TOWNSHIP 39 SOUTH, RANGE 11 1/2 EAST OF THE WILLAMETTE MERIDIAN

Section 29: E1/2SW1/4, W1/2SE1/4

Tax Identification Nos: #3911-V2900-700/812963/616774

All equipment, machinery, appliances, and tools which are a part of the dairy facility, including, without limitation, 2 stainless steel 6,000 gallon milk tanks; 24 Surge Optic milking systems with auto-takeoffs, connections, milk lines, washers, sanctifiers, and all attachments to be a working system; 24 milking stantions, along with all power gates and controls to be a working system; all Rainbird sprinklers and piping in wash area; 1 Surge pulsating unit; 1 Siemans vacuum pump with a 30 HP motor; 1 Baldor 15 HP electric hydraulic motor-inclusive of all other related equipment to be an operating dairy including but not limited to other electric and hydraulic motors, water heaters, compressors, refrigeration units and any replacements thereof; 1 manure waste separator and piping; 1 portable generator and diesel motor. Also, together with all property and goods similar to those described herein which at any time may be acquired by debtor(s), including, but not limited to all additions, replacements, substitutions and accessions thereof.

Together with a 50 HP General Electric electric motor and Delta panel with a Cornell centrifugal pump; a 40 HP Marathon electric motor and Klockner-Moeller panel with a Cornell centrifugal pump; a 10 HP Lincoln electric motor with a Vaughn agitator; a 20 HP Lincoln electric motor with a pump for separator; a 15 HP General Electric electric motor with an Aurora pump for the well; approximately 1600 feet of size 8 inch buried PVC mainline; 600 feet of size 10 inch portable aluminum mainline with valves; 240 feet of size 8 inch portable aluminum mainline with valves; 4 portable Rainbird 3 inch big guns; 1 Allmax retrieving portable 3 inch irrigation big gun; and any replacements thereof, all of which are hereby declared to be appurtenant thereto.

INITIALS: DH., COL

STATE OF OREGON, County of Klamath

Filed for record at request of:

on this 6th day of Nov. A.D., 19 91

at 9:13 o'clock AM. and duly recorded in Vol. M91 of Mortgages Page 23258.

Evelyn Biehn County Clerk
By County Clerk
Deputy.

Fee, \$28.00

Return to:

Farm Credit Services P.O. Box 148 Klamath Falls, Or. 97601 00555

STATE OF	Oregon)	
•	3	:	SS.
County of	Klandh)	

OF OF O

Notary Public for the State of OR
Residing at Klamath Falls, OR
My commission expires 6-16-93

STATE OF Oregon : ss
County of Klamath)

On this 5th day of November, 1991, before me personally appeared Thys DeHoop and Catharina DeHoop to me known to be the persons described in and who executed the within instrument, and acknowledged to me that they executed the same as their free act and deed.

OTARY OTARY OF OR

Notary Public for the State of OR
Residing at Klamath Falls, OR
My commission expires 6-16-73

Page 4 of _4_

- 14. If the indebtedness is subject to a guarantee from Farmers Home Administration, that Mortgagors shall be in default under this mortgage, 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, Mortgagors must demonstrate that Mortgagors 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 Mortgagors 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.
- 15. That time is of the essence and in the event of default, at Mortgagee'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; Mortgagee shall have the right to foreclose the lien of this mortgage, to have a receiver appointed in any court proceeding, to collect any rents, issues and profits from the Property and apply them against the indebtedness hereby secured 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.
- 16. That the failure of Mortgagee to exercise any right or option provided herein, at any time shall not preclude Mortgagee 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 Mortgagee 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 mortgage shall be construed as though such provision had been omitted.
- 17. If this mortgage is a residential real estate mortgage, subject to Truth in Lending Disclosures, that during the existence of the indebtedness hereby secured, Mortgagee, at its option, may collect additional amounts and pay real property taxes and special assessments levied against the Property; Mortgagee 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 Mortgagee shall constitute an election by Mortgagee to pay taxes and assessments; Mortgagee may elect to pay such taxes and assessments either prior to or after collecting additional amounts necessary to make each payment; if Mortgagee elects to pay such taxes and assessments prior to collecting such additional amounts, Mortgagee 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 amounts 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 Mortgagee, or after notice of Mortgagee's election to pay taxes and assessments, if given in advance of paying the taxes and assessments, Mortgagors shall pay to Mortgagee 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 Mortgagee; such additional payments shall continue until any subsequent election by Mortgagee not to pay taxes and assessments.
- 18. That Mortgagors 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 mortgage.
- 19. 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 6 above: None.

20. A	dditional covenants, terms and conditions are cont	ained on the following described attachments which are incorporated in
th	nis mortgage as though set out here in full:	
••	Timber Rider	
_	Montana Homestead Acknowledgment Other (describe):	(\mathcal{A})
	HOLLAND'S DAIRY INC.	All Micao
	BY: Shyskle Hoop	Thys Deligop
	Thys DeHoop, President	Catharina DeHoop

ATTEST: Athan Delloop, Secretary

- 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; and to indemnify and hold Beneficiary, 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 Grantor's 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; to perform all acts necessary to perfect and maintain any water permit, certificate, license or other water interest, however designated, described in or used in conjunction with the real property described in Exhibit "A"; any assignment of any such interest, during the term of this deed of trust, naming Beneficiary as an assignee shall be for security purposes and shall not alter Grantors' obligations hereunder; and any failure of Grantors to perform any such obligation shall constitute an event of default.
- 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.