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After Recording Return To:

Vol. 1197 Page 31595

Pacific Coast Farm Credit Services, ACA, (beneficiary) and the grantor of the above property,
P.O. Box 949, Petaluma, California 94952.

Loan No. 0425900900

Deed of Trust, Fixture Filing and Assignment of Rents

MT 420 62 1CR

On September 22, 1997, Lester R. Sturm, a married man as his sole and separate property, hereinafter called Grantor, whose address is 36121 Stastny Road, Malin, Oregon 97623, grant, convey, warrant, transfer and assign together with the right of entry and possession to AmeriTitle, hereinafter called Trustee, whose address is P.O. Box 5017, Klamath Falls, Oregon 97601, in trust with power of sale for the benefit of Pacific Coast Farm Credit Services, ACA, a corporation organized under the Farm Credit Act of 1971, as amended, hereinafter called Beneficiary, whose address is P.O. Box 929, Windsor, California 95492, property in Klamath County, State of Oregon, the following described real property more particularly described in Exhibit "A," attached hereto and incorporated herein, including but not limited to, trees, vines and shrubs, and improvements of every kind and description now or hereafter constructed or placed thereon; all standing timber and timber to be cut located thereon; all pumping plants, electrical generators, wind machines, and fencing and storage tanks, now or hereafter used in connection with the property, all of which are hereby declared to be fixtures; all grazing rights, leases, permits and licenses; all oil, gas, and mineral leases, permits and rights used with the property; and all tenements, hereditaments, easement, rights-of-way and appurtenances to the property (including without limitation private roads, grazing privileges, water rights, ditches and conduits and rights of way therefor, all plumbing, lighting, heating, cooling, ventilating, elevating, and irrigating apparatus and other equipment and fixtures, now or hereafter belonging to or used in connection therewith), all rents, issues, profits, buildings and improvements thereon and in all tenements, hereditaments, rights, privileges, easements, rights of way and appurtenances, all of which shall hereinafter be called "Property,"

GRANTOR ABSOLUTELY AND UNCONDITIONALLY ASSIGNS, transfers, conveys and sets over to Beneficiary all the rents, royalties, issues, profits, revenue, income and other benefits of the Property arising from the use or enjoyment of all or any portion thereof, including those set forth above, or from any lease, mineral lease, or agreement pertaining to the Property (collectively the "Rents"); SUBJECT, HOWEVER, to the right, power and authority given to and conferred upon Grantor by Paragraph 20 hereof. This Assignment shall be perfected automatically without appointment of a receiver or Beneficiary becoming a mortgagee in possession.

The following described note(s), Membership Agreement, security documents and any other documents or instruments signed in connection with the note(s) and security documents and any amendments thereto are collectively called the "Loan Documents." This conveyance is intended to secure performance of the covenants and agreements contained herein, and in any of the Loan Documents, and payment of indebtedness under the terms of the note(s) made by Grantors to the order of Beneficiary, with interest and advances as provided therein and in the Loan Documents, and any extensions, modifications or renewals thereof.

DATE OF NOTE

PRINCIPAL AMOUNT

FINAL INSTALLMENT DATE

September 22, 1997

\$616,100.00

October 1, 2027

The terms of the note(s) and Loan Documents described above provide that the interest rate, payment terms or amounts due may be indexed, adjusted, renewed or renegotiated.

THIS DEED OF TRUST IS ALSO INTENDED TO BE A FIXTURE FILING.

The Property does not exceed 740.58 acres in area.

Grantors and each of them REPRESENT, WARRANT, COVENANT and AGREE:

1. That they have title to the Property free from encumbrances, except as described in Exhibit "A"; they have good right and lawful authority to convey and encumber the same; they will warrant and defend the same forever against the lawful claims and demands of all persons whomsoever; and they agree this covenant shall not be extinguished by foreclosure or other transfers.
2. That this deed of trust also constitutes a Security Agreement granting Beneficiary a security interest in any and all personal property described in Exhibit "A."
3. To keep the Property in good condition, working order and repair; care for the Property in accordance with standards of good husbandry and to keep all trees, vines and crops on said land properly cultivated, irrigated, fertilized, sprayed, and fumigated; not to sell, transfer, assign, encumber or convey any water or water right from the Property; or to enter into an agreement for the nonuse of water, without the prior written consent of Beneficiary; not to remove, destroy or suffer the removal or destruction of any building, fence, canal, well or other improvements or fixtures thereon; not to remove, replace or alter any horticultural or viticultural tree, vine or shrub planted thereon without the prior written consent of Beneficiary; except in the ordinary course of business; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon; to comply with all laws, covenants and restrictions affecting the Property; not to commit or permit waste thereof; not to commit, suffer or permit any act upon the Property in violation of law; to do all other acts which from the character or use of the Property may be reasonably necessary, the specific enumerations herein not excluding the general; to observe and perform all obligations of Grantor under any lease of the Property.
4. To maintain casualty insurance, naming Beneficiary as loss payee, on all buildings and improvements, against loss or damage by fire and other risks; to maintain liability insurance; to pay all premiums and charges on all such insurance when due; and to provide Beneficiary satisfactory evidence of such insurance upon request. All such insurance shall be in such form(s), with such company(ies) and in such amount(s) as shall be satisfactory to Beneficiary.
At least thirty (30) days prior to the expiration of any such policy of insurance, Grantor will deliver a policy renewing or extending such expiring insurance and written evidence demonstrating payment of the premium for such insurance. If any such policy and evidence of payment (or copies of same, if originals cannot be delivered to Beneficiary) are not so delivered to Beneficiary, without notice to or demand upon Grantor and without releasing Grantor from any obligation under this Deed of Trust, Beneficiary may (but is not obligated to), at Grantor's expense, obtain insurance in such types, on such terms and in such amounts as Beneficiary in its sole discretion shall decide, through or from any insurance agency or company acceptable to it. Any insurance obtained by Beneficiary shall be for its sole benefit and to protect the security of this Deed of Trust. The expense and cost of such insurance shall, at Beneficiary's sole option, be payable on demand or added to the indebtedness as provided herein. Neither Trustee nor Beneficiary shall be chargeable with or responsible for the procurement or maintenance of any such insurance, the collection of any proceeds from such insurance, or the insolvency of any insurance company or underwriter.
5. To appear in and litigate any action or proceeding purporting to affect the security hereof, the title to the Property, or the rights or powers of Beneficiary or Trustee. Beneficiary or Trustee may appear in and litigate any such action or proceedings, including any bankruptcy, partition or condemnation proceeding, affecting the Property, or Beneficiary's interest therein, in which event Grantor agrees to pay all costs and expenses thereof, including attorney's fees and costs of securing evidence of title.
6. To pay all debts and money, secured hereby, when due; to pay, when due, all taxes, assessments, rents and other charges upon the Property and to suffer no other encumbrance, charge or lien on the Property, which would be superior to this deed of trust, except as stated above.
7. To pay on or before the due date all taxes and assessments affecting the Property, including all assessments upon water company stock and all rents, assessments and charges for water, appurtenant to or user in connection with the Property; to pay, when due, all encumbrances, charges, and liens, on the Property or any part thereof, which at any time appear to be prior or superior hereto.

8. To specifically assign and deliver to Beneficiary all rents, royalties, damages and payments of every kind, including without limitation insurance reimbursements and condemnation awards, at any time accruing, for any transfer, loss or seizure of the Property, any portion thereof or any rights therein; Beneficiary may, at its option, apply such amounts in any proportion to any of the Indebtedness hereby secured; and application or release of such amounts shall not cure or waive any default or notice of default or invalidate any act done pursuant to such notice; and Beneficiary shall have the right to enter upon the Property to make full inspection of the Property.
9. In the event that Beneficiary utilizes the services of attorneys, accountants, appraisers, consultants, or other professional or outside assistance, including the services of in-house counsel or any other attorney or professional who is a direct employee of Beneficiary, the reasonable amount of expenses incurred by Beneficiary to utilize such persons in connection with the following shall be payable on demand and Beneficiary may, at its option, add the amount of such expenses to any portion of the Indebtedness, and charge interest on such amount at the interest rate applicable to such portion of the Indebtedness:
- (a) The preparation or modification of this Deed of Trust, or any other agreement or document incident to the Indebtedness;
 - (b) Advising Beneficiary concerning its legal rights and obligations with regard to the Deed of Trust, the other agreements incident to the Indebtedness, or the Property, including advising Beneficiary with regard to the extent of Grantor's rights, if any, under the provisions of the Farm Credit Act, any policy or program of Beneficiary, or any state or federal law;
 - (c) Any litigation, dispute, proceeding, or action, whether instituted by Beneficiary, Grantor or any other person, relating to the Indebtedness, the Property or Grantor's affairs;
 - (d) The furtherance of Beneficiary's interest in any bankruptcy, insolvency, or reorganization case or proceeding instituted by or against Grantor, including any steps to (i) modify or terminate the automatic stay, (ii) prohibit or condition Grantor's use or cash collateral, (iii) object to any disclosure statement or plan, (iv) propose or confirm a plan, and (v) prosecute or defend adversary proceedings or contested matters, and take or defend examinations or discovery, whether or not related to any adversary proceeding or contested matter;
 - (e) The inspection, verification, protection, collection, processing, sale, liquidation, or disposition of the Property; and
 - (f) Any of the type of expenses referred to in (a) through (e) above incurred by Beneficiary in connection with any guaranty of the Indebtedness.
- The fees and costs described herein and elsewhere in this Deed of Trust shall be in addition to those set forth in the loan agreement or any other written agreement between Grantor and Beneficiary.
10. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property and its use, including without limitation all environmental laws; not to use or permit the use of the Property for any unlawful or objectionable purpose or for any purpose that poses an unreasonable risk of harm, or that impairs or may impair the value of the Property, or any part thereof; not to apply residue from wastewater treatment facilities to the Property without prior written notice to Beneficiary; to remedy any environmental contamination or violation of environmental laws that may occur or be discovered in the future; to allow Beneficiary access to the Property to inspect its condition and to test and monitor for compliance with applicable laws (any inspections or tests made by Beneficiary shall be for Beneficiary's purposes only and shall not be construed to create any responsibility or liability on the part of Beneficiary to Grantors or to any other person); to forward copies of any notices received from any environmental agencies to Beneficiary; to provide Beneficiary copies of any independent test or inspection reports on the environmental status of the Property; and to indemnify and hold Beneficiary, its directors, employees, agents and its successors and assigns harmless from and against any environmental claims of any kind, and all costs and expenses incurred in connection therewith, including, without limitation attorney's fees.
11. Grantor shall furnish Beneficiary as soon as possible, but in no event later than 120 days after each fiscal year end, financial reports for each of the undersigned, including a balance sheet and a profit and loss statement.
12. That neither Grantors nor, to the best of Grantors' knowledge, any prior owner has created or permitted conditions on the Property, which may give rise to environmental liability; no enforcement actions are pending or threatened; no underground tanks are located on the Property except as already disclosed; any such underground tanks currently or previously located on the Property do not now and never have leaked, and no contaminated soil is located on the Property; and Grantor's representations, warranties,

covenants and indemnities herein and in the Loan Documents shall survive satisfaction of the note(s) and Loan Documents, foreclosure of this deed of trust, acceptance of a deed in lieu of foreclosure or any transfer or abandonment of the Property.

13. To perform all terms and conditions of each water or other contract, described in Exhibit "A," if any, and to promptly pay all sums due or to become due under each contract so that no delinquency or default will occur under such contract(s); not to apply or enter into any federal, state or local program which limits or restricts the use of the Property, in any way without prior written consent of Beneficiary; to perform all acts necessary to perfect and maintain any water permit, certificate, license or other water interest, however designated, described in or used in conjunction with the real property described in Exhibit "A"; any assignment of any such interest, during the term of this deed of trust, naming Beneficiary as an assignee shall be for security purposes and shall not alter Grantors' obligations hereunder; and any failure of Grantors to perform any such obligation shall constitute an event of default.
14. That if the Property is within an irrigation block and/or subject to water service contract(s) governed by the provisions of "Federal reclamation law," and the regulations issued thereunder, Grantors shall comply with the terms and provisions of said laws, regulations and contracts; Grantors, and each of them, for themselves, their heirs, successors and assigns, hereby appoint Beneficiary their attorney-in-fact to select and designate the portion of the Property to be subject to a recordable contract, in the event Grantors become subject to the excess land limitation; if Grantors fail to comply with the terms of said law, regulations or contracts, or if the delivery of water for the irrigation of the Property is discontinued in whole or in part, Grantors shall be in default; in the event the Bureau of Reclamation determines that continued drainage maintenance on the Property is no longer feasible, and Grantors purchase other lands offered as a preference purchase right (as an adjustment for wetlands), Grantors shall execute a supplemental deed of trust on such lands in favor of the Beneficiary; and failure to execute such deed of trust on demand, shall constitute an event of default.
15. That in the event of default in any of the covenants or agreements herein, or in any of the Loan Documents, Beneficiary may, at its option perform the same, in whole or in part; any advances, attorney fees or costs paid or incurred by Beneficiary to protect or enforce its rights under the Loan Documents, in bankruptcy, appellate proceedings or otherwise, shall be payable on demand and shall become a part of the obligation secured by this deed of trust.
16. That the indebtedness and obligations secured by this deed of trust are personal to the Grantors and are not assignable by Grantors; Beneficiary relied upon the credit of Grantors, the interest of Grantors in the Property and the financial market conditions then existing when making this loan; if Grantors sell, transfer or convey or contract to sell, transfer or convey the Property, or any portion thereof, or if the ownership of any corporation or partnership, owning all or any portion of the Property shall be changed either by voluntary or involuntary sale or transfer or by operation of law, without prior written consent of Beneficiary, or if Grantors default in the payment of the indebtedness, or with respect to any warranty, covenant or agreement in the Loan Documents or if a receiver or trustee for any part of the Property is appointed, or if any proceeding under the bankruptcy or insolvency laws is commenced by or against Grantors, or if Grantors become insolvent, or if any action is commenced to foreclose or enforce a lien on any portion of the Property, then, Grantors shall be in default hereunder.
17. If the indebtedness is subject to a guarantee from Farm Service Agency, that Grantors shall be in default under this deed of trust, the above note(s) and Loan Documents should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce or to make possible the production of an agricultural commodity, as further explained in 7 CFR Part 1940, Subpart G; Exhibit M.
18. That time is of the essence and in the event of default, at Beneficiary's option, the entire indebtedness secured hereby shall forthwith become due and payable and bear interest at the rate set forth in the Loan Documents for delinquent payments; Beneficiary shall have the right to foreclose the lien of this deed of trust or to direct Trustee, in writing, to foreclose this deed of trust by notice and sale, to have a receiver appointed in any court proceeding, to collect any rents, issues and profits from the Property and to deliver them to Beneficiary to be applied as provided above and to exercise any rights and remedies available under the Uniform Commercial Code for the state in which the Property is located; and reasonable notice if required by such Code shall be five (5) days.

- Deed of Trust, Fixture Filing and Assignment of Rents (Page 5 of 6)

promissory note or guaranty, but this Deed of Trust and said promissory notes or guaranties shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

That Trustee accepts this trust when this deed, duly executed and acknowledged, is recorded as provided by law; any Trustee lawfully appointed by Beneficiary as a substitute or successor Trustee shall succeed to all the powers and duties of the Trustee named herein; Trustee is not obligated to notify any party hereto of the pending sale under any other deed of trust or any action or proceeding in which Grantors, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by Trustee.

That as used herein, the term "deed of trust" shall be synonymous with the terms "trust indenture" and "trust deed"; the term "Grantors" shall be synonymous with the term "Grantors" as used in any of the laws of the state in which the Property is situated; the term "Beneficiary" shall mean the holder and owner of any note secured hereby, or if any note(s) has been pledged, the pledgee thereof.

That the failure of Beneficiary to exercise any right or option provided herein, at any time shall not preclude Beneficiary from exercising any of such rights at any other time; the covenants and agreements contained herein shall be binding on and inure to the benefit of the parties and their respective heirs, successors and assigns; all rights conferred on Beneficiary or on Trustee are cumulative and additional to any rights conferred by law; and if any provision is found to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof and the deed of trust shall be construed as though such provision had been omitted.

That Grantors and each of them join in this instrument for the purpose of subjecting each of their right, title and interest, if any, in the Property, whether of record or otherwise and including any right to possession, to the lien of this deed of trust.

36121 Stastny Road
Mallin, Oregon 97632

Lester R. Sturm

Beneficiary acknowledges that this deed of trust is subject to a security interest in favor of Western Farm Credit Bank (Bank) and by its acceptance hereof and pursuant to and in confirmation of certain agreements and assignments by and between Beneficiary and Bank, does assign, transfer, and set over the same unto Bank, its successors, and assigns, to secure all obligations of Beneficiary to Bank, provided that pursuant to such agreements and assignments Beneficiary has authority to perform all loan servicing and collection actions and activities hereunder, including without limitation thereto, releasing in whole or in part and foreclosing judicially or otherwise this deed of trust until the Bank, by instrument recorded in the office in which this deed of trust is recorded, revokes such authority; provided, however, if Bank is the Beneficiary in this transaction, this paragraph is without effect.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

31601

State of California

County of Sonoma

On 9/25/97

Date

before me,

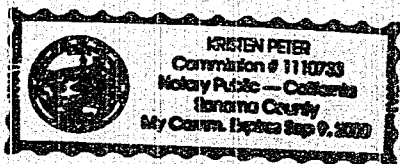
Kristen Peter, Notary Public

Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Lester R. Sturm

Name(s) of Signer(s)

☐ 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.

Kristen Peter

Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Deed of Trust, Fixture Filing and Assignment of Rents

Document Date: 9/22/97

Number of Pages: 11

Signer(s) Other Than Named Above: none

Capacity(ies) Claimed by Signer(s)

Signer's Name: Lester R. Sturm

- ☒ Individual
☐ Corporate Officer
 Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

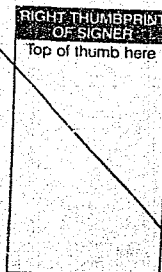
Signer Is Representing:



Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
 Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing:



31602

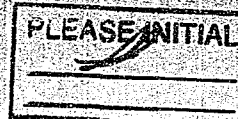


EXHIBIT "A"

All that certain real property located in Klamath County, State of Oregon and described as follows:

PARCEL 1

A tract of land situated in Sections 18 and 19, Township 41 South, Range 13 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the Northwest corner of said Section 18; thence South 89 degrees 56' 02" East 3005.07 feet to the N1/4 corner of said Section 18; thence South 00 degrees 08' 16" West, along the North-South center section line, 4332.68 feet to a point marked with a 5/8" iron pin with a Tru-Line Surveying plastic cap; thence West 450.46 feet to a 5/8" iron pin with a Tru-Line Surveying plastic cap; thence North 250.00 feet to a 5/8" iron pin with a Tru-Line Surveying plastic cap; thence West 825.00 feet to a 5/8" iron pin with a Tru-Line Surveying plastic cap; thence North 704.00 feet to a 1/2" iron pin; thence North 59 degrees 58' 54" West 831.54 feet to a 1/2" iron pin; thence North 300.00 feet to a 5/8" iron pin; thence South 89 degrees 56' 49" West 700.00 feet to a 5/8" iron pin; thence South 1000.00 feet to a 5/8" iron pin; thence South 89 degrees 56' 49" West 240.32 feet to a point 60.00 feet East of the West line of said Section 18; thence South 00 degrees 01' 04" West, parallel to said Section line 742 feet more or less to the center line of an irrigation canal; thence Southeasterly along said canal centerline, 3180 feet more or less to a point on the South line of the N1/2 NW1/4 of said Section 19; thence Westerly along said line 1165 feet, more or less to the Southerly right of way line of an irrigation ditch; thence along said right of way line North 35 degrees West 1350 feet, more or less and North 84 degrees 30' West 150 feet, more or less, to the West line of said Sections 19; thence North 00 degrees 01' 04" East 209.88 feet to the Northwest corner of said Section 19; thence North 00 degrees 01' 04" East along the West line of said Section 18, 2029.92 feet to a point on the boundary of that tract of land described in Deed Volume 114, page 415, Deed Records of Klamath County, Oregon; thence along said boundary line the following courses and distances, North 44 degrees 38' East 208.27 feet, North 09 degrees 14' West 289.6 feet, North 13 degrees 48' East 233.6 feet, North 06 degrees 38' East 259.2 feet, North 13 degrees 38' West 224.1 feet, North 31 degrees 16' West 184.9 feet, North 07 degrees 51' West 240.2 feet and North 22 degrees 46' West 8.9 feet to a point on the West line of said Section 18; thence North 00 degrees 01' 04" East, along said West line, 1763.37 feet to the point of beginning.

PARCEL 2

Parcel 2 of Minor Land Partition No. 37-90, filed February 28, 1991, being a portion of the NE1/4 of Section 12, Township 41 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon, and Government Lots 1 through 4 and the SE1/4 SW1/4 of Section 7, Township 41 South, Range 13 East of the Willamette Meridian, Klamath County, Oregon.

Parcel 1 of Minor Land Partition No. 37-90, filed February 28, 1991, being a portion of the NE1/4 of Section 12, Township 41 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon, and Government Lots 1 through 4 and the SE1/4 SW1/4 of Section 7, Township 41 South, Range 13 East of the Willamette Meridian, Klamath County, Oregon.

EXCEPTING THEREFROM a portion of the NW1/4 NE1/4 of Section 12, Township 41 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at the SW corner NW1/4 NE1/4; thence North 00 degrees 22' 18" West 31 feet, thence South 89 degrees 50' 18" East 30 feet; thence South 31 feet, more or less, to the South line of the NW1/4 NE1/4; thence Westerly along said South line 30 feet, more or less, to the point of beginning.

ALSO EXCEPTING THEREFROM any portion lying within the W1/2 SW1/4 NE1/4 of Section 12, Township 41 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon.

31603

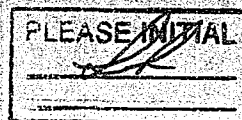


EXHIBIT "A"

PARCEL 3

A tract of land situated in Government Lot 4 (SW1/4SW1/4) of Section 7, Township 41 South, Range 13 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the Southwest corner of said Section 7; thence East along the South line of said Section, 1677.16 feet to the Southeast quarter of Lot 4, thence North along the East line of Lot 4, 132.73 feet; thence West parallel to the South line of said lot, also the West line of said Section; thence South along said West line 132.73 feet to the point of beginning.

PARCEL 4

A tract of land situated in Section 31, Township 40 South, Range 13 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a point on the South line of the SE1/4 NE1/4 of said Section 31 from which point the Southeast corner of said SE1/4 NE1/4 bears South 89 degrees 28' 07" East 1061.26 feet; thence the following courses and distances:

South 18 degrees 44' 08" East 590.47 feet; South 23 degrees 04' 51" East 385.43 feet; South 20 degrees 08' 02" East 275.85 feet; South 01 degrees 00' East, 153.92 feet to a point on the North line of Lot 7 of said Section 31; thence North 89 degrees 31' 10" West on said North line, 663.22 feet; thence leaving said North line on the following courses and distances:

North 61 degrees 11' 14" West 165.10 feet; North 29 degrees 33' 57" West 284.64 feet; North 40 degrees 30' 09" West, 181.16 feet; North 53 degrees 21' 02" West, 141.88 feet; North 76 degrees 48' 07" West, 611.43; North 07 degrees 51' 21" West 213.86 feet; North 24 degrees 14' 23" West 611.89 feet; North 10 degrees 03' 08" West, 254.20 feet; North 23 degrees 20' 05" West 133.80 feet; North 10 degrees 15' 35" West, 294.26 feet; North 05 degrees 49' 53" East, 286.90 feet; North 14 degrees 52' 21" West, 307.33 feet; North 81 degrees 42' 04" East, 246.78 feet; South 41 degrees 01' 39" East, 209.85 feet; South 57 degrees 28' 17" East 1075.61 feet; South 50 degrees 45' 53" East, 327.70 feet to a point on the West line of said SE1/4 NE1/4; thence South 00 degrees 57' 48" East on said West line, 472.33 feet to the Southwest corner of said SE1/4 NE1/4; thence South 89 degrees 28' 07" East on the South line of said SE1/4 NE1/4, 266.02 feet to the point of beginning. (1988 Pope)

EXCEPTING THEREFROM:

Beginning at a point marked R-1 from which the Southeast corner of Section 31, Township 40 South, Range 13 East of the Willamette Meridian, Klamath County, Oregon, bears South 28 degrees 56' East 1646 feet distant; thence along water line of proposed reservoir, variation 20 degrees 28' East; North 13 degrees 00' West 275 feet; North 16 degrees 15' West 205 feet; North 34 degrees 15' West 275 feet; North 15 degrees 00' West 480 feet; North 24 degrees 30' West 545 feet; North 41 degrees 30' West 335 feet; North 58 degrees 15' West 490 feet; North 62 degrees 15' West 475 feet; North 56 degrees 30' West 325 feet; South 34 degrees 45' West 185 feet; South 3 degrees 30' East 570 feet; South 25 degrees 30' East 670 feet; South 17 degrees 15' East 420 feet; South 47 degrees 00' East 380 feet; South 88 degrees 00' East 250 feet; South 57 degrees 00' East 50 feet; South 56 degrees 30' East 110 feet; South 43 degrees 45' East 200 feet; South 34 degrees 30' East 243 feet; South 60 degrees 15' East 224 feet; South 46 degrees 30' East 440 feet; North 67 degrees 00' East 140 feet; North 7 degrees 45' East 225 feet to the place of beginning, said property being known as Simms Reservoir, and also known as Pope Reservoir.

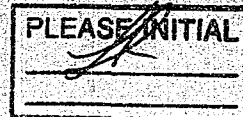


EXHIBIT "A"

PARCEL 5

Beginning at a point marked R-1 from which the Southeast corner of Section 31, Township 40 South, Range 13 East of the Willamette Meridian, Klamath County, Oregon, bears South 28 degrees 56' East 1646 feet distant; thence along water line of proposed reservoir, variation 20 degrees 28' East; North 13 degrees 00' West 275 feet; North 16 degrees 15' West 205 feet; North 34 degrees 15' West 275 feet; North 15 degrees 00' West 480 feet; North 24 degrees 30' West 545 feet; North 41 degrees 30' West 335 feet; North 58 degrees 15' West 490 feet; North 62 degrees 15' West 475 feet; North 56 degrees 30' West 325 feet; South 34 degrees 45' West 185 feet; South 3 degrees 30' East 570 feet; South 25 degrees 30' East 670 feet; South 17 degrees 15' East 420 feet; South 47 degrees 00' East 380 feet; South 88 degrees 00' East 250 feet; South 57 degrees 00' East 50 feet; South 56 degrees 30' East 110 feet; South 43 degrees 45' East 200 feet; South 34 degrees 30' East 243 feet; South 60 degrees 15' East 224 feet; South 46 degrees 30' East 440 feet; North 67 degrees 00' East 140 feet; North 7 degrees 45' East 225 feet to the place of beginning, said property being known as Simms Reservoir, and also known as Pope Reservoir.

PARCEL 6

A tract of land situated in Parcel 1 of "Minor Land Partition 37-90", being in the W1/2 SW1/4 NE1/4 of Section 12, Township 41 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a point on the North line of said W1/2 SW1/4 NE1/4 from which C-N 1/16 corner of said Section 12 bear North 89 degrees 50' 18" West 30.00 feet; thence, along the boundaries of said Parcel 1, South 00 degrees 22' 18" East 521.19 feet, South 89 degrees 54' 18" West 30.00 feet, South 00 degrees 22' 18" East 277.43 feet, South 29 degrees 56' 18" East 60.79 feet; South 00 degrees 22' 18" East 60.00 feet, North 89 degrees 37' 42" East 30.00 feet, North 00 degrees 22' 18" West 330.02 feet, and North 89 degrees 54' 18" East 532.49 feet; thence along the line of said Parcel 1 and its extension, North 00 degrees 12' 25" West 570 feet, more or less, to a point on the North line of said W1/2 SW1/4 NE1/4; thence Westerly 565 feet, more or less, to the point of beginning.



EXHIBIT "A"

TOGETHER WITH the right to divert water in an amount not to exceed as follows:

- a. 1.87 cubic feet per second to be collected from March 1 through September 30 from a well, in the Lost River Basin for the purpose of irrigation of 106.6 acres and supplemental irrigation of 42.7 acres of land of a portion of the above described land more fully described under Permit No. G-12797, Application No. G-13168 and issued by the State Water Resources Department;
- b. .395 cubic foot per second to be collected from the waters of Mill Creek, a tributary of Tule Lake, and Simms Reservoir for the purpose of irrigation of 15.8 acres of land of the above described land and more fully described under Permit No. 49909, Application No. 68848 issued by the State Water Resources Department;
- c. 1.0 cubic foot per second to be collected from Simms Reservoir for the purpose of supplemental supply for irrigation of 80 acres of land of a portion of the above described land more fully described under Permit No. 2466, Application No. 4284 and Certificate No. 20232 issued by the State Water Resources Department;
- d. .75 cubic foot per second to be collected from McCoy reservoir and Simms Reservoir for the purpose of supplemental supply for irrigation of 60 acres of land of a portion of the above described land more fully described under Permit No. 2466, Application No. 4284 and Certificate No. 20233 issued by the State Water Resources Department;
- e. 1.0 cubic foot per second to be collected from drainage from Snow Sheds for the purpose of irrigation of 80 acres of land of a portion of the above described land more fully described under Permit No. 880, Application No. 1738 and Certificate No. 20234 issued by the State Water Resources Department;
- f. .75 cubic foot per second to be collected from drainage from Snow Sheds for the purpose of irrigation of 60 acres of land of a portion of the above described land more fully described under Permit No. 880, Application No. 1738 and Certificate No. 20235 issued by the State Water Resources Department;
- g. 1.98 cubic foot per second to be collected from a well (Frye & Barney Well), a tributary of Mill Creek, tributary of Lost River for the purpose of irrigation and supplement irrigation of 158.2 acres of land of a portion of the above described land more fully described under Permit No. U-503, Application No. U-551 and Certificate No. 27010 issued by the State Water Resources Department;
- h. .75 cubic foot per second to be collected from Mill Creek for the purpose of irrigation of 60 acres of land of a portion of the above described land more fully described under Permit No. 2657, Application No. 4532 and Certificate No. 2153 issued by the State Water Resources Department;
- i. .92 cubic foot per second to be collected from Mill Creek and Simms Reservoir, tributary of the Lost River for the purpose of irrigation of 73 acres of land of a portion of the above described land more fully described under Permit No. 8574, Application No. 12175 and Certificate No. 8529 issued by the State Water Resources Department.

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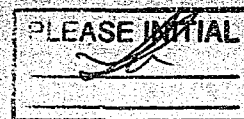


EXHIBIT "A"

All that certain personal property described as follows:

All irrigation equipment, now owned and located on the Property, together with all similar goods which may be acquired at any time, together with any additions, replacements, substitutions and accessions.

All water storage tanks and all other equipment used or usable in connection with the storage, transport, delivery, carrying, ownership, use or other disposition of water and water related rights, now or at any time hereafter owned or acquired by debtor(s), together with all improvements, replacements, accessions and additions thereto, wherever they may be located.

All inventory, accounts, documents, chattel paper and general intangibles to the extent they constitute water and/or water rights, now owned or hereafter acquired, including but not limited to:

- (1) all water, water rights and entitlements, appurtenant or otherwise, other rights to water and to receive water of every kind or nature, including but not limited to groundwater, rights to remove and extract groundwater, rights with respect to surface water, whether appropriative, riparian or otherwise, water allocation, distribution, delivery or storage rights, now or at any time hereafter owned or acquired by Grantors;
- (2) all rights to payments arising out of or in any way connected with Grantor's sale, exchange, storage, transport, delivery, carrying, ownership, use, nonuse, or other disposition of water and water related rights.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Ameri title the 26th day
of Sept. A.D., 1997 at 3:55 o'clock P. M., and duly recorded in Vol. M97,
of Mortgages on Page 31595

FEE \$70.00

Bernetha G. Letsch, County Clerk
By Kathleen Ross