

When recorded, mail to:

Board of Trustees'

Financial Legal Services1309 E. Northern, Suite 600Phoenix, AZ 85020

[This space reserved for recording information]

CAPTION HEADING: Deed of Trust

DEED OF TRUSTTrustor(s): I. F. Rodgers & Sons, an Oregon partnershipAddress: Route 2, Box 753, Klamath Falls, OR 97601Beneficiary(ies): Financial Legal ServicesAddress: 1309 E. Northern, Suite 600, Phoenix, AZ 85020Trustee(s): Robert StanfordAddress: 1309 E. Northern, Suite 600, Phoenix, AZ 85020Property situated in Klamath County, State of Oregon
and known and legally described as follows:

The real property described on Exhibit "A" attached hereto.

SUBJECT TO: SEE ATTACHED EXHIBIT "B"

This DEED OF TRUST made and executed on the date last written between the Trustor(s), Trustee(s) and Beneficiary(ies), above named.

WITNESSETH: That the Trustor(s) irrevocably grants and conveys to Trustee(s), with Power of Sale, the above described Real Property, together with the leases, rents, issues or income thereof (all of which are hereinafter called "property" income); subject however, to the right, power and authority hereinafter given to and conferred upon the Beneficiary(ies) to collect and apply such property income; and subject to existing taxes, assessments, liens, encumbrances, covenants, conditions, restrictions, right of way and easements of record, for the purpose of securing the performance of each of the separate agreements herein contained by the Trustor(s) and the payment of the sum of \$Four-Hundred-Forty-

Thousand-Five-Hundred-Fifty-Nine and no/ 100 -----DOLLARS (\$ 440,559.00-----), with interest thereon according to the terms of that certainPromissory Note dated November 01, 1995, executed by Trustor(s) in favor of Beneficiary(ies), or order.**TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR(S) AGREE:**

1. To keep said property in good condition and repair, not to remove or demolish any building thereon, to complete or restore promptly and in good and workman like manner any building which may be constructed, damaged or destroyed thereon, and to pay when due, all claims for labor performed and

materials furnished therefor, to comply with all laws affecting said property or requiring any alteration or improvements to be made thereon, not to commit or permit waste thereon, not to commit, suffer or permit any act upon said property in violation of laws; and do all other acts which from the character or use of said property may be reasonably necessary, without regards to specific enumeration's herein.

2. To provide, maintain and deliver to Beneficiary, fire insurance coverage satisfactory to, and with loss payable to Beneficiary(ies). The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at the option of Beneficiary, the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or Notice of Trustee's Sale thereunder or invalidate any act done pursuant to such notice.

3. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of the Beneficiary(ies) or Trustee(s); and to pay all costs and expenses of the Beneficiaries and Trustees, including the cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear or be named, and in any suit brought by Beneficiary to foreclose this Deed Of Trust.

4. To pay, before becoming delinquent, all taxes and assessments affecting said property, when due, all encumbrances, charges and liens, with interest, on said property or any part thereof which appear to be prior to, or superior hereto, all costs, fees and expenses of this Trust, including, without limiting the generality of the foregoing, the fees of the Trustee(s) for issuance of any Deed Of Partial Release and Partial Reconveyance or Deed of Release and Full Reconveyance, and all lawful charges, cost and expenses in the event of reinstatement following default in this Deed of Trust or the obligation secured hereby.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor(s) and without releasing Trustor(s) from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto, and in exercising any such powers, pay necessary expenses, employ counsel and pay reasonable attorney's fees.

5. To pay immediately and without demand all sums expended by Beneficiary or Trustee pursuant to the provisions hereof, together with interest from date of expenditure at the same rate as is provided for in the Note secured by this Deed Of Trust, or at the highest legal rate, whichever be the greater rate. Any amounts so paid by Beneficiary or Trustee shall become a part of the debt secured by this Deed of Trust and a lien on said premises or shall become immediately due and payable at the option of the Beneficiary or Trustee.

IT IS MUTUALLY AGREED:

6. That any award of damages in connection with any condemnation or any such taking, or for injury to the property for reason of public use, or for damages for private trespass or injury thereto, is assigned and shall be paid to Beneficiary as further security for all obligations secured hereby (reserving unto the Trustor, however, the right to sue therefor and the ownership thereof subject to this Deed Of Trust), and upon receipt of such Moines, Beneficiary may hold the same as such further security, or apply or release the same in the same manner and with the same effect as above provided for the disposition of proceeds under Fire or other insurance policies.

7. That time is of the essence of this Deed Of Trust, and that by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive the right to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

8. That at any time or from time to time, and without notice, upon written request of Beneficiary and presentation of this Deed Of Trust and said Note(s) for endorsement, and without liability therefor, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, and without affecting the security hereof for the full amount secured hereby on all property remaining

subject hereto, and without the necessity that any sum representing the value of any portion thereof of the property affected by the Trustee's action be credited on the indebtedness, the Trustee may: (a) release and reconvey all or any part of said property; (b) consent to the making, recording of either, or any map or plat of the property or any part thereof; (c) join in granting any easement hereon; (d) join in or consent to any extension agreement or any agreement subordinating the lien, encumbrance or charge hereof.

9. That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed Of Trust and said Note(s) to Trustee for cancellation and retention, and upon payment of its fees, Trustee shall release and reconvey, without covenant or warranty, express or implied, the property then held hereunder. The recitals in such Reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such Reconveyance may be described as "the person or persons legally entitled thereto".

10. That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority during the continuance of this Trust, to collect the property income, reserving to Trustor the right, prior to any default by Trustor in payment of any indebtedness secured or in performance of any agreement thereunder, to collect and retain such property income as it becomes due and payable. Upon any such default Beneficiary may at any time, without notice, either by person, by agent, or by a receiver to be appointed by a Court and without regard to the adequacy or otherwise of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof; in his own name, sue or otherwise collect such property income, including that past due and unpaid, and apply the same, less cost and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such property income, and the application hereof as aforesaid, shall not cure or waive any default or Notice of Trustee's Sale thereunder or invalidate any act done pursuant to such notice.

11. That upon default by Trustor in the payment of any indebtedness secured hereby or in performance of any agreement thereunder, Beneficiary may declare all sums secured immediately due and payable by delivery to Trustee of written notice thereof, setting forth the nature thereof, and of the election to cause to be sold said property under this Deed Of Trust. Beneficiary also shall deposit with Trustee this Deed of Trust, said Note(s), and all documents evidencing expenditures secured hereby.

Trustee shall record and give Notice of Trustee's Sale in the manner required by law, and after the lapse of such time as may then be required by law, Trustee shall sell, in the manner required by law, said property at public auction at the time and place fixed by it in said Notice Of Trustee's Sale to the highest bidder for cash in lawful money of the United States, payable at the time of sale. Trustee may postpone or continue the sale by giving notice of postponement or continuation by public declaration at the time and place last appointed for the sale. Trustee shall deliver to such purchaser its Deed conveying the property so sold with any covenant or warranty, expressed or implied. Any persons, including Trustor, Trustee or the Beneficiary may purchase the property at such sale.

After deducting all cost, fees and expenses of the Trustee and of this Trust, including cost of evidence of Title in connection with the sale and reasonable attorney's fees, Trustee shall apply the proceeds of the sale to payment of all sums then secured hereby and all other sums due under the terms hereof, with accrued interest and the remainder, if any, to the person or persons legally entitled thereto, or as provided by law. To the extent permitted by law, an action may be maintained by Beneficiary to recover a deficiency judgment for any remaining balance due thereunder.

12. That upon the occurrence of any default thereunder, Beneficiary shall have the option to foreclose this Deed Of Trust in the manner provided by law for the foreclosure of Mortgages on Real Property, including all amounts for cost and expenses incident to such proceedings and reasonable attorney's fees.

13. The Beneficiary may appoint a Successor Trustee in the manner prescribed by law. A Successor Trustee herein shall, without conveyance from the predecessor Trustee, succeed to all of the predecessor's title, estate, rights, powers and duties. Trustee may resign by mailing or delivering notice thereof to Beneficiary and Trustor.

14. That this Deed Of Trust applies to and inures to the benefit of, and binds all parties thereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder of the Note(s) secured hereby, whether or not named as Beneficiary in this Deed of Trust, whenever, the context so requires, the masculine gender includes the feminine and neuter, and the singular number includes the plural.

15. That Trustor(s) shall not assign, sell, convey or otherwise transfer his(her)(their)(its) interest under this Deed Of Trust to a third party(ies) without the written consent of the Beneficiary, who may require either: (1) the immediate full payment of the balance due on the note secured by this Deed Of Trust, (2) a renegotiation of the interest payable on the principal amount due under said note, (3) proof of the third party's financial ability to maintain the debt, and (4) any combination of the foregoing.

16. That in accordance with paragraph 15 above, Trustor shall notify the Beneficiary in writing prior to the close of an assignment, sale or transfer of interest, and Beneficiary shall within five (5) business days thereof, notify Trustor in writing as to whether and which election will be required under said paragraph 15. The failure of Beneficiary to so notify Trustor hereby, shall constitute a waiver of the elections contained in said paragraph 15.

17. This Deed Of Trust shall be construed according to the laws of the State of Oregon.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals this 01st

day of November, 1995.

Robert H. Stanford
Trustor

Robert H. Stanford
Trustee

By: Bernard C. Rodgers
Trustor

Trustee

State of Oregon)

ACKNOWLEDGMENT

County of Klamath)

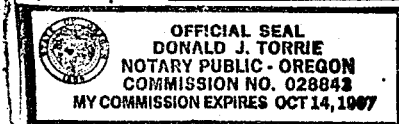
SS. Trustor(s)

On this 21 day of November, 1995, before me, the undersigned Notary

Public, personally appeared, Bernard C. Rodgers, to me known to be the individual(s) described in and who executed the foregoing DEED OF TRUST and acknowledged that he (she)(they) executed the same for the purpose therein contained.

My Commission Expires: 10-14-97

Donald J. Torrie
Notary Public



State of Arizona)

ACKNOWLEDGMENT

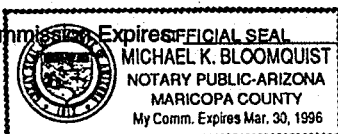
County of Maricopa)

SS. Trustee(s)

On this 01 day of November, 1995, before me, the undersigned Notary

Public, personally appeared, Financial Legal Services, Robert Stanford, to me known to be the individual(s) described in and who executed the foregoing DEED OF TRUST and acknowledged that he (she)(they) executed the same for the purpose therein contained.

My Commission Expires



[Signature]
Notary Public

PROMISSORY NOTE

\$440,559.00

Date: November 1, 1995

For value received, the undersigned I. F. Rodgers & Sons (the "Promisor") promises to pay to the order of Financial Legal Services (the "Payee"), at 1309 E. Northern, Suite 600, Phoenix, Arizona 85020, (or at such other place as the Payee may designate in writing) the sum of \$440,559.00 with interest from November 1, 1995, on the unpaid principal at the rate of 8.00 percent annually.

The unpaid principal and accrued interest shall be payable in monthly installments of \$3,232.67, beginning on December 1, 1995, and continuing until November 1, 2025, (the "Due Date"), at which time the remaining unpaid principal and interest shall be due in full. All payments on this Note shall be applied first in payment of accrued interest and any remainder in payment of principal.

The Promisor promises to pay a late charge of \$32.00 for each installment that remains unpaid more than 15 day(s) after its due date. This late charge shall be paid as liquidated damages in lieu of actual damages, and not as a penalty.

If the principal and accrued interest are paid in full on or before November 1, 1995, the Promisor shall be entitled to a discount equal to 1,000.00 percent of the unpaid principal immediately prior to such payment.

If any installment is not paid when due, the remaining unpaid balance and accrued interest shall become due immediately at the option of the Payee.

The Promisor reserves the right to prepay this Note (in whole or in part) prior to the Due Date with no prepayment penalty.

If any payment obligation under this Note is not paid when due, the Promisor promises to pay all costs of collection, including reasonable attorney fees, whether or not a lawsuit is commenced as part of the collection process.

If any of the following events of default occur, this Note and any other obligations of the Promisor to the Payee, shall become due immediately, without demand or notice:

- 1) the failure of the Promisor to pay the principal and any accrued interest in full on or before the Due Date;
- 2) the death of the Promisor(s) or Payee(s);
- 3) the filing of bankruptcy proceedings involving the Promisor as a Debtor;
- 4) the application for appointment of a receiver for the Promisor;
- 5) the making of a general assignment for the benefit of the Promisor's creditors;

- 6) the insolvency of the Promisor; or
- 7) the misrepresentation by the Promisor to the Payee for the purpose of obtaining or extending credit.

This Note is secured by a Deed of Trust, dated November 1, 1995. The Payee is not required to rely on the above security for the payment of this Note in the case of default, but may proceed directly against the Promisor.

If any one or more of the provisions of this Note are determined to be unenforceable, in whole or in part, for any reason, the remaining provisions shall remain fully operative.

All payments of principal and interest on this Note shall be paid in the legal currency of the United States. Promisor waives presentment for payment, protest, and notice of protest and nonpayment of this Note.

No renewal or extension of this Note, delay in enforcing any right of the Payee under this Note, or assignment by Payee of this Note shall affect the liability of the Promisor. All rights of the Payee under this Note are cumulative and may be exercised concurrently or consecutively at the Payee's option.

This Note shall be construed in accordance with the laws of the State of Oregon.

Signed this 8 day of November, 1995, at

20909 South Oak Valley Rd., Klamath Falls, Oregon 97603

I. F. Rodgers & Sons

By: I. F. Rodgers & Sons By [Signature]
I. F. Rodgers & Sons

ASSIGNMENT

For value received, the above Note is assigned and transferred to _____, ("Assignee") of

(City)

(State/province)

(Country)

This Summary is not an official part of your document. It contains highlights of the important information that has been entered into the document.

**SUMMARY
of the
PROMISSORY NOTE**

DATE OF NOTE

November 1, 1995

AMOUNT OF NOTE

440,559.00

INTEREST RATE

8.00

PAYMENT FREQUENCY

Installment payments (principal and interest)

PROMISOR(S)

I. F. Rodgers & Sons

PAYEE(S)

Financial Legal Services

LATE CHARGE section included.

DISCOUNT section included.

ACCELERATION section included.

PREPAYMENT section included.

COSTS section included.

EVENTS OF DEFAULT section included.

SECURITY section included.

ASSIGNMENT section included.

Exhibit "A"

COPY

All of Government Lots 2, 3, 4, 5, 6, 7, 10, 11 and 12 of Section 3, Township 40 South, Range 11 East of the Willamette Meridian, in the County of Klamath, State of Oregon:

EXCEPTING THEREFROM a parcel of land situated in Government Lot 4, being more particularly described as follows:

Beginning at the intersection of the South line of South Poe Valley Road and the East line of Schaupp Road; thence South along the East line of Schaupp Road, a distance of 492 feet, more or less, to an existing fence; thence East along existing fence line a distance of 840 feet; thence in a Northwesterly direction following the centerline of an existing irrigation ditch, 531 feet, more or less, to a point on the South line of the South Poe Valley Road; thence West along the South line of said road a distance of 625 feet, more or less, to the point of beginning, in Section 3, Township 40 South, Range 11 East of the Willamette Meridian.

ALSO EXCEPTING THEREFROM that portion thereof conveyed by John Fischer to the United States of America, recorded in Deed Volume 39 at page 20, Deed Records of Klamath County, Oregon.

SUBJECT TO: All future real property taxes and assessments; reservations, restrictions, easements and rights of way of record, and those apparent on the land; rights of the public in and to any portion of the within described premises lying within the limits of roads and highways; regulations, including levies, assessments, water and irrigation rights and easements for ditches and canals, of Klamath Irrigation District and Klamath Basin Improvement District; MORTGAGE, including the terms and provisions thereof, with interest thereon and such future advances as may be provided therein, given to secure the payment of \$120,000.00, dated July 6, 1977, recorded July 20, 1977, in Book M-77 at page 12868, Mortgage records of Klamath County, Oregon, executed by Emil B. Wells and Halcyon E. Wells, Husband and wife, in favor of The Federal Land Bank of Spokane, which said mortgage the SELLER herein agrees to pay according to the terms thereof, and hold BUYER harmless therefrom.

Exhibit "B"

PERSONAL PROPERTY

COPY

- 1
- 2 6 Wheel lines
- 3 1/4 mile 8" mainline
- 4 3/4 mile 6" mainline
- 5 1/2 mile 3" handline
- 6 1 25 hp pump
- 7 1 50 hp pump
- 8 1 30 hp pump
- 9 1/4 mile 6" mainline
- 10
- 11
- 12
- 13
- 14
- 15

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Lorriane Rodgers the 21st day
 of November A.D., 19 95 at 1:34 o'clock P M., and duly recorded in Vol. M95,
 of Mortgages on Page 31868.

Bernetha G. Letsch, County Clerk

By Annette Mueller

FEE \$50.00

- 21
- 22
- 23
- 24
- 25
- 26

Exhibit "2"