

Recorded at Request
of and When Recorded
Return to:

Matthew O. Pacher, Esq.
DAMRELL, NELSON, SCHRIMP,
PALLIOS & LADINE
1625 I Street
Modesto, CA 95354

42581
OREGON MORTGAGE AND SECURITY AGREEMENT

THIS OREGON MORTGAGE AND SECURITY AGREEMENT, (hereinafter referred to as the "Mortgage"), made this 12th day of December, 1992, by and between James M. Carroll and Sharon Carroll, husband and wife, (hereinafter referred to as "Mortgagor"), and Jack Sparrowk and Beverly F. Sparrowk, whose mailing address is P.O. Box 657, Clements, California, 95395, (hereinafter referred to as "Mortgagee").

WITNESSETH that to secure the payment of an indebtedness in the sum of Three Hundred Thousand Dollars (\$300,000.00), lawful money of the United States, to be paid with interest thereon according to a Promissory Note bearing even date herewith, (hereinafter referred to as the "Note"), to which note reference is hereby made, Mortgagors hereby GRANT, BARGAIN, SELL, CONVEY AND WARRANT to the Mortgagee, the property located in Klamath County, Oregon, more particularly as follows, to-wit:

SEE EXHIBIT "A" ATTACHED HERETO AND
INCORPORATED HEREIN BY THIS REFERENCE

TOGETHER WITH all buildings, improvements, fixtures and permanent plantings located therein or thereon or appurtenant thereto, and all substitutions, replacements, and improvements hereafter made thereto or placed therein or thereon; all other equipment now or hereafter attached to and used in connection therewith; all rights-of-way, easements, crops and other farm products, income and proceeds therefrom, tenements, hereditaments, remainders, reversions, privileges, and appurtenances thereunto belonging, however evidenced, which are used or enjoyed with said real property or belonging to the same or which hereafter may be acquired and so used or enjoyed.

TOGETHER WITH all water and water rights, whether riparian, appropriative or otherwise and whether or not appurtenant, all ditch and ditch rights and any shares of stock

licenses, or permits evidencing such water or ditch rights, and all wells, reservoirs, dams, embankments or fixtures, including, but not limited to, those water rights more particularly described in Exhibit B attached hereto and incorporated herein by this reference.

TOGETHER WITH a security interest in and to all of the sprinklers, sprinkler heads and risers, sprinkler systems and pipelines, delivery systems, pumps and pumping plants, boosters, motors, mainlines, wheel lines and gas movers, hand lines, solid set drag lines, engines, turbines, generators, transformers and all other irrigation equipment now or hereafter owned by Mortgagor or used in connection with the property described in Exhibit "A," including but not limited to those items more particularly described on Exhibit "B" attached hereto and incorporated herein by this reference, together with all substitutions, replacements, and accessions thereto, and any and all allied equipment, including by way of example but not by way of limitation, electrical panels, control boxes, wiring, switch panels, pipes, valves, elbows, joints, couplers, flanges, reducers, end plugs, risers and sprinklers. Mortgagor hereby (a) warrants that said irrigation equipment shall be used only on the above described real property and solely for purposes of irrigation; (b) covenants that no other security interests in said irrigation equipment have been given; (c) agrees not to sell, lease, encumber, or otherwise dispose of said irrigation equipment, or remove the same from the county in which the same is now situated, without the Mortgagees' prior written consent; and (d) agrees to defend against all adverse claims and demands which may be made against said irrigation equipment.

TOGETHER WITH all right, title and interest of Mortgagor, if any, in and to the land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the property described in Exhibit "A" to the center line thereof.

TOGETHER WITH all judgments, awards of damages, settlements and payments or security (i) hereinafter made as a result of or in lieu of any taking of the property or any part thereof under the power of eminent domain or for any damages to the property or the improvements thereon or any part thereof and (ii) hereafter made for any damage to the property or the improvements thereon or any part thereof resulting from exercise or attempted exercise of mining rights or claims however reserved or asserted and resulting from the disturbance of any of the surface of said property. Mortgagee may use, pay or apply the monies in the same manner and with the same effect as provided hereinafter for disposition of insurance proceeds. Mortgagor hereby covenants and agrees that he will not give such consent as may be required of the owner for mining or other surface disturbance by the terms of any patent, deed, statute, law or otherwise, without the prior consent of Mortgagee, which such consent will not be unreasonably withheld.

TOGETHER WITH all contract rights, chattel paper, documents, accounts and general intangibles, rights to performance, entitlement to payment in cash or in kind, or any other benefits under any current or future governmental program which pertain to the real estate which is the subject of this Mortgage, whether now or hereafter existing or acquired.

ALL OF WHICH real property and the rights and interests in the preceding paragraphs described (hereinafter collectively referred to as the "Property") shall be deemed to constitute a portion of the security, hereby given for the payment of the indebtedness and the performance of the obligations evidenced and secured hereby.

TO HAVE AND TO HOLD the same unto the Mortgagee, its successors and assigns, forever. If the Mortgagor shall pay said indebtedness according to the tenor and effect of said Note or any extension, renewal or modification thereof, and shall keep and perform all and singular the covenants and agreements herein contained, then this conveyance shall be null and void; otherwise, it shall remain in full force and effect.

THE MORTGAGORS HEREBY COVENANT AND AGREE WITH THE MORTGAGEE THAT:

1. **WARRANTIES OF TITLE AND AUTHORITY:** Mortgagor hereby represents and warrants that Mortgagor is lawfully seized or entitled to be seized of indefeasible fee title to the Property, that Mortgagor has the authority and right to execute and deliver this Mortgage, that Mortgagor shall defend the title to the Property against all claims and demands whatsoever, that the Property is free and clear of any and all prior liens, claims, encumbrances, restrictions, encroachments, and interests whatsoever in favor of any third party, (except those matters disclosed on Schedule B of the title policy issued in connection herewith, and the Mortgage and Security Agreement of even date herewith in favor of The Mutual Life Insurance Company of New York), and that any and all obligations it may have incurred in connection with the Property are current and without default. Mortgagor hereby releases, waives, and relinquishes all exemptions and homestead rights which may exist with respect to the Property. If the Mortgagor is a partnership or a corporation, each person executing this instrument on behalf of Mortgagor, individually and personally represent and warrant that this Mortgage and each other instrument signed in the name of such entity and delivered to evidence or further secure the obligations secured hereby is in all respects binding upon such entity as an act and obligation of said partnership or corporation.

2. **OBLIGATIONS MANDATORY:** Mortgagor shall promptly pay or cause to be paid to Mortgagee, or order, and shall promptly perform or cause to be performed, each and every payment and obligation on the part of the Mortgagor provided to be paid

or performed hereunder or in connection with the obligations evidenced and secured hereby when due. All of such payments and obligations are mandatory, and Mortgagors' failure to accomplish any of the same shall constitute a default under this Mortgage.

3. **HAZARDOUS MATERIALS:** With regard to Hazardous Materials as that term is hereinafter defined, Mortgagors covenant and represent as follows;

- (A) That, to Mortgagors' best knowledge after reviewing all reports, studies and other documents in Mortgagors' possession, the Property encumbered hereby does not contain, and that Mortgagors will not cause or permit the Property encumbered hereby to contain (a) asbestos in any form; (b) urea formaldehyde foam insulation; (c) transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of 50 parts per million; or (d) any other chemical, material, or substance which is (i) prohibited, limited, or regulated by any federal, state, county, regional, local, or other governmental authority, or which, even if not so regulated, may or could pose a hazard to the health and safety of the occupants of the Property encumbered hereby or the owners of property adjacent to the Property encumbered hereby, and is (ii) either present in amounts in excess of that permitted or deemed safe under applicable law, or handled, stored or otherwise used in any way which is prohibited or deemed unsafe under applicable law. (The substances described in (a), (b) (c) or (d) above are hereinafter referred to collectively as "Hazardous Materials"); and
- (B) That the Property encumbered hereby is not now being used (except in the ordinary course of business and in compliance with applicable laws) nor, to Mortgagors' best knowledge after reviewing all studies, reports and other documents in the Mortgagors' possession, has ever been used (except in the ordinary course of business and in compliance with applicable laws) for any activities involving, directly or indirectly, the use, generation, treatment, storage, transportation, or disposal of any Hazardous Materials; and
- (C) That neither the Property encumbered hereby nor Mortgagors are subject to any existing, pending, or, to the best knowledge of Mortgagors, threatened investigation or inquiry by any governmental authority, or any remedial obligations under any applicable laws, rules, or

regulations pertaining to health or the environment.

Mortgagors shall not install, store, use, treat, transport, or dispose, or knowingly permit or acquiesce in the installation, storage, use, treatment, transportation or disposal by Mortgagors, Mortgagors' agents, employees, independent contractors or tenants, on the Property encumbered hereby (except in the ordinary course of business and in compliance with applicable laws) of any Hazardous Materials. In the event of any installation, storage, use, treatment, presence, transportation or disposal (except in the ordinary course of business and in compliance with applicable laws), whether previously existing or hereafter occurring, whether by Mortgagors or any predecessor in title, or any employees, agents, contractors or third parties, and whether or not known by Mortgagors, Mortgagors shall remove any such Hazardous Materials (other than asbestos, which shall only be removed (i) if required to comply with these paragraphs relating to hazardous materials, or (ii) if required by law, rule, regulation or order of competent authority), and otherwise comply with the regulations or orders of such authority, all at the expense of Mortgagors. If Mortgagors shall fail to proceed with such removal or otherwise comply with such regulations or orders as soon as reasonably possible, and in any case within the cure period permitted under the applicable federal, state or local regulation or order, Mortgagee may declare this Mortgage and the Note it secures to be in default and may, but shall not be obligated to, do whatever is necessary to eliminate such Hazardous Materials from the Property encumbered hereby or otherwise comply with the applicable regulation or order, and the cost thereof shall be so much additional indebtedness secured hereby and shall become immediately due and payable without notice and with interest thereon at the rate of interest as defined in the Note secured hereby. If after diligent investigation Mortgagee reasonably believes that an environmental hazard exists on the property, Mortgagors shall give to Mortgagee and its agents and employees access to the Property encumbered hereby for such purposes and hereby specifically grant to Mortgagee a license effective upon expiration of the applicable cure period referenced in the preceding sentence to remove the Hazardous Materials, and Mortgagors further grant Mortgagee, its employees, agents and independent contractors, the right to enter upon the Property encumbered hereby for the purpose of conducting tests, soil borings, the installation of monitoring wells and such other tests as Mortgagee deems necessary or desirable, provided however, that if Mortgagors shall not otherwise be in default under this Mortgage or the note secured hereby, Mortgagee shall exercise such right in such a manner so as to not unreasonably interfere with the business operation of the Mortgagors.

Mortgagors shall indemnify Mortgage and hold Mortgagee harmless from and against all loss, damage, and expense (including, without limitation, attorneys' fees and costs

incurred in the investigation, defense, and settlement of claims) that Mortgagee may incur as a result of, as or in connection with the assertion against Mortgagee of any claim relating directly or indirectly, in whole or in part, to the presence or removal of any Hazardous Materials, or relating to any activity on or off the Property encumbered hereby, previously existing or hereafter occurring, and whether such activity was carried on by Mortgagors or any predecessor in title or any employees, agents, contractors or third parties, if such activity involved Hazardous Materials, in whole or in part, directly or indirectly, or non-compliance with any federal, state, or local laws, rules, regulations, or orders relating thereto.

Mortgagors shall promptly notify Mortgagee in writing of any order or pending or threatened action by any regulatory agent or other governmental body, or any claims made by any third party, relating to Hazardous Materials on, or emanations from, the Property encumbered hereby, and shall promptly furnish Mortgagee with copies of any correspondence of legal pleadings in connection therewith. At any time hereafter, terminating only upon repayment in full of the indebtedness secured hereby (and for such purpose repayment from proceeds of foreclosure sale shall not be deemed repayment of such indebtedness), if after diligent investigation Mortgagee reasonably believes that an environmental hazard exists on the property, Mortgagee may require Mortgagors to provide Mortgagee, at the expense of Mortgagors, an inspection or audit of the Property encumbered hereby, prepared by a qualified consultant approved by Mortgagee, certifying as to the presence or absence of Hazardous Materials, or to permit Mortgagee to so inspect or audit the Property encumbered hereby at Mortgagors' expense, and Mortgagors hereby grant Mortgagee, its employees, agents and independent contractors, the right to enter upon the Property encumbered hereby for the purpose of conducting tests, soil borings, the installation of monitoring wells and such other tests as Mortgagee deems necessary or desirable. In addition, Mortgagee shall have the right, but shall not be obligated, to notify any state, federal or local governmental authority of information which may come to its attention with respect to Hazardous Materials on or emanating from the Property encumbered hereby and Mortgagors irrevocably release Mortgagee from any claims of loss, damage, liability, expense or injury relating to or arising from, directly or indirectly, any such disclosure.

If the Property encumbered hereby now or hereafter contain any material or product containing more than 0.1 percent asbestos by weight, Mortgagors shall prepare, implement, and comply with on an ongoing basis a written asbestos operations and maintenance program prepared by a qualified environmental consultant. Such program shall assure that (a) all persons are protected from any release of asbestos fibers, and (b) asbestos fibers are not distributed or released on the Property encumbered hereby during maintenance, repairs, alterations or improvements. Any removal of asbestos or any work on the Property encumbered

hereby affecting asbestos shall be accomplished in full accordance with such program.

PROVIDED, HOWEVER, that nothing contained in the foregoing paragraphs relating to Hazardous Materials shall be construed to prohibit or limit the right of the Mortgagors to properly use and store substances on the subject property in the ordinary course of Mortgagors' business so long as such storage and use are in compliance with all statutes, laws, rules and regulations applicable thereto.

The liability of Mortgagors to Mortgagee under the covenants of these paragraphs relating to Hazardous Materials shall survive any foreclosure of this Mortgage or any transfer of the Property encumbered hereby by deed in lieu of foreclosure.

4. **MAINTENANCE OF PROPERTY:** Mortgagor agrees: (a) not to commit or suffer waste of said premises or impairment in any manner of the agricultural value of the land and, without limiting that generally, will cultivate, irrigate, fertilize, spray, prune, keep non-timber land free from foul and noxious weed, brush and other undesirable growth, provide for stock selection, crop rotation, drainage, prevention of erosion and pasture maintenance in accordance with good husbandry and approved methods of agricultural developments; (b) to maintain the Property at all times in good condition and repair; (c) not to remove, damage, or demolish any building, fixture, or improvement thereon; not to cause or permit any building, fixture, or improvement thereon to be removed, damaged, or demolished; to complete promptly and in a good and workmanlike manner any building, fixture, or improvement on the Property which may for any reason be constructed; (d) to restore promptly and in a good and workmanlike manner any building, fixture, or improvement on the Property which may for any reason be damaged or destroyed; (e) to comply at all times with all laws, ordinances, regulations, covenants, and restrictions in any manner affecting the Property; not to commit or permit any act upon the Property in violation of law; to do all acts which by reason of the character or use of the Property may be reasonably necessary to maintain and care for the same, the specific enumeration herein not excluding the general and (f) to allow Mortgagee to inspect the Property at all reasonable times during the term hereof.

5. **HAZARD INSURANCE COVERAGE:** Mortgagor shall secure and at all times maintain an insurance policy or policies in a form and with companies reasonably satisfactory to Mortgagee providing coverage in an amount satisfactory to the Mortgagee, in its sole judgment, upon the buildings, fixtures, and improvements now existing or hereafter erected or placed upon the Property, and insuring against the perils of fire and extended coverage, vandalism, and malicious mischief, and deliver such policies to the Mortgagee. Each such policy shall provide for losses to be payable to the Mortgagee to the extent of its interest. In the

event of loss, Mortgagor shall give immediate notice to Mortgagee which may, but without any obligation to do so, make proof of loss, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Mortgagee, instead of to Mortgagors and Mortgagee jointly. Mortgagee is hereby given full power to settle or to compromise any claims, and the insurance proceeds or any part thereof may be applied by Mortgagee, at its option, to reduce the indebtedness secured hereby (whether or not then due) or to restore or repair the Property damaged. In the event Mortgagor fails to secure and maintain any of the insurance coverage as provided in this paragraph, Mortgagee may procure such insurance on Mortgagors' behalf, and at Mortgagors' sole cost and expense, in favor of Mortgagee alone. It is hereby acknowledged by Mortgagee that the coverages and amounts of the insurance policies herein provided to be secured and maintained by Mortgagor is for the protection of Mortgagee's interest and that Mortgagor is free to secure, such additional insurance coverage relating to the Property as Mortgagor may in Mortgagors' sole discretion determine to be advisable.

6. **PAYMENTS PROTECTING AGAINST LIENS:** Mortgagor shall pay before delinquent, all mortgages, taxes, water charges, assessments, or other charges or impositions levied against or affecting the Property; or which might become a lien thereon, and shall promptly deliver all receipts for such payments to Mortgagee upon request. Mortgagor shall also pay, when due, any and all sums constituting an encumbrance, charge, or lien upon the Property, or any part thereof, which may at any time appear to Mortgagee to be prior or superior to the interest of Mortgagee hereunder. In the event of the enactment after this date of any law of Oregon or any political subdivision thereof in which the Property is located deducting from the value of the Property for the purpose of taxation any lien thereof, or imposing upon Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Mortgagor, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or the Mortgagee's interest in the Property, or the manner of collection of taxes, so as to affect this Mortgage or the debt secured hereby or the holder, thereof, then, and in any such event, the Mortgagors, upon demand by the Mortgagee, shall pay such taxes or assessments, or reimburse the Mortgagee therefor; provided, however, that if in the opinion of counsel for the Mortgagee (a) it might be unlawful to require Mortgagor to make such payment, or (b) the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then and in such event, the Mortgagee may elect, by notice in writing given to the Mortgagors, to declare all of the indebtedness secured hereby to be and become due and payable sixty (60) days from the giving of such notice.

7. **MORTGAGEE'S PERFORMANCE IN MORTGAGORS' STEAD:**
Should Mortgagor fail to make any act of thing, or to perform any

obligation herein provided to be paid, done, or performed, at the time and in the manner herein provided, Mortgagee may, but without any obligation to do so, and after notice to Mortgagors stating Mortgagee's intended payment or action, and without releasing Mortgagors from any obligation hereunder: (a) make, do, pay, or perform the same in such manner and to such extent as Mortgagee may deem reasonably necessary or desirable to protect the security hereof or to protect any other legitimate interest of Mortgagee, Mortgagee for such purposes being authorized to enter upon the property at all reasonable times and to commence, appear in, or defend any action or proceeding purporting to affect the security hereof; or (b) pay, purchase, contest, or compromise any encumbrance, charge, or lien which in the sole judgment or Mortgagee appears to be prior or superior to the interest of Mortgagee hereunder. In exercising any of such powers Mortgagee, in its absolute discretion, shall be entitled to incur any liability and expend whatever amounts it may deem necessary or desirable, including costs of evidence of title, court costs, and reasonable attorneys' fees.

8. **REPAYMENT OF ADVANCES:** Mortgagor shall immediately repay to Mortgagee all sums, with interest thereon as hereafter provided, which at any time may be paid or advanced by Mortgagee for the payment of insurance, taxes, other assessments, governmental, municipal, or other charges or impositions, title searches, title reports or abstracts, any obligation secured by a prior lien upon or prior interest in the Property, and any other advances made by Mortgagee which are or appear to be reasonably necessary or desirable, in Mortgagee's sole discretion, to maintain this Mortgage as a prior, valid, and subsisting lien upon the Property, to preserve and protect Mortgagee's or Mortgagors' interest therein or hereunder, or to preserve, repair, or maintain the Property. All such advances shall be wholly optional on the part of Mortgagee, and Mortgagors' obligation to repay the same, with interest, to Mortgagee shall be secured by the lien of this Mortgage. The amount of each such advance shall, for the period during which it remains unpaid and both before and after judgment, bear interest at the then existing default rate of interest as defined in the Note secured hereby.

9. **IMPROVEMENT DISTRICT LEVIES:** If (i) all or any part of the property becomes embraced within the boundaries of any irrigation, levee, drainage or other improvement district (except school or road, and except any such districts in which the property is embraced as of the date of the Mortgage); and (ii) such district shall have the power to issue bonds or other evidences of indebtedness requiring a levy and collection of taxes and/or assessments in payment thereof, and (iii) the Mortgagee in the exercise of its reasonable discretion determines that the inclusion of the property in said district materially impairs its secured position with regard to the property, then the Note secured hereby shall become due and payable at the option of the holder without notice, notwithstanding anything

contained in said Note, this Mortgage, or any law hereafter enacted.

10. APPEARANCE IN PROCEEDINGS AFFECTING SECURITY:

Mortgagors shall appear in and defend any action or proceeding purporting to or which might in any way affect the title to the Property or the security hereof (the phrase "the security hereof" when used in this Mortgage shall mean the interest of Mortgagors and Mortgagee in the Property, the rights, powers, duties, covenants, representations, warranties, and authority of Mortgagors and Mortgagee hereunder and under any instrument evidencing or further securing the obligations secured hereby, and the validity, enforceability, and binding effect hereof and of any instrument evidencing or further securing the obligations secured hereby). Should Mortgagee elect to appear in or defend any such action or proceeding, Mortgagor shall pay all costs and expenses, (regardless of the particular nature thereof), incurred by Mortgagee in connection therewith, including costs of evidence of title, court costs, and reasonable attorneys' fees.

11. TRANSFER OF OWNERSHIP: During the term of the

loan secured hereby, title to the real estate described herein shall be vested, solely in Mortgagors, and if at any time during said term all or any part of said real estate shall, without the prior written consent of Mortgagee, not be so vested (whether voluntarily or by operation of law or otherwise), the indebtedness secured hereby shall, at the option of Mortgagee, become immediately due and payable without notice. Provided, however, that Mortgagee will not withhold its consent to a change in ownership if the new owner or owners have a satisfactory credit standing and qualified management ability to operate the property described in this Mortgage, in Mortgagee's sole judgment as a prudent lender, and the loan is not then in default. In addition, if the new ownership is of only part of the real estate, there shall be such a principal paydown on the loan as Mortgagee in its sole judgment as a prudent lender may require. A transfer in excess of twenty-five percent (25%) of the partnership interests or capital stock, measured cumulatively, of the partnership or corporate mortgagor, or of any partnership or corporate successor in interest of the Mortgagor, shall be deemed a change of ownership requiring the Mortgagee's consent pursuant thereto. Provided, however, that the foregoing restrictions on transfer shall not apply to transfers from James M. Carroll and Sharon Carroll to any partnership, corporate or trust entity beneficially owned and controlled by the said James M. Carroll and Sharon Carroll.

12. COMPLIANCE WITH APPLICABLE LAWS, REGULATIONS AND

RULES: Mortgagor represents that to the best of Mortgagors' knowledge they are not in violation of any Federal Reclamation Law or of any rules or regulation imposed by the Bureau of Reclamation or other governmental authority or by any irrigation district, and further warrants that the ownership by Mortgagors of the premises is in compliance with all applicable laws, rules

and regulations governing ownership of land lying within any irrigation district of which they are aware.

13. **NON-EXCESS LAND:** If the Mortgagor is or becomes the owners of irrigable lands subject to and in excess of the land limitation provisions of the Federal Reclamation Laws and pursuant to the provisions thereof is required to designate part thereof as non-excess and part as excess land, Mortgagor agrees to designate any irrigable lands on the premises encumbered hereby, or so much thereof as may be so designated with said limitation provision, as non-excess land.

14. **APPLICATION OF AWARDS AND PROCEEDS:** Should the Property or any part thereof be taken or damaged by reason of (a) any public improvement or condemnation proceeding, or be damaged in any other manner, or (b) the exercise or attempted exercise of mining rights or claims, however reserved or asserted, and resulting from the disturbance of any of the surface of the Property, Mortgagee shall be entitled to all compensation, awards, insurance proceeds, and other payments or relief therefor, and shall be entitled at its option to commence, appear in, and prosecute in its own name any action or proceeding, and to make any compromise or settlement, in connection with such taking or damage. All such compensation, awards, damages, rights of action, proceeds, or other payments are hereby assigned to Mortgagee which may, after deducting therefrom all costs and expenses (regardless of the particular nature thereof and whether incurred with or without suit or before or after judgment), including reasonable attorneys' fees incurred by it in connection with such compensation, awards, damages, rights of action, proceeds, or other payments, release any and all moneys so received by it or apply the same, or any portion thereof, on any indebtedness (whether or not then due) secured hereby. Mortgagors agree to execute and deliver to Mortgagee such further assignments of such compensation, awards, damages, rights of action, proceeds, or other payments as Mortgagee may from time to time require.

15. **ASSIGNMENT OF RENTS AND INCOME:** As additional security for the obligations secured hereby, Mortgagors hereby assign to Mortgagee, during the term of this Mortgage, any and all rents, issues, royalties, income, and profits of and from the Property. Until Mortgagor defaults in the payment of any agreement hereunder, or in performance under any other instrument given to evidence or further secure the obligations secured hereby, Mortgagor shall have the right to collect and use all such rents, issues, royalties, income, and profits earned prior to default. Upon any such default Mortgagors' right to collect or use any of such proceeds shall cease and Mortgagee shall have the right, with or without taking possession of the Property, and either in person, by agent, or through a court-appointed receiver (Mortgagor hereby consents to the appointment of Mortgagee as such receiver), to sue for or otherwise collect all such rents, issues, royalties, income, and profits, including those past due

and unpaid. Any sums so collected shall, after the deduction of all costs and expenses of operation and collection (regardless of the particular nature thereof and whether incurred with or without suit or before or after judgment), including reasonable attorneys' fees, be applied toward the payment of the obligations secured hereby in such order as Mortgagee, at its sole election decides. Such right of collection and use of such proceeds by Mortgagee shall obtain both before and after foreclosure of this Mortgage and throughout any period of redemption. The rights granted under this paragraph shall in no way be dependent upon, and shall apply without regard to, whether the Property is in danger of being lost, removed, or materially injured, or whether the Property or any other security is adequate to discharge the obligations secured by this Mortgage. Mortgagee's failure or discontinuance at any time to collect any of such proceeds shall not in any manner affect the right, power, and authority of Mortgagee thereafter to collect the same. Nothing contained herein, nor Mortgagee's exercise of its right to collect such proceeds, shall be, or be construed to be, an affirmation by Mortgagee of any tenancy, lease, option, or other interest in the Property, or any part thereof, directly to Mortgagee upon the demand of Mortgagee. No act or acts referred to in this paragraph shall cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice or any cause of action to foreclose this Mortgage.

16. All right, title and interest of Mortgagor into and under all the leases, permits, privileges or allotments, now or hereafter held by said Mortgagor, covering lands owned or held in trust by the United States of America, the State of Oregon or by any governmental or political subdivision thereof, used or operated by Mortgagor, in conjunction with the property, is hereby mortgaged, assigned and transferred to the Mortgagee, together with all renewals thereof. The leases, permits, privileges and allotments aforesaid include specifically, but not by way of limitation, United States Department of the Interior, Bureau of Land Management Grazing Allotment No. 0358 covering 6,428.44 acres of land situated in Klamath County, Oregon, more particularly described in Exhibit "C" attached hereto and by this reference made a part hereof, Mortgagor will pay all rents, fees and other charges payable under the terms of said leases, permits, privileges or allotments, and perform all acts and things necessary to preserve and keep in good standing all of said leases, permits, privileges or allotments and renewals thereof; Mortgagor will take no action which would adversely affect any of Mortgagor's rights or preference status thereunder; in the event of the foreclosure of this Mortgage, Mortgagor will waive all claims for preference, or any of such rights upon the demand from the purchaser of the property at the foreclosure sale, or any successor to such purchaser; the lands covered by said leases, permits privileges or allotments, and by any renewals thereof, shall at all times be operated in conjunction with the property and neither shall be transferred to any other person separately from the other; and in case of the failure of

the Mortgagor to pay any rents, fees, or other charges payable under the terms of any of said leases, permits, privileges or allotments, Mortgagee may, at its option, make payment thereof in any amounts so paid with interest thereon at the then existing rate of interest as defined in the promissory note secured hereby shall be a part of the debt secured by this Mortgage and a lien on the property repayable immediately upon demand.

Should title in fee simple to any of the lands covered by the aforesaid leases, permits, privileges or allotments hereafter be acquired by the Mortgagor, such lands, upon such acquisition, shall become subject to the lien of this Mortgage to the same extent as though such lands had been originally included herein as part of the Property, and further, all of the terms covenants, and conditions of the Mortgage, applicable to the property, shall extend and be applicable to such lands hereafter as acquired.

17. **SECURITY AGREEMENT:** When and if Mortgagors and Mortgagee shall respectively become the Debtors and Secured Party in any Uniform Commercial Code Financing Statement affecting the Property either referred to or described herein, or in any way connected with the use and enjoyment of the Property either referred to or described herein, or in any way connected with the use and enjoyment of the Property, this Mortgage shall be deemed the security agreement as defined in the Uniform Commercial Code, and the remedies for failure to perform under the covenants, terms and conditions of the agreements herein contained shall be (i) as prescribed herein, or (ii) by general law, or (iii) as to such part of the security which is also reflected in said Financing Statement by the specific statutory consequences now or hereafter enacted and specified in the Uniform Commercial Code, all at Mortgagee's sole election. Mortgagors and Mortgagee agree that the filing of such a Financing Statement in the records normally having to do with personal property shall never be construed as in anywise derogating from or impairing this declaration and hereby stated intention of the parties hereto, that everything used in connection with the production of income from the Property (furniture only excepted) and/or adapted for use therein and/or which is described or reflected in this Mortgage is, and at all times and for all purposes and in all proceedings both legal or equitable shall be, regarded as part of the real estate irrespective of whether (a) any such item is physically attached to the improvements, (b) serial numbers are used for the better identification of certain equipment items capable of being thus identified in a recital contained herein or in any list filed with the Mortgage, (c) any such item is referred to or reflected in any such Financing Statement so filed at any time. Similarly, the mention in any such Financing Statement of (1) the rights in or the proceeds of any fire and/or hazard insurance policy, or (2) any award in eminent domain proceedings for a taking or for loss of value, or (3) the Debtors' interest as lessor in any present or future lease or rights to income growing out of the use and/or occupancy of the

Property mortgaged hereby, whether pursuant to lease or otherwise, shall never be construed as in anywise altering any of the rights of Mortgagee as determined by this instrument or impugning the priority of the Mortgagee's lien granted hereby or by any other recorded document, but such mention in the Financing Statement is declared to be for the protection of the Mortgagee in the event any court or judge shall at any time hold with respect to (a), (b), and (c) that notice of Mortgagee's priority of interest to be effective against a particular class of persons, including but not limited to the Federal government and any subdivisions or entity of the Federal government, must be filed in the Commercial Code Records.

18. NO WAIVER OF RIGHTS BY COLLECTION OF PROCEEDS: The entering upon and taking possession of the Property or the collection of rents, issues, royalties, income, profits, proceeds of fire and other insurance policies, or compensation or awards for any taking or damaging of the Property, or the application or release thereof as aforesaid, shall not cure or waive any default pursuant to such notice of default, and shall not operate to postpone or suspend the obligation to make, or have the effect of altering the size of, the regularly scheduled installments provided for in the Note secured hereby.

19. LIABILITY OF MORTGAGORS NOT AFFECTED BY ACTS OF MORTGAGEE: Without affecting (i) the liability of any person for payment of the indebtedness secured hereby or (ii) the lien hereof upon any of the Property not released pursuant hereto, the Mortgagee may, from time to time, without notice (a) renew the indebtedness, or extend the time, or agree to alter the terms, of payment of any of the indebtedness; (b) accept additional security of any kind; and (c) release any property securing the indebtedness.

20. APPLICATION OF PAYMENTS: If at any time during the term hereof Mortgagee receives or obtains a payment, installment, or sum which is less than the entire amount then due under the Note secured hereby, under this Mortgage, under all other instruments further evidencing or securing the obligations secured hereby, and under all other instruments and transactions to which Mortgagors and Mortgagee are parties, Mortgagee shall, notwithstanding any instructions which may be given by Mortgagors, have the right to apply such payment, installment, or sum or any part thereof, to such of the items or obligations then due as Mortgagee may in its sole discretion determine.

21. THE MORTGAGORS AND MORTGAGEE AGREE: That in the event the interest herein provided for, if fully collected by the Mortgagee hereof, shall result, because of the installment reduction of principal or increase in sums payable or any combination of those two (2) or any other cause at any time during the life of the loan, in an effective rate of interest which, for any such installment period transcends the limit of the usury law applicable to this loan, all sums in excess of

those lawfully collectible as interest for the time in question shall, without further agreement of the parties hereto or notice by Mortgagee or Mortgagors, or vice-versa, be applied upon principal immediately upon receipt by Mortgagee, with the same force and effect as though the Mortgagors had specifically designated such extra sums to be so applied to principal and the Mortgagee had agreed to accept such extra payment(s) as a bonus-free prepayment. Notwithstanding the foregoing, however, Mortgagee may at any time and from time to time elect by notice in writing to the owner of the property affected by this Mortgage, to limit the collection of additional interest on each interest payment date to such sums which, when added to the said minimum interest, shall not cause the effective rate of return on the diminishing balance of principal owing hereunder to transcend the said limits permitted by law under the circumstances.

22. **APPOINTMENT OF RECEIVER:** In the event of the filing of any complaint or other proceedings wherein it is alleged that a default has occurred under this Mortgage, the Mortgagee may apply for and shall be entitled as provided by Oregon law to the appointment of a receiver to take possession of the premises and/or to collect the rents, issues and profits therefrom, with full power to lease the said premises, or any part thereof, and with such other powers as may be necessary.

23. **ACCELERATION AND FORECLOSURE:** Time is the essence hereof, provided, however, that no default shall occur under this Oregon Mortgage or the Note secured hereby until the expiration of the applicable cure period without cure having been accomplished. Unless some other cure provision applies under the terms of this Oregon Mortgage or the Note secured hereby, the following cure provisions shall apply, to-wit:

1. For failure to make any payment when due under the Note or this Mortgage securing payment thereof (the "Loan Documents"), Mortgagors shall have fifteen (15) days measured from the date such payment was due to pay all sums then due and payable; and
2. For failure to perform any covenant, agreement or obligation due under the Loan Documents, Mortgagors shall have thirty (30) days measured from the date such performance was due to cure said default, provided, however, that if the Mortgagors shall have commenced the measures necessary to cure the default during the said thirty (30) day period, and if such cure cannot be completed within such thirty (30) day period through the exercise of due diligence by the Mortgagors, the Mortgagors shall have ninety (90) days measured from the date such performance was due to complete the measures necessary to cure the default.

Upon the occurrence of any default hereunder, or upon the discovery that any representation or warranty contained herein or in any instrument further evidencing or securing the obligations secured hereby was untrue when made, Mortgagee shall have the option, without further notice or demand, to declare all sums secured hereby immediately due and payable and to proceed to foreclose this Mortgage. In the event of foreclosure, Mortgagee shall be entitled as provided by Oregon law to the appointment of a receiver of said Property and such receiver shall have, in addition to all the rights and powers customarily given to and exercised by such a receiver, all the rights and powers granted to the Mortgagee by the covenants contained in Paragraph 15 hereof. In any such proceeding Mortgagee shall be entitled to recover all costs and expenses (regardless of the particular nature thereof and whether incurred prior to or during such proceeding) incident to the realization of its rights hereunder, including court costs and reasonable attorneys' fees. Mortgagors hereby waive any right it or its successors in interest may have in the event of acceleration or foreclosure to obtain a partial release of the Property from the lien of this Mortgage by paying less than the entire amount then secured hereby, or to partially redeem the Property by paying less than the amount necessary to effect redemption in toto. If a deficiency remains after proper application of the proceeds of sale of the Property, Mortgagors shall pay the same immediately after determination of the amount thereof. Such deficiency shall, both before and after judgment therefor is entered, bear interest at the then existing rate of interest as defined in the note secured hereby. Mortgagee may foreclose this Mortgage on the Property in one proceeding or may by separate acts foreclose the Mortgage on the land and appurtenances and realize on the security interest in the equipment which is subject to this Mortgage, and may pursue one remedy without affecting its rights to pursue the other remedy and all net proceeds from the remedy undertaken shall be applied against the debt hereby secured but shall be a payment against the final amount due and shall not relieve the obligors from installments next due thereafter. If Mortgagee's lien against equipment be realized on separately from the lien against real estate then Mortgagors, upon default, will:

1. Put the Mortgagee in possession of the mortgaged equipment, on demand;
2. Give Mortgagee the authority to enter any premises where said equipment is located and take possession thereof without further notice or demand;
3. At the request of Mortgagee, Mortgagors will assemble equipment and make it available to Mortgagee at a place designated by Mortgagee which is reasonably convenient to both parties;

4. Mortgagors agree that a period of ten (10) days from the time notice is sent, by first class mail or otherwise, shall be a reasonable period of notification of a sale or other disposition of the equipment;
5. Mortgagors agree that any notice or other communication by Mortgagee to Mortgagors shall be sent to the mailing address of the Mortgagors as last given to Mortgagee;
6. Mortgagors agree to pay on demand the amount of all expenses reasonably incurred by Mortgagee in protecting or realizing on the equipment;
7. If Mortgagee disposes of the equipment, Mortgagors agree to pay any deficiency remaining after application of the net proceeds to any indebtedness secured hereby.

24. **RIGHTS CUMULATIVE AND NOT WAIVED:** The rights and remedies accorded by this Mortgage shall be in addition to, and not in substitution of, any rights or remedies available under now existing or hereafter arising applicable law. All rights and remedies provided for in this Mortgage or afforded by law or equity are distinct and cumulative and may be exercised concurrently, independently, or successively. The failure on the part of Mortgagee to promptly enforce any right hereunder shall not operate as a waiver of such right and the waiver of any default shall not constitute a waiver of any subsequent or other default. Mortgagee shall be subrogated to the claims and liens of those whose claims and liens are discharged or paid with the loan proceeds hereof.

25. **BINDING ON SUCCESSORS:** This Mortgage shall be binding upon and shall inure to the benefit of the respective grantees, transferees, heirs, devisees, personal representatives, successors, and assigns of the parties hereto. The term "Mortgagee" as used herein shall mean the owner and holder, including any pledgee, or the obligations secured hereby.

26. Any notices, demands or communication provided or required to be sent to either party hereunder or under the Promissory Note or Loan Agreement secured hereby shall be in writing, and shall be sent by United States Postal Service, postage prepaid, certified or registered, return receipt requested, or by courier, or personally delivered. All notices shall be deemed to have been delivered seventy-two (72) hours following deposit in the United States Postal Service or upon personal delivery if sent by courier or personally delivered. All such notices shall be addressed to the parties at the addresses listed below, or to such other addresses as the parties may from time to time designate in writing, to wit:

MORTGAGEE:

Jack and Beverly F. Sparrowk
P.O. Box 657
Clements, CA 95227

Copy to:

Matthew O. Pacher, Esq.
DAMRELL, NELSON, SCHRIMP,
PALLIOS & LADINE
1625 I Street
Modesto, CA 95354

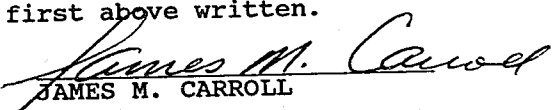
MORTGAGORS:

James M. and Sharon Carroll
27197 Prado Del Sol
Carmel, CA 93923

Any address or name may be changed by notice in accordance with this paragraph. The inability to deliver because of a changed address of which no notice was given or rejection or other refusal to accept any notice shall be deemed to be the receipt of the notice as of the date of such inability to deliver or rejection or refusal to accept. Any notice to be given by any party hereto may be given by the legal counsel for such party.

27. INTERPRETATION: The captions which precede the paragraphs of this Mortgage are for convenience only and shall in no way affect the manner in which any provision hereof is construed. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, and any other gender shall include all other genders. In the event, there is more than one Mortgagor hereunder, the liability of each shall be joint and several. The invalidity or unenforceability of any portion or provisions of this Mortgage shall in no way affect the validity or enforceability of the remainder hereof. This Mortgage shall be governed by and construed in accordance with the laws of the State of Oregon.

DATED the day and year first above written.


JAMES M. CARROLL


SHARON CARROLL

ACKNOWLEDGMENTS

State of California)
)
 County of Monterey)

On Dec. 12, 1992, before me,
Patricia A. Carter, a Notary Public in and for said State,
 personally appeared JAMES M. CARROLL and SHARON CARROLL,
 personally known to me (or proved to me on the basis of
 satisfactory evidence) to be the person(s) whose name(s) is/are
 subscribed to the within instrument and acknowledged to me that
 he/she/they executed the same in his/her/their authorized
 capacity(ies), and that by his/her/their signature(s) on the
 instrument the person(s), or the entity upon behalf of which the
 person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Patricia A. Carter
 Notary Public for the State of
 California

EXHIBIT A

DESCRIPTION OF PROPERTY

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

Township 37 South, Range 10 East of the Willamette Meridian

Section 14: W $\frac{1}{2}$ SW $\frac{1}{4}$
 Section 15: NW $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{4}$ N $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$
 Section 23: W $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{4}$ SE $\frac{1}{4}$
 Section 24: SW $\frac{1}{4}$ SW $\frac{1}{4}$
 Section 25: W $\frac{1}{4}$, W $\frac{1}{4}$ SE $\frac{1}{4}$
 Section 26: E $\frac{1}{4}$, E $\frac{1}{4}$
 Section 35: NE $\frac{1}{4}$ NE $\frac{1}{4}$
 Section 36: All

Township 38 South, Range 10 East of the Willamette Meridian

Section 12: NE $\frac{1}{4}$, E $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$

Township 38 South, Range 11 $\frac{1}{2}$ East of the Willamette Meridian

Section 6: Government Lots 4, 5, 6 and 7,
 SE $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$
 Section 7: Government Lots 1, 2, 3 and 4,
 W $\frac{1}{4}$ E $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{4}$ W $\frac{1}{4}$, E $\frac{1}{4}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ NE $\frac{1}{4}$
 Section 8: W $\frac{1}{4}$ SW $\frac{1}{4}$
 Section 17: W $\frac{1}{4}$
 Section 18: Government Lots 1 and 2, NE $\frac{1}{4}$, E $\frac{1}{4}$ NW $\frac{1}{4}$
 Section 20: SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$, N $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{4}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$
 Section 21: S $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$
 Section 27: W $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, EXCEPTING THEREFROM that
 portion of the SE $\frac{1}{4}$ SW $\frac{1}{4}$ lying Southerly of
 the Northerly line of the Oregon
 California & Eastern Railroad.
 Section 28: N $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$
 Section 29: NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{4}$ SW $\frac{1}{4}$
 Section 32: NE $\frac{1}{4}$ NW $\frac{1}{4}$

29812

EXHIBIT BLone Rock Well

Priority Date: 7/19/49
Permit Number: U-343
Certificate No: 50381
Flow Rate: 5.98 cfs
Flow Rate Cap: 1/80 cfs to 3 Acre Feet per year
Acres Irrigated: 478.3

Lone Rock Well Pumping Equipment

<u>Identifying Information:</u>	<u>Main Well:</u>	<u>Booster #1:</u>	<u>Booster #2:</u>
Engine Manufacturer:	U.S. Motors	U.S. Motors	Century
Engine Horse Power:	100	75 (Estimated)	75
Engine Serial Number:	Unknown	Unknown	633972-1
Pump Manufacturer:	Peerless	Unknown	Unknown
Pump Type:	Turbine	Centrifugal	Centrifugal
Pump Serial Number:	Unknown	Unknown	Unknown

Schmore Well

Priority Date: 9/30/78
Permit Number: G-8835
Certificate No: 66457
Flow Rate: 3.43 cfs
Flow Rate Cap: 1/80 cfs to 3 Acre Feet per year
Acres Irrigated: 274.3

Schmore Well Pumping Equipment

<u>Identifying Information:</u>	<u>Main Well:</u>	<u>Booster #1:</u>
Engine Manufacturer:	G.E.	Century
Engine Horse Power:	100	50
Engine Serial Number:	5K8267XH3A	6-32-3060
Pump Manufacturer:	Unknown	Berkley
Pump Type:	Turbine	Centrifugal
Pump Serial Number:	Unknown	H 817 CW

29813

EXHIBIT B - Page 2Hamaker Well

Priority Date: 7/19/49
 Permit Number: U-343
 Certificate No: 50361
 Flow Rate: 2.19 cfs
 Flow Rate Cap. 1/80 cfs to 3 Acre Feet per year
 Acres Irrigated: 175.0

Hamaker Well Pumping Equipment

Identifying Information:	Main Well:	Booster #1:	Booster #2:	Booster #3:
Engine Manufacturer:	U.S. Motors	U.S. Motors	Century	Century
Engine Horse Power:	100	40	30	25
Engine Serial Number:	854613	R1715-01-170	S-324UY-FGA	SC286UC7-FCA
Pump Manufacturer:	Unknown	Peerless	Unknown	Berkley
Pump Type:	Turbine	Centrifugal	Centrifugal	Centrifugal
Pump Serial Number:	Unknown	Unknown	Unknown	Unknown

Thomas Well

Priority Date: 7/19/49 & 1968
 Permit Number: U-402 & G-4401
 Certificate No: 29619 & 38246
 Flow Rate: 3.63 cfs
 Flow Rate Cap. 1/80 cfs to 3 Acre Feet per year
 Acres Irrigated: 290.3

Thomas Well Pumping Equipment

Identifying Information:	Main Well:	Booster #1:	Booster #2:
Engine Manufacturer:	U.S. Motors	G. E.	G. E.
Engine Horse Power:	75	50	30
Engine Serial Number:	895574	5K4364XA1Y1	5K1364GFI
Pump Manufacturer:	Unknown	Cornell	Cornell
Pump Type:	Turbine	Centrifugal	Centrifugal
Pump Serial Number:	Unknown	Unknown	Unknown

Make, serial and model numbers on several of the listed pieces of equipment are either unidentifiable or unavailable via a physical inspection on November 10, 1992 and, consequently, have been listed as unknown.)

Additional Irrigation Equipment:

44,490 feet of wheelline, (var. ages, brands and models), and 30 gasoline movers
 4,840 feet of 10 inch mainline
 13,250 feet of 8 inch mainline
 14,704 feet of 6 inch mainline
 1,320 feet of buried 10 inch mainline

EXHIBIT C

T. 37 S., R. 10 E., W.M.

Sec. 3: S½SE¼, NW½SE¼
 Sec. 10: E½NW¼, E½, S½SW¼, SW½NW¼, N½SW¼
 Sec. 11: SE½SW¼, NE½SW¼, SW½NW¼, SW½SE¼
 Sec. 14: SE¼, NW¼, E½SW¼, SE½NE¼, N½NE¼
 Sec. 15: N½NE¼, NE½NW¼
 Sec. 23: NE½NE¼
 Sec. 24: W½NE¼, SE½SW¼, NW¼, N½SW¼, SW½SE¼, NW½SE¼,
 SE½SE¼
 Sec. 25: SW½NE¼, E½E¼, NW½NE¼

All lands which lie west of the Swan Lake Rim and are usable by cattle:

T. 37 S., R. 11½ E., W.M.

Sec. 31: All
 Sec. 32: W½, W½NE¼

T. 38 S., R. 11½ E., W.M.

Sec. 4: SW½SW¼
 Sec. 5: Lots 3 and 4, S½NW¼, S½
 Sec. 6: Lots 1, 2, and 3, S½NE¼, N½, SE¼, SE½SE¼
 Sec. 8: NW¼, E½SW¼
 Sec. 16: All
 Sec. 17: E½
 Sec. 20: N½NE¼, SE½NE¼, NE½SE¼
 Sec. 21: N½, N½S¼, SE½SE¼
 Sec. 22: SE½SE¼, except for the following described parcel: Beginning at a point 600 feet West of the Northeast corner of said SE½SE¼, and running thence East 600 feet; thence South 900 feet; thence West 135 feet; thence Northwesterly 1,013 feet, more or less to the point of beginning.
 SW½NW¼, W½SW¼, SE½SW¼, SW½SE¼
 Sec. 27: NW½NE¼, SW¼

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Clerk the 15th day
 of Dec. A.D., 19 92 at 9:58 o'clock A M., and duly recorded in Vol. M92
 of Mortgages on Page 29792

FEE \$120.00

Evelyn Biehn . County Clerk

By Pauline Mullins