid, until paid by Grantor, shall be immediately due and payable and be added to and become a part of any indebtedness or obligation secured hereby in such manner or order as Beneficiary may desire or determine, having the benefit of the lien hereby created as a part thereof and of its priority; but no such advances shall be deemed to relieve Grantor from any default hereunder or impair any right or remedy consequent thereto. The exercise of the rights to make advances granted in this paragraph shall be optional with Beneficiary and not obligatory; and Beneficiary shall not, in any case, be liable to Grantor for failure to exercise any such right.

14. PAYMENT OF LITIGATION EXPENSES:

That if any action or proceeding be commenced to which Beneficiary is made a party by reason of the execution of this Trust Deed or the Note which it secures or in which Beneficiary deems it necessary to appear or answer in order to uphold the lien of this Trust Deed, the priority thereof, the possession of the Premises, or otherwise to protect its interest or security hereunder, all sums paid or incurred by Beneficiary for

attorneys' fees and other expenses in such action or proceeding (trial or appellate) shall be repaid by Grantor within ten (10) days of receipt of notice of same. If Grantor shall fail to repay such fees and expenses, all such sums, together with interest thereon from date of payment by Beneficiary at the rate of twelve percent (12%) per annum, shall be immediately due and payable and be added to and become a part of any indebtedness or obligation secured hereby in such manner or order as Beneficiary may desire or determine and be secured hereby, having the benefit of the lien hereby created and of its priority. Grantor shall not be required, under the terms of this paragraph, to pay attorney fees and costs of Beneficiary should Grantor prevail in any action brought by Grantor against Beneficiary.

15. ACCEPTANCE OF PART PAYMENT DOES NOT CONSTITUTE WAIVER OF RIGHTS:

That acceptance by Beneficiary of any sum in payment, or part payment of any indebtedness secured hereby after the same is due or after foreclosure proceedings are filed shall not constitute a waiver of the right to require prompt payment when due of all other sums so secured, nor shall such acceptance cure or waive any remaining default or invalidate any foreclosure proceedings for any such remaining default or prejudice any of the rights of Beneficiary under this Trust Deed.

16. ACTIONS OF BENEFICIARY DO NOT DISCHARGE GRANTOR:

That without affecting the liability of any other person liable for the payment of any obligation herein mentioned and without affecting the lien or charge of this Trust Deed or the priority thereof upon any property not then or theretofore released as security for the full amount of all unpaid obligations, Beneficiary may, from time to time and without notice release any person so liable; extend the maturity or alter any of the terms of such obligation or grant other indulgences; release or cause to be released at any time, at Beneficiary's option, any parcel or portion or all of the Premises; take or release any other or additional security for any obligations herein mentioned; or make composition or other arrangements with debtors in relation thereto. If Beneficiary at any time holds any additional security for any obligations secured hereby, upon default, it may enforce the sale thereof, or otherwise realize upon the same, at its option, either before, concurrently therewith, or after a sale is made hereunder. In the event that the ownership of the Premises or any part thereof becomes vested in a person or entity other than the Grantor, Beneficiary may deal with such successor or successors in interest with reference to this Trust Deed and the debt secured hereby in the same manner as with Grantor, without in any way diluting or discharging Grantor's liability hereunder or upon the debt secured hereby.

17. AUTHORIZATION TO CONDUCT INSPECTIONS:

That Beneficiary is authorized by itself, its agents or workmen, to enter at any time upon the Premises for the purpose of inspecting same and for the purpose of performing any of the acts it is authorized to perform under the terms of this Trust Deed. Beneficiary agrees to give Grantor twenty-four (24) hours notice prior to entry into and inspection of locked buildings located upon the Premises.

18. RIGHT TO DECLARE LOAN DUE:

That should Grantor sell, convey, transfer or further encumber the Premises (other than the short-term crop leases not to exceed a term of five (5) years as hereinabove mentioned) or any interest therein, or any part thereof, then Beneficiary shall

have the right, at its option, to declare all sums secured hereby immediately due and payable; unless Beneficiary, prior to such sale, conveyance, transfer or encumbrance, notifies Grantor in writing that the loan will not be declared due and payable solely due to such sale, conveyance, transfer or encumbrance. For purposes of this paragraph, Beneficiary shall not unreasonably refuse Grantor's requests or refuse to permit Grantor's lessees from filing forms necessary, including those required by the Uniform Commercial Code, to obtain operating financing.

19. SEPARABILITY OF UNENFORCEABLE OR VOID PROVISIONS:

That if any provisions hereof should be held unenforceable or void, the provision is separable from the remaining provisions and shall not affect the validity of this Trust Deed and security agreement.

20. GOVERNING LAW:

That this Trust Deed shall be governed by the law of the State of Oregon, and any question arising hereunder shall be construed or determined according to such law.

21. AGREEMENT TO COMPLY WITH FUTURE REQUIREMENTS:

That upon request of Beneficiary from time to time, Grantor will execute, acknowledge and deliver all such additional instruments and further assurances of title and will do or cause to be done all such further acts and things as may reasonably be necessary to fully effectuate the intent of this Trust Deed.

22. FAILURE TO INSIST ON STRICT PERFORMANCE:

That failure of Beneficiary to insist upon the strict performance of any of the covenants or agreements of Grantor contained in this Trust Deed or the delay by Beneficiary in the enforcement of its remedies herein upon any default of Grantor shall never constitute a waiver of any requirement or obligation of Grantor, or right or remedy of Beneficiary, contained in or based upon said covenants or agreements.

23. USE OF LOAN PROCEEDS:

That the loan secured by this Trust Deed has been incurred and made solely for agricultural business purposes, such covenant and agreement having been made to induce Beneficiary to make said loan; and the proceeds of the loan represented by said Note and this Trust Deed are to be used solely for agricultural business purposes, including acquisition of the premises.

That no part of the proceeds from the loan hereby secured will be used for the purpose (whether immediate, incidental or ultimate) of "purchasing" or "carrying" any "margin security" as such terms are defined in Regulation G (12 CFR Part 207) of the Board of Governors of the Federal Reserve System, or for the purpose of reducing or retiring any indebtedness which was originally incurred for any such purpose.

24. REMEDIES IN EVENT OF DEFAULT:

That if the aforesaid Note is well and truly paid in accordance with its terms and if all of the covenants and agreements herein contained are kept and performed, then and in that case only, this conveyance shall be null and void and shall be released in due form at the expense of Grantor; otherwise, it shall remain in full force and effect. But, if default be made in the payment of said Note or any part thereof or in the terms, covenants or agreements of said Note or of this Trust Deed, or if any Bankruptcy, Insolvency or Receivership Proceeding be filed by or

against Grantor, Beneficiary may, at its option and without notice, declare the whole of the principal remaining unpaid and accrued interest immediately due and payable; and Beneficiary may, at its option, institute proceedings for the collection at law or in equity of all indebtedness due under the provisions of said Note and this Trust Deed. Upon any such default, Grantor hereby authorizes and empowers Trustee, its successor or successors, if so requested by Beneficiary, and it is hereby made Trustee's or Substitute Trustee's special duty to sell the Premises hereby conveyed, or such portion thereof as may remain subject hereto in case of any partial release thereof, at public sale to the highest bidder for cash.

That Trustee shall execute and cause to be recorded a written notice of default and election to sell the said described real property to satisfy the obligation secured hereby whereupon the Trustee shall fix the time and place of sale, give notice thereof as then required by law and proceed to foreclose this trust deed in the manner provided in ORS 86.735 to 86.795.

That after the Trustee has commenced foreclosure by advertisement and sale, and at any time prior to 5 days before the date the Trustee conducts the sale, the Grantor or any other person so privileged by ORS 86.753, may cure the default or defaults. If the default consists of a failure to pay, when due, sums secured by the trust deed, the default may be cured by paying the entire amount due at the time of the cure other than such portion as would not then be due had no default occurred. Any other default that is capable of being cured may be cured by tendering the performance required under the obligation or trust deed. In any case, in addition to curing the default or defaults, the person effecting the cure shall pay to the Beneficiary all costs and expenses actually incurred in enforcing the obligation of the trust deed together with Trustee's and attorney fees not exceeding the amounts provided by law.

Otherwise, the sale shall be held on the date and at the time and place designated in the notice of sale or the time to which said sale may be postponed as provided by law. The Trustee may sell said property either in one parcel or in separate parcels and shall sell the parcel or parcels at auction to the highest bidder for cash, payable at the time of sale. Trustee shall deliver to the purchaser its deed in form as required by law conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters of fact shall be conclusive proof of the truthfulness thereof. Any person, excluding the Trustee, but including the Grantor and Beneficiary, may purchase at the sale.

That when Trustee sells pursuant to the powers provided herein Trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including the compensation of the Trustee and a reasonable charge by Trustee's attorney, (2) to the obligation secured by the trust deed, (3) to all persons having recorded liens subsequent to the interest of the Trustee in the trust deed as their interests may appear in the order of their priority and (4) the surplus, if any, to the Grantor or to their successor in interest entitled to such surplus.

25. APPOINTMENT OF SUCCESSOR TRUSTEE:

That Beneficiary may from time to time appoint a successor or successors to any Trustee named herein or to any successor Trustee appointed hereunder. Upon such appointment, and without

conveyance to the successor Trustee, the latter shall be vested with all title, powers and duties conferred upon any Trustee herein named or appointed hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, which, when recorded in the official records of the county or counties in which the Premises is situated, shall be conclusive proof of proper appointment of the successor Trustee; and immediately upon such appointment, the Successor Trustee shall be charged with all of the duties and liabilities vested in or imposed upon Trustee by this instrument.

26. ACCEPTANCE BY TRUSTEE:

That Trustee accepts this trust when this deed, duly executed and acknowledged is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Grantor, Beneficiary, or Trustee shall be a party unless such action or proceeding is brought by Trustee.

27. PAYMENT OF LEGAL FEES AND COSTS:

That in the event of any such default, foreclosure, or other proceedings previously set forth and described herein, Grantor shall pay such reasonable attorneys' fees as are authorized by law, together with the costs of extending the abstract, title report and all court costs.

28. TERMS GRANTOR AND BENEFICIARY; BINDING ON SUCCESSORS:

That the terms Grantor and Beneficiary, wherever used in this instrument shall be construed to include heirs, executors, administrators, successors and assigns where the context may require or permit. This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors and assigns. The term Beneficiary shall mean the holder and owner, including pledgee, of the contract secured hereby whether or not named as a Beneficiary herein. In construing this deed and whenever the context so requires, the masculine gender includes the feminine and the neuter, and the singular number includes the plural.

29. ASSIGNABILITY BY BENEFICIARY:

That this Trust Deed and the Note which it secures is assignable by Beneficiary but not by Grantor.

30. WAIVER AND RELEASE OF RIGHTS AND REMEDIES:

That Grantor hereby waives and releases any and all rights and remedies relating to homestead, marshalling of liens and assets, redemptions and statutes of limitation, if applicable and if permitted by law. Redemption, if permitted by law after foreclosure sale, is expressly waived.

31. CONSENT REQUIRED FOR INCLUSION OF PREMISES IN IMPROVEMENT DISTRICTS:

That Grantor will not create or initiate, vote for, or in any other manner foster, join in or consent to the creation of, or the inclusion of the Premises or any part thereof within the boundaries of any new or non-existing irrigation, levee, drainage or other improvement district (except school or road), under which any such district has, or will have, the power to issue bonds or other evidences of indebtedness and/or the power to make assessments against the Premises, without the prior written consent of Beneficiary. If a default occurs under this paragraph,

then the Note secured hereby shall at Beneficiary's option and without notice, become immediately due and payable. The terms of this paragraph shall in no way prohibit or prevent Grantor from becoming involved in day-to-day business of any currently existing improvement district, including serving as an officer of or on the Board of Directors of or becoming a member of same.

32. NO WAIVER:

That no condition of this Trust Deed shall be deemed waived unless expressly waived in writing by the Beneficiary.

33. NOTICE:

That whenever any notice, demand or request is required by the terms of this Trust Deed, or by any law now in existence or hereafter enacted, the notice, demand or request shall be sufficient if enclosed in a postpaid envelope addressed to Grantor at 2868 Prospect Park Drive, Suite 300, Rancho Cordova, California 95670, or upon notice to Beneficiary at such other place designated by Grantor, and deposited in any post office, station or letter box.

34. USE OF HEADINGS:

That the headings in this Trust Deed are for purposes of reference only and shall not limit or define the meanings thereof.

IN WITNESS WHEREOF, Grantor has signed, acknowledged and delivered this Trust Deed on the date first-above written.

THE CHRIS & SHARON STEELE 1986
IRREVOCABLE TRUST,

By *Christopher R. Steele*
Christopher R. Steele, Trustee

By *Sharon L. Steele*
Sharon L. Steele, Trustee

STATE OF Calif., County of Sacramento, ss. 12-14, 1990

BEFORE ME personally appeared Christopher R. Steele and Sharon L. Steele, personally known to me or proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument, and did say that they are the Trustee of The Chris & Sharon Steele 1986 Irrevocable Trust, and acknowledged that said instrument was signed in behalf of and by authority of said Trust.



Marilyn S. Berry
Notary Public for State of California
My Commission Expires: 9-18-93



EXHIBIT "A"PARCEL I:

TOWNSHIP 40 SOUTH, RANGE 8 EAST OF THE WILLAMETTE MERIDIAN

Section 23: All that portion thereof lying Easterly of Highway No. 97 and Southerly of the centerline of Klamath Straights as presently located and constructed;

EXCEPTING: a strip of land now or formerly in the United States of America as Shown in Deed Volume M76 at Page 4718, described as follows:

Beginning at Point "D", said point being the most Westerly point of Parcel 1 in the aforesaid Deed;

Thence from said point of beginning, N 89° 02' W, 142.2 feet;

Thence N 71° 43' W, 1226.7 feet to a point in the easterly right-of-way boundary of U. S. Highway No. 97, said point being S 69° 53' E, 2942.6 feet from the NW corner of Section 23;

Thence along said right-of-way boundary N 18° 17' E, 150.0 feet;

Thence leaving said boundary S 72° 06' E, 900.1 feet;

Thence S 36° 56' E, 162.1 feet;

Thence S 68° 03' E, 330.0 feet to the point of Beginning.

Section 24: All that portion thereof, lying Easterly of Highway No. 97 and Southerly of the centerline of Klamath Straits as presently located and constructed;

Section 25: All, EXCEPTING the Southeast Quarter of the Northwest Quarter (SE 1/4 NW 1/4);

Section 26: All of said section lying East of the railroad;

EXCEPTING

that piece or parcel of land lying in a strip 100 feet in width, immediately adjacent on the southeasterly side of the original canal right-of-way of the Klamath Drainage District running over and across the SE 1/4 SW 1/4 of Section 23, the NE 1/4 NW 1/4 and the fractional NW 1/4 NW 1/4 of Section 26, more or less, and more particularly described as follows:

Beginning at the point in the line marking the northerly boundary of the SE 1/4 SW 1/4 of Section 23 where a line parallel with and 310.0 feet distant, at right angles, Southeasterly from the centerline of the Southern Pacific Railroad as same is now located and constructed intersects the same and from which point the Section corner common to Sections 22, 23, 26 and 27 bears S 54° 37' W, 2308.1 feet distant; and running

Thence S 16° 57-1/2' W, along a line parallel with and 310.0 feet distant, at right angles, Southeasterly from the said center line of the Southern Pacific Railroad and which said parallel line is the southeasterly boundary of the right-of-way of the Klamath Drainage District's South Canal, 2593.5 feet, more or less, to a point in the northerly boundary of the right-of-way of the said South Canal of the Klamath Drainage District, which is a line parallel with and 100.0 feet distant, at right angles, Northeasterly from the centerline of the said Canal as the same is now located; and running

Thence S 75° 34-1/2' E, along the last-mentioned boundary line, 100.1 feet, more or less, to its intersection with a line which is parallel with and 410.0 feet distant, at right angles, Southeasterly from the said centerline of the Southern Pacific Railroad; and running

Thence N 16° 57-1/2' E, along said last-mentioned parallel line, 2620.0 feet, more or less, to its intersection with the northerly boundary of the SE 1/4 SW 1/4 of Section 23;

Thence S 89° 48-1/2' W, along the last-mentioned boundary line, 104.7 feet, more or less to the said point of beginning.

Section 27: That part of the Southeast Quarter of the Southeast Quarter (pt SE 1/4 SE 1/4) lying East of the easterly right-of-way line of the Klamath Falls-Dorris State Highway, U.S. Highway No. 97;

EXCEPTING that piece or parcel of land situated in the NW 1/4 NW 1/4, the S 1/2 NW 1/4 and the N 1/2 SW 1/4 of Section 26 and the NE 1/4 SE 1/4 of Section 27, containing 97.7 acres, more or less, and more particularly described as follows:

Beginning at the point of intersection of the easterly boundary of the right-of-way of the Dalles-California Highway as same is now located and constructed with the southerly boundary of the right-of-way of the Ady Canal of the Klamath Drainage District as now located and constructed from which the section corner common to Sections 22, 23, 26 and 27 bears N 36° 30-1/2' West, 1630.7 feet distant; and running

Thence S 75° 34-1/2' E, along said southerly boundary of the Ady Canal right-of-way, 652.3 feet;

Thence S 00° 07' W, 2479.2 feet, more or less, to a point in the southerly boundary of the N 1/2 SW 1/4 of Section 26;

Thence leaving the boundary of the right-of-way of Ady Canal, S 89° 50' W, along the southerly boundaries of the N 1/2 SW 1/4 of said Section 26 and the NE 1/4 SE 1/4 of said Section 27, 2147.0 feet, more or less, to an intersection with the easterly boundary of the right-of-way of the Dalles-California Highway;

Thence N 32° 21-1/2' E, following said right-of-way line, 2097.0 feet;

Thence following a 01° 38-1/2' circular curve to the left, 937.8 feet;

Thence N 16° 57-1/2' E, 23.5 feet, more or less, to the said point of Beginning.

Section 33: The West Half of the Southeast Quarter of the Southeast Quarter (W 1/2 SE 1/4 SE 1/4); and that portion of the Southwest Quarter (pt. SW 1/4) included within the land of the Southern Pacific Company described in Deed Book 23 at Page 205 and in Deed Book 25 at Page 399; (See also Deed Volume M66, Page 5795);

Section 34: Lot 5, EXCEPTING the West 400 feet thereof; and Lots 6, 7, 8, 9, 10, 11, 12, 13 and 14;

Section 35: All

Section 36: All

TOWNSHIP 40 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN

- Section 19: That portion of the West Half (pt W 1/2) thereof lying Southerly and Westerly of the Klamath Straits as presently located and constructed;
- EXCEPTING any portion lying within the Klamath Straits Drain Enlargement Unit No. K-5 as described in book M76 at page 4636 Deed Records, dated December 2, 1975, recorded April 2, 1976 more particularly described as follows:

A strip or parcel of land in said Section 19. Said parcel having a uniform width of 50.0 feet, where measurable at right angles, and lying Northeasterly of, adjacent to and parallel with, the arc of a curve as said arc is described in Parcel 1 of Book M76 at page 4636, Deed Records.

Section 30: The West Half (W 1/2)

Section 31: The West Half (W 1/2)

TOWNSHIP 41 SOUTH, RANGE 8 EAST OF THE WILLAMETTE MERIDIAN

- Section 3: All lying Easterly of Central Pacific Railroad right-of-way and Westerly of the centerline of West Canal, said centerline being more particularly described as follows:
Beginning at a point on the south line of said Section 3 from which the SE corner of said Section bears N 89° 40' 01" E, 872.27 feet;
Thence N 36° 04' W, 158.35 feet;
Thence N 44° 47' W, 1411.69 feet;
Thence N 00° 27' 26" W, 4147.48 feet to the north line of said Section 3; and
EXCEPTING Lot 4 thereof in Klamath Drainage District as shown in Deed Volume 233, Page 550;
- Section 4: The North Half of the Northeast Quarter (N 1/2 NE 1/4), the Southeast Quarter of the Northeast Quarter (SE 1/4 NE 1/4), Lot 1, and that portion of the North Half (pt N 1/2) included within land of the Southern Pacific Company as shown in Deed Book 22, Page 549 and Deed Book 23, Page 497 (See also Deed Volume M66 at Page 5794);

- EXCEPTING a piece or parcel of land situate in Government Lot 1 of Section 3 and in Government Lot 1 and the E 1/2 NE 1/4 of Section 4, described as follows:
Bounded Easterly by the westerly line of Oregon State Highway U.S. 97;
Bounded Southerly by the easterly prolongation of the southerly line of the 0.701 acre parcel of land described as Parcel 2 in Deed Volume 350, Page 146 (said prolongation being the southerly line of Lot 1 of Section 4, bearing S 80° 00" E);
Bounded Northerly by the southwesterly line of the county road leading from said Oregon State Highway U.S. 97 to Keno, Oregon; and

Bounded Westerly by the following described line;

Beginning at the point of intersection of the east line of W 1/2 SE 1/4 of Sec. 4 with the southerly line of Lot 2 of said Sec. 4, said point being the SE corner of said 0.701 acre parcel and distant S 17° 55' 06" W, 4267.65 feet from the NE corner of said Sec. 4;

Thence North, along said east line, being also the west line of said Lot 1 of Sec. 4, a distance of 320.83 feet to a point;

Thence Northeasterly along a curve to the left having a radius of 5679.60 feet and a central angle of 10° 50' 35" (tangent to said curve at last mentioned point bears N 31° 47' 35" E) an arc distance of 1074.85 feet;

Thence N 20° 37' E, 99.56 feet;

Thence N 20° 27' E, 2359.20 feet

Thence N 22° 08' 15" E, 75.75 feet to a point;

Thence Northeasterly, along a curve to the right having a radius of 3869.75 feet and a central angle of 08° 40' 19" (tangent to said curve at last mentioned point in last described course) an arc distance of 450.62 feet to a point in the North line of said Sec. 3, distant thereon N 89° 29' 30" E, 245.33 feet from the NW corner of said Sec. 3;

Thence continuing Northeasterly along the continuation of said curve to the right having a radius of 3869.75 feet, an arc distance of 111.65 feet to the Northerly terminus of the line being herein described; and further

EXCEPTING that portion of Government Lot 1 of Section 3, included within a strip of land 100.0 feet in width, lying contiguous to and easterly of the line particularly described in the above excepted parcel; and further

EXCEPTING that portion thereof lying Southerly of the Northerly line of County Road leading from Oregon State Highway U. S. 97 to Keno, Oregon; and further

EXCEPTING that portion of the above described 100.00 foot wide strip of land lying Northwesterly of the Southeasterly line of land of the Southern Pacific Company.

PARCEL II:

TOWNSHIP 41 SOUTH, RANGE 8 EAST OF THE WILLAMETTE MERIDIAN

Section 1: The West Half (W 1/2)

Section 2: All

Section 3: All lying Easterly of the centerline of West Canal, said centerline being more particularly described as follows:
Beginning at a point on the south line of Section 3 from which the SE corner of said Section bears N 89° 40' 01" E, 872.27 feet;
Thence N 36° 04' W, 158.35 feet;
Thence N 44° 47' W, 1411.69 feet;
Thence N 00° 27' 26" W, 4147.48 feet to the north line of said Section 3;

Section 10: The Northeast Quarter of the Northeast Quarter (NE 1/4 NE 1/4);

Exhibit "A" - Page 4 of 5.

- Section 11: All EXCEPTING the Southwest Quarter of the Southwest Quarter (SW 1/4 SW 1/4);
- Section 12: The West Half (W 1/2);
- Section 13: The North Half of the Northwest Quarter (N 1/2 NW 1/4) and Lots 3 and 4;
- Section 14: The North Half of the Northeast Quarter (N 1/2 NE 1/4), the Northeast Quarter of the Northwest Quarter (NE 1/4 NW 1/4) and Lots, 1, 2, 3, and 4;
- Section 34: Lots 8 through 16 of Block 45, TOWNSITE WORDEN:

BEING

all of the premises conveyed to Grantor by Deed dated June 25, 1985, recorded in Deed Volume M85 at Page 16810, as Instrument No. 54442, in the records of Klamath County, Oregon, and by Deed dated August 22, 1988, recorded in said Records in Deed Volume M88 at Page 13854, as Instrument No. 90758, with the exception of the following described property, title to which is vested in the United States of American and was erroneously conveyed as Parcel 3 in the herein described deeds:

In Township 40 South, Range 8 East of the Willamette Meridian, in the County of Klamath, State of Oregon

Section 25: The SE 1/4 NW 1/4

After recording return to:
 John Hancock Mutual Life Insurance Company
 c/o Schultz, Salisbury, Cauble & Versteeg
 Attorneys At Law
 111 S. E. Sixth Street
 Grants Pass, OR 97528
 Attn: Walter Cauble

Tax Statements:

NO CHANGE

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co. the 17th day
 of Dec. A.D., 19 90 at 2:39 o'clock P M., and duly recorded in Vol. M90,
 of Mortgages on Page 24951.

Evelyn Biehn. County Clerk

By Pauline Mullins

FEE \$108.00