

**After recording return to:**

Michael C. Arola  
Hershner, Hunter, Moulton,  
Andrews & Neill  
P.O. Box 1475  
Eugene, OR 97440

**Until a change is requested,  
mail all tax statements to:**  
U.S. National Bank of Oregon  
c/o Keith Dow  
Special Assets Group T-8  
P.O. Box 4412  
Portland, OR 97208

**DEED IN LIEU OF FORECLOSURE**

K-46714

Johnson Stock Co., Grantor, conveys and warrants to United States National Bank of Oregon, Grantee, the real property described on the attached Exhibit A, free of encumbrances except as set forth on the attached Exhibit A (hereinafter the Property).

**Grantor covenants that:**

1. This deed is absolute in effect and conveys fee simple title to the Property to the Grantee and does not operate as a mortgage, trust conveyance or security of any kind.

2. Grantor is the owner of the Property free of all encumbrances except as set forth on the attached Exhibit A.

3. Grantor hereby waives, surrenders, conveys and relinquishes any equity of redemption and any statutory rights of redemption concerning the Property and the mortgage set forth on the attached Exhibit A.

4. Grantor is not acting under any misapprehension as to the legal effect of this deed, nor under any duress, undue influence or misrepresentation of Grantee, Grantee's agents or attorneys, or any other person.

This deed does not effect a merger of the fee simple ownership and the lien of the mortgage described on the attached Exhibit A. The fee and the lien of such mortgage shall hereafter remain separate and distinct.

Subject to the complete performance by Grantor and related parties under a Settlement Agreement dated June 15, 1995, Grantee covenants and agrees that it shall forever forbear taking any action whatsoever to collect against Grantor on the promissory notes and other obligations secured by the mortgage described on the attached Exhibit A, other than by foreclosure of such mortgage, and that in any proceeding to foreclose such mortgage, Grantee shall not seek, obtain or permit a deficiency judgment against Grantor, Grantor's heirs or assigns, such remedies and rights being hereby waived.

The true consideration for this conveyance is Grantee's covenants described in the foregoing paragraph with respect to

collection of indebtedness secured by the mortgage described on the attached Exhibit A.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS, WHICH, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND WHICH LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND EXISTENCE OF FIRE PROTECTION FOR STRUCTURES.

Dated this 15 day of June, 1995.

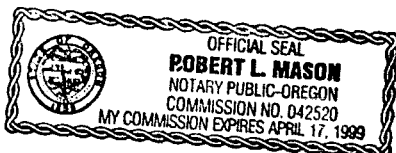
JOHNSON STOCK CO.

By: *Peter Van Johnson*  
Name: Peter Van Johnson  
Title: Pres

STATE OF OREGON )  
COUNTY OF Clatsop ) ss.

The foregoing instrument was acknowledged before me this 15 day of June, 1995, by Peter Van Johnson as President on behalf of Johnson Stock Co.

*Robert L. Mason*  
Notary Public for Oregon  
My Commission Expires: 4-17-99



## DESCRIPTION OF PROPERTY

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

PARCEL 1:

TOWNSHIP 40 SOUTH, RANGE 14 $\frac{1}{2}$  EAST OF THE WILLAMETTE MERIDIAN

- Section 27: W $\frac{1}{2}$ SW $\frac{1}{4}$   
 Section 28: SW $\frac{1}{4}$ SW $\frac{1}{4}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$   
 Section 29: SE $\frac{1}{4}$ SE $\frac{1}{4}$   
 Section 32: E $\frac{1}{2}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$   
 Section 33: NW $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$   
 Section 34: W $\frac{1}{2}$ NW $\frac{1}{4}$ , W $\frac{1}{2}$ SW $\frac{1}{4}$

PARCEL 2:

- Section 36: S $\frac{1}{2}$ NW $\frac{1}{4}$ , That portion of the SW $\frac{1}{4}$  lying Westerly of the fence constructed and existing across the E $\frac{1}{2}$ SW $\frac{1}{4}$ .

ALSO ALL that portion of said section lying and being Southeasterly from a line parallel with and 225 feet distant Northwesterly from the Northerly line of Bear Flat-Deer Spring Road which runs Northeasterly across said quarter section.

PARCEL 3:

TOWNSHIP 40 SOUTH, RANGE 15 EAST OF THE WILLAMETTE MERIDIAN

- Section 21: S $\frac{1}{2}$ , SAVING AND EXCEPTING the SW $\frac{1}{4}$ SW $\frac{1}{4}$   
 Section 28: NE $\frac{1}{4}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ , NW $\frac{1}{4}$ SW $\frac{1}{4}$ , N $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ , N $\frac{1}{2}$ N $\frac{1}{2}$ SE $\frac{1}{4}$

PARCEL 4:

TOWNSHIP 40 SOUTH, RANGE 15, EAST OF THE WILLAMETTE MERIDIAN

- Section 35: S $\frac{1}{2}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ SE $\frac{1}{4}$ , LESS AND EXCEPTING any portion lying within reservoir as shown on county map.

TOWNSHIP 41 SOUTH, RANGE 15, EAST OF THE WILLAMETTE MERIDIAN

- Section 2: Lot 3, LESS AND EXCEPT any portion lying within reservoir as shown on county map.

PARCEL 5:

TOWNSHIP 41 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN

- Section 1: The Southerly 15 feet of the N $\frac{1}{2}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$  and all that part of the SE $\frac{1}{4}$ NE $\frac{1}{4}$  lying North of Adams Canal.

EXCEPTING THEREFROM the Westerly 15 feet conveyed to Rudolph Paygr, et ux., by deed recorded November 12, 1957, in Volume 295 page 451, Deed Records of Klamath County, Oregon.

EXHIBIT A  
 Page 1 of 7

## TOWNSHIP 41 SOUTH, RANGE 12 EAST OF THE WILLAMETTE MERIDIAN

Section 6: SW $\frac{1}{4}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$  and Lot 3. EXCEPTING portions thereof lying Northerly of the Southerly right-of-way line of Paygr Road;

SE $\frac{1}{4}$ SW $\frac{1}{4}$  AND Lot 4; N $\frac{1}{4}$ SE $\frac{1}{4}$ . EXCEPT the following: Beginning at a point on the South line of Paygr Road which bears South 30 feet and West 297 feet from the East  $\frac{1}{4}$  corner of said Section 6; thence continuing West along said South line a distance of 210.5 feet; thence South a distance of 207 feet; thence East a distance of 210.5 feet; thence North a distance of 207 feet to the point of beginning.

Section 7: All that portion of the NE $\frac{1}{4}$ NW $\frac{1}{4}$  and Lot 1, which lies North of the U.S.B.R. "D" Canal.

PARCEL 8:

## TOWNSHIP 41 SOUTH, RANGE 14 EAST OF THE WILLAMETTE MERIDIAN

Section 4: That portion of the NW $\frac{1}{4}$ SW $\frac{1}{4}$ , S $\frac{1}{4}$ SW $\frac{1}{4}$  and SW $\frac{1}{4}$ SE $\frac{1}{4}$  lying Southerly of the County Road.

Section 5: The South 150 feet of the S $\frac{1}{4}$ SW $\frac{1}{4}$  and W $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ ; The E $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ ; the SE $\frac{1}{4}$ SE $\frac{1}{4}$ ; that portion of the E $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$  lying Southerly of the center line of the Old Grohs Ranch Road.

K-46897/96296J

Section 6: E½E½W½; W½E½; Lot 1; SE½NE½ and NE½SE½

A strip of land 150 feet in width lying along and immediately adjacent to the Southerly boundary of the SE½SE½ of Section 6. SAVING AND EXCEPTING a strip of land 30 feet wide along the North line of Lots 1, 2 and E½ Lot 3 deeded to Klamath County in Volume 258 page 1, Deed Records of Klamath County, Oregon.

Section 7: W½E½ and S½SE½SE½; E½W½,

LESS a strip of land 125 feet in width described as follows: Commencing at the Northwest corner of NE½SW½ of Section 7 and running thence North 125 feet; thence East 125 feet; thence South 1570 feet parallel with the West line of said section; thence Westerly 125 feet; thence Northerly 1445 feet to the point of beginning, being the Westerly 125 feet of the NE½SW½ and a parcel of land 125 feet square in the Southwest corner of the SE½NW½ and a parcel of land 125 feet square in the Northwest corner of the SE½SW½ of said Section 7.

LESS AND EXCEPT a piece or parcel of land in the SE½SW½ of Section 7, Township 41 South, Range 14 East of the Willamette Meridian, more particularly described as follows: Beginning at the Northwesterly corner of said SE½SW½ of said Section 7, Township 41 South, Range 14 E.W.M., and running thence Easterly along the Northerly boundary thereof 34.8 feet; thence South 5°27' East 1326.0 feet, more or less, to a point in the Southerly boundary thereof, thence Westerly along the said Southerly boundary thereof 160.7 feet, more or less, thence Northerly along the Westerly boundary thereof 1320 feet, more or less, to the said point of beginning.

ALSO SAVING AND EXCEPTING that portion in deed from Johnson Stock Co. to W. D. Campbell in Volume 257 page 91, Deed Records of Klamath County, Oregon.

Section 8: NE½NE½, S½SW½SW½, SE½SW½, SW½SE½; LESS AND EXCEPTING any portion lying within the East Langell Valley Road.

Section 9: N½NW½, that portion of the N½NE½ lying Southerly of the county road.

Section 10: SE½NW½; and that portion of the NW½NW½ lying Southerly of the county road.

EXCEPTING THEREFROM that portion lying within the boundaries of the Willow Valley Road (State Line Road).

Section 17: NW½NW½, NE½NW½ and the NW½NE½. LESS AND EXCEPT any portion lying within the East Langell Valley Road.

K-46897/96296 J

Section 18: A piece or parcel of land in the NE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 18, Township 41 South, Range 14 East of the Willamette Meridian, more particularly described as follows: Beginning at the Northeasterly corner of the said NE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 18, Township 41 South, Range 14 East of the Willamette Meridian, and running thence Westerly along the Northerly boundary thereof 1159.3 feet; thence South 5°27' East 63.0 feet; thence South 86°02' East 1156.1 feet, more or less, to a point in the Easterly boundary thereof; thence Northerly along the said Easterly boundary thereof 142.7 feet to the point of beginning.

The N $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$  and SW $\frac{1}{4}$ NE $\frac{1}{4}$ ,  
LESS AND EXCEPT the West 440 feet.

The W $\frac{1}{4}$ SE $\frac{1}{4}$ , LESS AND EXCEPT the West 440 feet.  
ALSO LESS AND EXCEPT any portion lying with the Malone  
Lateral and East Langell Valley Road.

Section 19: NW $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$  and SE $\frac{1}{4}$ NW $\frac{1}{4}$

Subject to the following liens, easements and other encumbrances:

Unpaid real property taxes.

Regulations, contracts, easements, water and irrigation rights in connection therewith of the:

- (a) Klamath Project and Klamath Irrigation District;
- (b) Klamath Project and Shasta View Irrigation District;
- (c) Klamath Project and Langell Valley Irrigation District; and
- (d) Klamath Project and Malin Irrigation District.

Rights of the federal Government, the State of Oregon and the general public in any portion of the herein described premises lying below the high water line of Lost River.

Right of Way and Easement, including the terms and provisions thereof, from Robert L. Malone and Eva Malone, husband and wife, to United States, dated December 6, 1915, recorded January 4, 1916, in Volume 45 on page 295, Deed Records of Klamath County, Oregon, to overflow all that portion of said premises, which may be flooded by the backwater from the Malone Dam to the Klamath Project. (Sec. 19/41/14)

Reservations and restrictions in deed from United States of America to Emma Fredenburg, recorded in Volume 50 page 519, Deed Records of Klamath County, Oregon. In addition to the standard patent exceptions, the following reservation was made: "Reserving, also, to the United States all minerals in the land so granted, together with the right to prospect for, mine and remove the same as authorized by the provisions of said Section 8 as amended as aforesaid." (Sec. 21/41/13)

Easement, including the terms and provisions thereof given by Dewey D. Horn, dated April 28, 1934, recorded July 24, 1934, in Volume 103 on page 308, Deed Records of Klamath County, Oregon. (Sec. 6/41/14)

Reservations and restrictions in deed from Klamath Lake Land & Livestock to G. L. Hembree et ux., dated November 12, 1936, recorded December 4, 1936, in Volume 107 on page 533, Deed Records of Klamath County, Oregon. (Sec. 14/41/12)

Reservations and restrictions in deed from The Klamath Lake Land and Livestock Co. to Chas. Henry Johnson and Gertrude A. Johnson, dated March 25, 1937, recorded June 12, 1937, in Volume 110 page 137, Deed Records of Klamath County, Oregon. (Sec. 14/41/12)

Right of Way, including the terms and provisions thereof, given by Rudolph Cacka to The California Oregon Power Co., dated July 16, 1941, recorded July 26, 1941, in Volume 140 on page 13, Deed Records of Klamath County, Oregon. (SE1SW1 Sec. 6/41/12)

Agreement for Easement and Right of Way, including the terms and provisions thereof, given by John S. Horn to United States of America, recorded March 13, 1943, in Volume 153 page 507, Deed Records of Klamath County, Oregon. (Sec. 27/40/141)

Right of Way, including the terms and provisions thereof, given by Frank Paygr, Jr. et al. to The California Oregon Power Co., dated July 18, 1945, recorded July 25, 1945, in Volume 178 on page 257, Deed Records of Klamath County, Oregon. (NE1NE1NE1 Sec. 1/41/11)

Reservations and restrictions in deed from W. D. Campbell and Mildred Campbell to Johnson Stock Co., dated September 19, 1952, recorded September 30, 1952, in Volume 257 page 91, Deed Records of Klamath County, Oregon. (Secs. 6 & 7/41/14)

Reservations and restrictions in deed from W. D. Campbell and Mildred Campbell to Johnson Stock Co., dated September 19, 1952, recorded October 7, 1952, in Volume 257 on page 167, Deed Records of Klamath County, Oregon, regarding installation of pipes. (Secs. 5 & 6/41/14).

Grant of Right of Way, including the terms and provisions thereof, given by J. E. Benbow and Mabel C. Benbow, husband and wife, to The California Oregon Power Company, a California Corporation, dated June 29, 1953, recorded July 7, 1953, in Volume 261 on page 560, Deed Records of Klamath County, Oregon. (NE1SE1 Sec. 6/41/12)

Reservations and restrictions in patent from United States of America to Lloyd Gift, et ux, recorded April 1, 1955, in Volume 273 on page 384, Deed Records of Klamath County, Oregon. In Addition to the standard patent exceptions, the following reservation was made: "Also excepting from this conveyance that certain range improvement project No. CCC-2-Yokum Valley Truck Trail and all appurtenances thereto, constructed by the U.S. its officials, agents or employees to maintain, operate, repair or improve the same so long as needed or used for or by the U.S." (Por. of Secs. 3, 4, 5 and 10/41/14)

Water Use Agreement, including the terms and provisions thereof, given by and between Johnson Stock Co. and Charles Kilgore, et al, dated August 20, 1959, recorded January 29, 1960, in Volume 318 page 544, Deed Records of Klamath County, Oregon. (40/141)

Easements granted to Charles Kilgore, et al, by Johnson Stock Co., in deed recorded January 29, 1960, in Volume 318 page 554, Deed Records of Klamath County, Oregon. (40/141)

Reservations and restrictions in deed from Lewis E. Bay and Clara E. Bay, to Johnson Stock Co., dated May 21, 1962, recorded May 25, 1962, in Volume 337 page 596, Deed Records of Klamath County, Oregon. (Sec. 14/41/12)

Reservations and restrictions in Patent from United States of America to Lloyd Gift, recorded June 21, 1962, in Volume 338 page 328, Deed Records of Klamath County, Oregon, as follows: In addition to the standard patent exceptions, the following reservation was made: "Excepting and reserving, also, to the United States all the oil and gas in the lands so patented and to it, or persons authorized by it, the right to prospect for, mine, and remove such deposits from the same upon compliance with the conditions and subject to the provisions and limitations of the act of July 17, 1914." (Secs. 4 & 9/41/14)

Reservations reserved in Patent from United States of America to Johnson Stock Company, dated May 24, 1964, recorded July 20, 1965, in Volume M-65 page 136, Deed Records of Klamath County, Oregon, as follows: In addition to the standard patent exceptions, the following reservation was made: "Reserving, also to the United States all minerals in the land so granted, together with the right to prospect for, mine and remove the same as authorized by the provisions of said Section 8 as amended as aforesaid." (Parcel 8)

EXHIBIT A



Easement, including the terms and provisions thereof, for Access Road from Johnson Stock Co., an Oregon corporation, to United States of America, dated March 4, 1969, recorded May 23, 1969, in Volume M-69 on page 3872, Deed Records of Klamath County, Oregon. (Affects Parcel 7)

Contract and Grant of Easement, including the terms and provisions thereof, between Shasta View Irrigation District, and Johnson Stock Co., dated June 20, 1973, recorded August 8, 1973, in Volume M-73 on page 10360, Deed Records of Klamath County, Oregon. (SW¼NW¼ of Sec. 6/41/12)

Reservations and restrictions in deed from H. A. Searles and Delos E. Robbins, to Johnson Stock Co., dated October 21, 1976, recorded February 18, 1977, in Volume M-77 on page 2979, Deed Records of Klamath County, Oregon, for an easement and right of way for ditch. (Secs. 4, 9 and 10/41/14)

Mortgage, including the terms and provisions thereof, executed by Johnson Stock Co., an Oregon corporation, Stanley Johnson, Peter Van Johnson and Leith Throne, to The Federal Land Bank of Spokane, a corporation, in Spokane, Washington, dated October 11, 1979, on page 24441, Mortgage Records of Klamath County, Oregon, to secure the payment of \$280,000.00. (Parcels 3, 4, 7 and 8)

Mortgage, including the terms and provisions thereof, executed by Johnson Stock Co., also known as Johnson Stock Company, an Oregon corporation, to United States National Bank of Oregon, dated October 29, 1987, recorded November 6, 1987, in Volume M-87 on page 29123, Mortgage Records of Klamath County, Oregon, to secure the payment of \$2,060,278.21.

Partial Release of Mortgage dated July 5, 1988 and recorded July 15, 1988, in Volume M-88 on page 11261, Mortgage Records of Klamath County, Oregon, wherein Parcels 6 and 7 were released.

Mortgage, including the terms and provisions thereof, executed by Johnson Stock Co., also known as Johnson Stock Company, an Oregon Corporation, to United States National Bank of Oregon, dated October 29, 1987, recorded November 6, 1987, in Volume M-87 on page 20144, Mortgage Records of Klamath County, Oregon, to secure the payment of \$1,077,418.90 includes equipment and personal property.

Partial Release of Mortgage, dated July 5, 1988, recorded July 15, 1988, in Volume M-88 on page 11264, Mortgage Records of Klamath County, Oregon, wherein Parcels 1, 2, 3, 4, 5, and 8 were released.

Financing Statement, indicating a security agreement given by T & J Packing Co., an Oregon corporation, as debtor to United States National Bank of Oregon, as secured party, recorded November 6, 1987, page 21086, Mortgage Records of Klamath County, Oregon. (All)

Continuation, recorded June 12, 1992, in Volume M-92 on page 12828, Mortgage Records of Klamath County, Oregon.

Financing Statement, indicating a security agreement, given by Johnson Stock Co., an Oregon corporation, also known as Johnson Stock Company, as debtor to United States National Bank of Oregon, as secured party, recorded November 6, 1987, in Volume M-87 on page 20193, Mortgage Records of Klamath County, Oregon. (All)

Continuation, recorded June 12, 1992, in Volume M-92 on page 12825, Mortgage records of Klamath County, Oregon.

K-46897/96296J

EXHIBIT **A**  
Page **1** of **1**

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Company the 7th day of July A.D., 19 95 at 3:13 o'clock PM. and duly recorded in Vol. M95 of Deeds on Page 17644.

Bernetha G. Letsch County Clerk

By Annette Mueller

FEE \$70.00