

Customer/Note No.: 22808-241

**Deed Of Trust
(Closed End)**On April 25, 1991hereinafter called Grantors, whose address is
22700 Schaupp Road, Klamath Falls, OR 97603

grant, convey, warrant, transfer and assign to

KLAMATH COUNTY TITLE COMPANY

hereinafter called Trustee, whose address is 422 Main Street, Klamath Falls, OR 97601

in trust with power of sale for the benefit of

NORTHWEST FARM CREDIT SERVICES, ACA

hereinafter called Beneficiary, whose address is West 601 First Avenue, P.O. Box TAF-C5, Spokane, Washington 99220-4005,

property in KLAMATH

County(ies), State of OREGON

particularly described in Exhibit "A," attached hereto and incorporated herein, including all rents, issues, profits, buildings and improvements thereon and in all tenements, hereditaments, rights, privileges, easements, rights of way and appurtenances, (including without limitation private roads, grazing privileges, water rights, ditches and conduits and rights of way therefor; all plumbing, lighting, heating, cooling, ventilating, elevating, and irrigating apparatus and other equipment and fixtures, now or hereafter belonging to or used in connection therewith), all of which shall hereinafter be called Property.

The following described note(s), Membership Agreement, security documents and any other documents or instruments signed in connection with the note(s) and security documents and any amendments thereto are collectively called the "Loan Documents." This conveyance is intended to secure performance of the covenants and agreements contained herein, and in any of the Loan Documents, and payment of indebtedness under the terms of the note(s) made by Grantors to the order of Beneficiary, with interest and advances as provided therein and in the Loan Documents, and any extensions, modifications or renewals thereof.

DATE OF NOTE	PRINCIPAL AMOUNT	FINAL INSTALLMENT DATE
April 25, 1991	\$45,000.00	January 1, 1996

The terms of the note(s) and Loan Documents described above provide that the interest rate, payment terms or amounts due may be indexed, adjusted, renewed or renegotiated.

THIS DEED OF TRUST IS ALSO INTENDED TO BE A FIXTURE FILING.

The Property does not exceed 39.75 acres in area and if located in the State of Washington, it is not principally used for agricultural or farming purposes.

Grantors and each of them REPRESENT, WARRANT, COVENANT and AGREE:

1. That they have title to the Property free from encumbrances, except as described in Exhibit "A"; they have good right and lawful authority to convey and encumber the same; they will warrant and defend the same forever against the lawful claims and demands of all persons whomsoever; and they agree this covenant shall not be extinguished by foreclosure or other transfers.
2. That this Deed of Trust also constitutes a Security Agreement granting Beneficiary a security interest in any and all personal property described in Exhibit "A."
3. To keep all buildings and other improvements, now or hereafter existing, in good repair; not to remove or demolish or permit the removal or demolition of any building or other improvement; to restore promptly in a good and workmanlike manner, any building or improvement, which may be damaged or destroyed; to maintain the Property in a good and husbandlike manner; not to change or permit change in the use of the Property; and not to do anything which would reduce the value of the Property.
4. To maintain casualty insurance, naming Beneficiary as loss payee, on all buildings and improvements, against loss or damage by fire and other risks; to maintain liability insurance; to pay all premiums and charges on all such insurance when due; and to provide Beneficiary satisfactory evidence of such insurance upon request. All such insurance shall be in such form(s), with such company(ies) and in such amount(s) as shall be satisfactory to Beneficiary.
5. To pay all debts and money, secured hereby, when due; to pay, when due, all taxes, assessments, rents and other charges upon the Property and to suffer no other encumbrance, charge or lien on the Property, which would be superior to this deed of trust, except as stated above.
6. To specifically assign and deliver to Beneficiary all rents, royalties, damages and payments of every kind, including without limitation insurance reimbursements and condemnation awards, at any time accruing, for any transfer, loss or seizure of the Property, any portion thereof or any rights therein; Beneficiary may, at its option, apply such amounts in any proportion to any of the indebtedness hereby secured; and application or release of such amounts shall not cure or waive any default or notice of default or invalidate any act done pursuant to such notice.

7. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property and its use, including without limitation all environmental laws; not to use or permit the use of the Property for any unlawful or objectionable purpose; to remedy any environmental contamination or violation of environmental laws that may occur or be discovered in the future; to allow Beneficiary access to the Property to inspect its condition and to test and monitor for compliance with applicable laws (any inspections or tests made by Beneficiary shall be for Beneficiary's purposes only and shall not be construed to create any responsibility or liability on the part of Beneficiary to Grantors or to any other person); to forward copies of any notices received from any environmental agencies to Beneficiary; and to indemnify and hold Beneficiary, its directors, employees, agents and its successors and assigns, harmless from and against any environmental claims of any kind, and all costs and expenses incurred in connection therewith, including, without limitation attorney's fees.
8. That neither Grantors nor, to the best of Grantors' knowledge, any prior owner has created or permitted conditions on the Property, which may give rise to environmental liability; no enforcement actions are pending or threatened; no underground tanks are located on the Property except as already disclosed; any such underground tanks currently or previously located on the Property do not now and never have leaked and no contaminated soil is located on the Property; and Grantors' representations, warranties, covenants and indemnities herein and in the Loan Documents shall survive satisfaction of the note(s) and Loan Documents, foreclosure of this deed of trust, acceptance of a deed in lieu of foreclosure or any transfer or abandonment of the Property.
9. To perform all terms and conditions of each water or other contract, described in Exhibit "A," if any, and to promptly pay all sums due or to become due under each contract so that no delinquency or default will occur under such contract(s); not to apply or enter into any federal, state or local program which limits or restricts the use of the Property, in any way without prior written consent of Beneficiary.
10. That the term "Grazing Rights," as hereinafter used refers to that portion of the Property, if any, consisting of grazing leases, permits, licenses, privileges, and preferences, or any of them, which have or will be assigned, conveyed or waived to Trustee or Beneficiary, together with any additions, renewals, replacements or substitutions thereof; if any portion of the Grazing Rights is a leasehold interest in state lands, such leasehold shall be considered to be real property; such leasehold and all other real property portions of the Property constitute a single operating unit; and in the event of foreclosure, Beneficiary shall have the right to have such leasehold and the other real property sold as a unit and not in parcels; any statements and representations in any applications for Grazing Rights are true and correct; Grantors have received no notice that the Grazing Rights have or are to be terminated, cancelled or modified; and any termination or cancellation of any of the Grazing Rights shall constitute an event of default under this deed of trust.
11. To execute any instrument deemed necessary by the Beneficiary to assign, convey or waive such Grazing Rights to the Trustee; to pay all fees and charges, and to perform all acts and things necessary to preserve and keep in good standing the Grazing Rights; to take no action which would adversely affect the Grazing Rights; to procure renewals of the Grazing Rights upon or prior to their expiration date; to operate the lands covered by the Grazing Rights in conjunction with the other real estate portion of the Property and not to convey or attempt to convey either separately; to forward to Beneficiary copies of any notices received by Grantors regarding the Grazing Rights; and in the event of foreclosure of this deed of trust to waive all claims for preference in the Grazing Rights upon demand from the purchaser of the Property at Trustee's or foreclosure sale, or from any successor to such purchaser.
12. That if the Property is within an irrigation block and/or subject to water service contract(s) governed by the provisions of "Federal reclamation law," and the regulations issued thereunder, Grantors shall comply with the terms and provisions of said laws, regulations and contracts; Grantors, and each of them, for themselves, their heirs, successors and assigns, hereby appoint Beneficiary their attorney-in-fact to select and designate the portion of the property to be subject to a recordable contract, in the event Grantors become subject to the excess land limitation; if Grantors fail to comply with the terms of said law, regulations or contracts, or if the delivery of water for the irrigation of the Property is discontinued in whole or in part, Grantors shall be in default; in the event the Bureau of Reclamation determines that continued drainage maintenance on the Property is no longer feasible, and Grantors purchase other lands offered as a preference purchase right (as an adjustment for wetlands), Grantors shall execute a supplemental deed of trust on such lands in favor of the Beneficiary; and failure to execute such deed of trust on demand, shall constitute an event of default.
13. That in the event of default in any of the covenants or agreements herein, or in any of the Loan Documents, Beneficiary may, at its option perform the same, in whole or in part; any advances, attorney fees or costs paid or incurred by Beneficiary to protect or enforce its rights under the Loan Documents, in bankruptcy, appellate proceedings or otherwise, shall be payable on demand and shall become a part of the obligation secured by this deed of trust.
14. That the indebtedness and obligations secured by this deed of trust are personal to the Grantors and are not assignable by Grantors; Beneficiary relied upon the credit of Grantors, the interest of Grantors in the Property and the financial market conditions then existing when making this loan; if Grantors sell, transfer or convey or contract to sell, transfer or convey the Property, or any portion thereof, or if the ownership of any corporation or partnership, owning all or any portion of the Property shall be changed either by voluntary or involuntary sale or transfer or by operation of law, without prior written consent of Beneficiary, or if Grantors default in the payment of the indebtedness, or with respect to any warranty, covenant or agreement in the Loan Documents or if a receiver or trustee for any part of the Property is appointed, or if any proceeding under the bankruptcy or insolvency laws is commenced by or against Grantors, or if Grantors become insolvent, or if any action is commenced to foreclose or enforce a lien on any portion of the Property, then, Grantors shall be in default hereunder.
15. If the indebtedness is subject to a guarantee from Farmers Home Administration, that Grantors shall be in default under this deed of trust, the above note(s) and Loan Documents should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 CFR Part 1940, Subpart G, Exhibit M; prior to loss of the exemption from the highly erodible land conservation restrictions found in 7 CFR Part 12, Grantors must demonstrate that Grantors are actively applying an approved conservation plan on that land which has been determined to be highly erodible prior to 1990 or two years after the Soil Conservation Service has completed a soil survey for that land, whichever is later; and Grantors must demonstrate prior to January 1, 1995, that any production after that date of an agricultural commodity on highly erodible land will be done in compliance with an approved Soil Conservation Service conservation system.

16. If this deed of trust is a residential deed of trust, subject to Truth in Lending Disclosures, that during the existence of the indebtedness hereby secured, Beneficiary, at its option, may collect additional amounts and pay real property taxes and special assessments levied against the Property. Beneficiary may elect at any time to pay or not to pay taxes and assessments; notice to any person liable for or making the payments upon the indebtedness hereby secured, or actual payment of any taxes or assessments by Beneficiary shall constitute an election by Beneficiary to pay taxes and assessments; Beneficiary may elect to pay such taxes and assessments either prior to or after collecting such additional amounts necessary to make each payment; if Beneficiary elects to pay such taxes and assessments prior to collecting such additional amounts, Beneficiary may add the amounts expended by it for taxes and assessments to the note(s) balance at the time the payment is made and such amount shall bear interest as provided in the note(s) and shall be secured by the Loan Documents; after any payment of taxes or assessments by Beneficiary, or after notice of Beneficiary's election to pay taxes and assessments, if given in advance of paying the taxes and assessments, Grantors shall pay to Beneficiary on the first day of each month, commencing with the next installment, in addition to the scheduled installments of principal and interest due under the note(s), an amount equal to 1/12 of the annual real property taxes and special assessments as estimated by Beneficiary; such additional payments shall continue until any subsequent election by Beneficiary not to pay taxes and assessments.
17. That time is of the essence and in the event of default, at Beneficiary's option, the entire indebtedness secured hereby shall forthwith become due and payable and bear interest at the rate set forth in the Loan Documents for delinquent payments; Beneficiary shall have the right to foreclose the lien of this deed of trust or to direct Trustee, in writing, to foreclose this deed of trust by notice and sale, to have a receiver appointed in any court proceeding, to collect any rents, issues and profits from the Property and to deliver them to Beneficiary to be applied as provided above and to exercise any rights and remedies available under the Uniform Commercial Code for the state in which the property is located; and reasonable notice if required by such Code shall be five (5) days.
18. That Beneficiary may, from time to time, in writing and without further notice or consent, release any person from liability for payment of any of the indebtedness or extend the time or otherwise alter the terms of payment of any of the indebtedness; and Trustee may, with written consent of Beneficiary, at any time and from time to time, and without affecting the liability of any person:
- Join in any subordination or other agreement affecting this deed of trust or lien or charge thereof.
 - Reconvey, without warranty, any or all of the Property.
19. That after all sums secured hereby have been paid, upon receipt of the deed of trust and note(s) and payment of its fees, Trustee shall reconvey without warranty the Property, as provided by law. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."
20. That, in the event of foreclosure of this deed of trust by notice and sale, the power of sale shall be exercised by the Trustee according to and under the authority of the law pertaining to deeds of trust then in effect in the state in which the Property is situated; Trustee shall deliver to purchaser its deed, without warranty, containing recitals demonstrating compliance with the requirements of such law.
21. To surrender possession of such premises within the time period provided by law; in the event Beneficiary is purchaser of the Property and possession is not delivered, as provided by law, to pay Beneficiary the costs and the expenses, including reasonable attorney fees, incurred in any suit or action by Beneficiary to obtain possession of the premises.
22. That Trustee accepts this trust when this deed, duly executed and acknowledged is recorded as provided by law; any Trustee lawfully appointed by Beneficiary as a substitute or successor Trustee shall succeed to all the powers and duties of the Trustee named herein; Trustee is not obligated to notify any party hereto of the pending sale under any other deed of trust or any action or proceeding in which Grantors, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by Trustee.
23. That as used herein, the term "deed of trust" shall be synonymous with the terms "trust indenture" and "trust deed"; the term "Grantors" shall be synonymous with the term "Trustors" as used in any of the laws of the state in which the Property is situated; the term "Beneficiary" shall mean the holder and owner of any note secured hereby, or if any note(s) has been pledged, the pledgee thereof.
24. That the failure of Beneficiary to exercise any right or option provided herein, at any time shall not preclude Beneficiary from exercising any of such rights at any other time; the covenants and agreements contained herein shall be binding on and inure to the benefit of the parties and their respective heirs, successors and assigns; all rights conferred on Beneficiary or on Trustee are cumulative and additional to any rights conferred by law; and if any provision is found to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof and the deed of trust shall be construed as though such provision had been omitted.
25. That Grantors and each of them join in this instrument for the purpose of subjecting each of their right, title and interest, if any, in the Property, whether of record or otherwise and including any right to possession, to the lien of this deed of trust.
26. That the following parties join in this instrument to perfect the lien offered as security for the loan, but assume no liability for payment of the indebtedness described in the Loan Documents except for that arising under paragraph 7 above:
27. Additional covenants, terms and conditions are contained on the following described attachments which are incorporated in this deed of trust as though set out here in full:
- _____ Timber Rider
 - _____ Montana Homestead Acknowledgment
 - _____ Other (describe):

Dated 8TH day of MAY, 1991

WELLS FARMS, INC.

BY:

Emil Dean Wells, President

Attest:

Geraldine Wells, Secretary

X

Emil Dean Wells

x

Geraldine Wells

STATE OF OREGON

) ss.

County of Klamath)

On this 8TH day of MAY, 1991, before me personally appeared EMIL DEAN WELLS and GABRIEL WELLS, known to me to be the President and Secretary, 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 execute said instrument.

Carrie L. Hernandez
Notary Public for the State of OREGON
Residing at KLAMATH FALLS
My commission expires MAY 30, 1994

STATE OF OREGON

SS.

County of Klamath)

On this 8TH day of MAY, 1991, before me personally appeared EMIL DEAN WELLS and GERALDINE WELLS, known to me and acknowledge to me that such individuals executed the same as their free act and deed; and each on oath stated that they were authorized to execute said instrument.

Rene J. Herington
Notary Public for the State of OREGON
Residing at KLAMATH FALLS
My commission expires MAY 30, 1994

EXHIBIT "A"
DESCRIPTION

9441

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

PARCEL 1:

A parcel of land situate in Lots 12, 13 and the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 35, Township 39 South, Range 11 $\frac{1}{2}$ East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a point on the South line of said Section 35 which bears N. 89°53' W. a distance of 803.4 feet from the Southeast corner of said Section 35; thence continuing along said South line N. 89°53' W. a distance of 2180.6 feet to the Southwest corner of tract described in Deed from Rockne Lane Flegl to Ben F. Smith, Inc., dated October 25, 1974, recorded November 4, 1974, in Volume M74 page 14245, Deed records of Klamath County, Oregon; thence N. 01°07' E. along the West line and West line extended of last mentioned tract a distance of 753.1 feet to the center of Lost River; thence Northeasterly along the centerline of Lost River a distance of 1125 feet, more or less, to the most Northerly point of tract described as Parcel 1 in Deed from Millet Ranch to Ben F. Smith, Inc., dated June 27, 1972, recorded July 7, 1972, in Volume M72 page 7365, Deed records of Klamath County, Oregon, thence S. 59°19' E. a distance of 953.0 feet to a point; thence S. 33°29' E. a distance of 869.0 feet, more or less, to the point of beginning. LESS portion contained in the right of way of South Poe Valley Road.

PARCEL 2:

A tract of land situated in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ and Government Lot 13 of Section 35, Township 39 South, Range 11 $\frac{1}{2}$ E.W.M., Klamath County, Oregon, more particularly described as follows: Beginning at the Southeast corner of that tract of land described in Deed Vol. M78 page 5069, Parcel 1, of the Klamath County, Deed Records, marked with a P. K. Nail on the South line of said Section 35, from which the Southeast corner of said Section 35, as marked by an iron pin with plastic cap in a monument case, bears South 89°53'00" East 803.40 feet; thence along the lines of said deed volume, North 33°29'00" West 36.02 feet to a 5/8 inch iron pin with plastic cap; thence continuing North 33°29'00" West 832.98 feet to a 5/8 inch iron pin with plastic cap and North 59°19'00" West 383.16 feet to a 5/8 inch iron pin with plastic cap set in a fence corner; thence South 02°47'57" East, generally along an existing fence, 889.81 feet to a 5/8 inch iron pin with plastic cap; thence continuing South 02°47'57" East 30.04 feet to a P.K. Nail on the South line of said Section 35; thence South 89°53'00" East 764.02 feet to the point of beginning, containing 9.72 acres, more or less, including that portion contained in South Poe Valley Road (0.52 acres), with bearings based on said Deed Vol. M78, page 5069.

Also, all equipment, machinery, appliances, and tools which are a part of the potato storage facility plant, together with all additions, replacements, or accessions, now or hereafter acquired and placed, located, installed in, or used on, the above described property as a part of the plant, are hereby declared to be real property fixtures and shall be a part of the real estate above described including but not limited to, the following:

Storage Sentinel master control unit by IVI with 15 H.P. Toshiba Int. Corp. control units. A Honeywell modular motor control unit. A 4 foot rotating fan with a Lesson motor and humidifier. Adequate ventilation ground air pipes for entire cellar.

Plus Irrigation equipment listed below:

30 HP 3530 RPM General Electric electric motor and Cutler Hammer panel, and Rain Flow Centrifugal pump. 530 ft of Aluminum mainline of sizes 4" through 6". 840' of 3" handline to be included.

THIS DEED OF TRUST SECURES AN OBLIGATION INCURRED IN WHOLE OR IN PART FOR CONSTRUCTION OF AN IMPROVEMENT ON THE PROPERTY.

By: Emil Dean Wells
Emil Dean Wells, President

Attest: Geraldine Wells
Geraldine Wells, Secretary

X Emil Dean Wells
Emil Dean Wells
X Geraldine Wells
Geraldine Wells

Page 5 of 5

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title co. the 20th day of May A.D. 19 91 at 9:53 o'clock A.M., and duly recorded in Vol. M91 of Mortgages on Page 9437

FEE \$28.00

Evelyn Biehn County Clerk

By Dorlene Muelendare

Return: KCTC