

After recording return to:
Michael C. Arola, Attorney
Hershner, Hunter, Moulton,
Andrews & Neill, LLP
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 C. Dow
Special Assets Group T-8, P.O. Box 4385
Portland, OR 97208

DEED IN LIEU OF FORECLOSURE

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

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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.

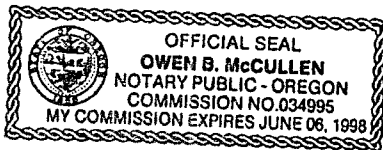
Dated this 27 day of March ~~February~~, 1996.

JOHNSON STOCK CO.

By: Pete Johnson
Name: Pete Johnson
Title: Pres.

STATE OF OREGON)
COUNTY OF LANE) ss.

The foregoing instrument was acknowledged before me this 27 day of February, 1996, by PETE JOHNSON as PRESIDENT on behalf of Johnson Stock Co.



Owen B. McCullen
Notary Public for Oregon
My commission expires: 6-8-98

EXHIBIT A

8918

DESCRIPTION OF PROPERTY

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

PARCEL 6:

TOWNSHIP 41 SOUTH, RANGE 12 EAST OF THE WILLAMETTE MERIDIAN

Section 14: A tract of land in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 14, Township 41 South, Range 12 East of the Willamette Meridian, more particularly described as follows: Commencing at the Northeast corner of said SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 14; thence West along the North line of said SW $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 14, 950.5 feet to a point; thence South at right angles to North line of said SW $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 14 to a point on the North boundary of the Dalles-California Highway; thence Southeasterly along the Northerly boundary of said highway to its intersection with the East boundary of said SW $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 14; thence North along the East boundary of said SW $\frac{1}{4}$ SE $\frac{1}{4}$ to the point of beginning.

A tract of land in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 14, Township 41 South, Range 12 East of the Willamette Meridian, more particularly described as follows: Beginning at a point on the North boundary of said SW $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 14, 950.5 feet West of the Northeast corner of said SW $\frac{1}{4}$ SE $\frac{1}{4}$; thence South at right angles to the North line of said SW $\frac{1}{4}$ SE $\frac{1}{4}$ 249.5 feet to a point; thence West and parallel to the North boundary of said SW $\frac{1}{4}$ SE $\frac{1}{4}$, 18.5 feet to a point; thence North and parallel to the East boundary of the herein described tract 249.5 feet to a point on the North boundary of said SW $\frac{1}{4}$ SE $\frac{1}{4}$; thence East 18.5 feet to the point of beginning.

The SE $\frac{1}{4}$ NE $\frac{1}{4}$ lying Southwest of the Low Line Canal, and the SW $\frac{1}{4}$ NE $\frac{1}{4}$ and N $\frac{1}{4}$ SE $\frac{1}{4}$.

EXCEPTING the following real property:

Beginning at the southwest corner of the Northwest Quarter of the Southeast Quarter of said Section 14; thence northerly along the west line of the Northwest Quarter of the Southeast Quarter of said Section 14, to a point that is 640.00 feet, measured perpendicular to the south line of the Northwest Quarter of the Southeast Quarter of said Section 14; thence easterly, parallel to the south line of the Northwest quarter of the Southeast Quarter of said Section 14, to a point that is 395.00, feet, measured perpendicular to the west line of the Northwest Quarter of the Southeast Quarter of said Section 14; thence southerly, parallel with the west line of the Northwest Quarter of the Southeast Quarter of said Section 14, 640.00 feet, measured perpendicular to the south line of the Northwest Quarter of the Southeast Quarter of said Section 14, to a point on the south line of the Northwest Quarter of the Southeast Quarter of said Section 14; thence westerly along the south line of the Northwest Quarter of the Southeast Quarter of said Section 14, 395.00 feet, measured perpendicular to the west line of the Northwest Quarter of the Southeast Quarter of said Section 14, to the point of beginning, containing 5.80 acres, more or less.

Parcel 7

TOWNSHIP 41 SOUTH, RANGE 13 EAST OF THE WILLAMETTE MERIDIAN

Section 15: S½SW¼, SW¼SE½, NW¼SW¼

SAVING AND EXCEPTING the following: Beginning at the Northwest corner of NW¼SW¼ of Section 15, Township 41 South, Range 13 East of the Willamette Meridian; thence Southeasterly to the Southeast corner of NW¼SW¼ of said section; thence North along the East line of NW¼SW¼ of said section to the Northeast corner of NW¼SW¼ of said section; thence West along the North line of NW¼SW¼ of said section to the place of beginning.

SE½SE½, SAVING AND EXCEPTING the following: Beginning at the Northwest corner of SE½SE½ of Section 15, Township 41 South, Range 13 East of the Willamette Meridian; thence Southeasterly to the Southeast corner of said section; thence North along the East line of said section to the Northeast corner of SE½SE½ of said section; thence West along the North line of SE½SE½ said section to the place of beginning.

Section 16: All, SAVING AND EXCEPTING the following: Beginning at the Northwest corner of NW¼NE½ of Section 16, Township 41 South, Range 13 East of the Willamette Meridian; thence Southeasterly to the Southeast corner of NW¼NE½ of said section; thence North along the East line of NW¼NE½ of said section to the Northeast corner of NW¼NE½ of said section; thence West along the North line of said section to the place of beginning.

ALSO EXCEPTING the NE¼NE½ and ALSO EXCEPTING the following: Beginning at the Northwest corner of SE¼NE½ of Section 16, Township 41 South, Range 13 East of the Willamette Meridian; thence Southeasterly to the Southeast corner of the NE¼ of said section; thence North along the East line of said section to the Northeast corner of SE¼NE½ of said section; thence West along the North line of SE¼NE½ of said section to the place of beginning.

Section 21: N½NW¼, SE¼NW¼, W½NE½, and Lots 1, 2, 3, 4, 5 and 6

Section 22: N½ and Lots 1, 2, 3 and 4

Section 23: NE¼, NW¼ and Lot 1, 2, 3 and 4

Section 24: NW¼, W½NE½ and Lots 2, 3 and 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, plus assessments of the Malin Irrigation District in the amount of \$6,011.89.

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. (SE & SW 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. 27/40/14)

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)

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. (SW1/4NW1/4 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 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
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STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title the 29th day
of March A.D., 19 96 at 3:09 o'clock P M., and duly recorded in Vol. M96
of Deeds on Page 8916

FEE \$60.00

Bernetha G. Letsch, County Clerk

By Douglas M. Mueland