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TRUST DEED

Winding Sprague River, LLC
4288 E. Barnett Road
Medford, OR 97504

Grantor's Name and Address

South Valley Bank & Trust
411 Pine Street
Klamath Falls, OR 97601

Beneficiary's Name and Address

After recording, return to (Name, Address, Zip):

South Valley Bank & Trust
P. O. Box 521650/7

Klamath Falls, OR 97601

SPACE RESERVED
FOR
RECORDER'S USE

STATE OF OREGON,

County of _____ } ss.

I certify that the within instrument
was received for record on the _____ day
of _____, 19____, at
_____ o'clock _____ M., and recorded in
book/reel/volume No. _____ on page
_____ and/or as fee/file/instru-
ment/microfilm/reception No. _____,
Record of _____ of said County.
Witness my hand and seal of County
affixed.

NAME

TITLE

By _____, Deputy.

THIS TRUST DEED, made this 30th day of September, 19 98, between

Winding Sprague River, LLC, as Grantor,

William P. Brandsness, as Trustee, and

South Valley Bank & Trust, as Beneficiary,

WITNESSETH:

Grantor irrevocably grants, bargains, sells and conveys to trustee in trust, with power of sale, the property in
Klamath County, Oregon, described as:

See attached Exhibit "A" including all irrigation equipment, panels,
pumps, pipe and sprinklers.

together with all and singular the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in anywise now
or hereafter appertaining, and the rents, issues and profits thereof and all fixtures now or hereafter attached to or used in connection with
the property.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum
of One Million One Hundred Thousand Dollars (\$1,100,000.00)

Dollars, with interest thereon according to the terms of a promissory
note of even date herewith, payable to beneficiary or order and made by grantor, the final payment of principal and interest hereof, if
not sooner paid, to be due and payable as provided in the note.

The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of the note
becomes due and payable. Should the grantor either agree to, attempt to, or actually sell, convey, or assign all (or any part) of the prop-
erty or all (or any part) of grantor's interest in it without first obtaining the written consent or approval of the beneficiary, then, at the
beneficiary's option*, all obligations secured by this instrument, irrespective of the maturity dates expressed therein, or herein, shall be-
come immediately due and payable. The execution by grantor of an earnest money agreement** does not constitute a sale, conveyance or
assignment.

To protect the security of this trust deed, grantor agrees:

1. To protect, preserve and maintain the property in good condition and repair; not to remove or demolish any building or im-
provement thereon; not to commit or permit any waste of the property.
2. To complete or restore promptly and in good and habitable condition any building or improvement which may be constructed,
damaged or destroyed thereon, and pay when due all costs incurred therefor.
3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property; if the beneficiary
so requests, to join in executing such financing statements pursuant to the Uniform Commercial Code as the beneficiary may require and
to pay for filing same in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching
agencies as may be deemed desirable by the beneficiary.
4. To provide and continuously maintain insurance on the buildings now or hereafter erected on the property against loss or
damage by fire and such other hazards as the beneficiary may from time to time require, in an amount not less than insurable value
written in companies acceptable to the beneficiary, with loss payable to the latter; all policies of insurance shall be delivered to the ben-
eficiary as soon as insured; if the grantor shall fail for any reason to procure any such insurance and to deliver the policies to the beneficiary
at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on the buildings, the beneficiary may pro-
cure the same at grantor's expense. 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 option of beneficiary the entire amount so collected,
or any part thereof, may be released to grantor. Such application or release shall not cure or waive any default or notice of default here-
under or invalidate any act done pursuant to such notice.
5. To keep the property free from construction liens and to pay all taxes, assessments and other charges that may be levied or
assessed upon or against the property before any part of such taxes, assessments and other charges become past due or delinquent and
promptly deliver receipts therefor to beneficiary; should the grantor fail to make payment of any taxes, assessments, insurance premiums,
liens or other charges payable by grantor, either by direct payment or by providing beneficiary with funds with which to make such pay-
ment, beneficiary may, at its option, make payment thereof, and the amount so paid, with interest at the rate set forth in the note
secured hereby, together with the obligations described in paragraphs 6 and 7 of this trust deed, shall be added to and become a part of
the debt secured by this trust deed, without waiver of any rights arising from breach of any of the covenants hereof and for such payments,
with interest as aforesaid, the property hereinbefore described, as well as the grantor, shall be bound to the same extent that they are
bound for the payment of the obligation herein described, and all such payments shall be immediately due and payable without notice,
and the nonpayment thereof shall, at the option of the beneficiary, render all sums secured by this trust deed immediately due and pay-
able and constitute a breach of this trust deed.
6. To pay all costs, fees and expenses of this trust including the cost of title search as well as the other costs and expenses of the
trustee incurred in connection with or in enforcing this obligation and trustee's and attorney's fees actually incurred.
7. To appear in and defend any action or proceeding purporting to affect the security rights or powers of beneficiary or trustee;
and in any suit, action or proceeding in which the beneficiary or trustee may appear, including any suit for the foreclosure of this deed
or any suit or action related to this instrument, including but not limited to its validity and/or enforceability, to pay all costs and ex-
penses, including evidence of title and the beneficiary's or trustee's attorney fees; the amount of attorney fees mentioned in this para-
graph 7 in all cases shall be fixed by the trial court and in the event of an appeal from any judgment or decree of the trial court, grantor
further agrees to pay such sum at the appellate court shall adjudge reasonable as the beneficiary's or trustee's attorney fees on such appeal.
It is mutually agreed that:
8. In the event that any portion or all of the property shall be taken under the right of eminent domain or condemnation, bene-
ficiary shall have the right, if it so elects, to require that all or any portion of the monies payable as compensation for such taking,

NOTE: The Trust Deed Act provides that the trustee hereunder must be either an attorney, who is an active member of the Oregon State Bar, a bank, trust company
or savings and loan association authorized to do business under the laws of Oregon or the United States, a title insurance company authorized to insure title to real
property of this state, its subsidiaries, affiliates, agents or branches, the United States or any agency thereof, or an escrow agent licensed under ORS 696.505 to 696.565.

*WARNING: 12 USC 1701-3 regulates and may prohibit exercise of this option.

**The publisher suggests that such an agreement address the issue of obtaining beneficiary's consent in complete detail.

EXHIBIT "A"

Parcel 1

Government Lots 2, 3, 4, 5, 6, 7, 10, 11, 12, 13, 14, 15, 18, 19, 20, 21, 22, 23, 26, 27, 28, 29, 30 and 31, Section 16, Township 36 South, Range 12 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

EXCEPTING THEREFROM any portion lying within the right of way of Great Northern Railway and ALSO EXCEPTING the following tract of land:

Commencing at a point which is the Southwest corner of the SE $\frac{1}{4}$ of Section 16; thence North 208 feet; thence West 208 feet; thence South 208 feet; thence East 208 feet to the point of beginning.

Parcel 2

The NE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 28, Township 36 South, Range 12 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

Parcel 3

The E $\frac{1}{2}$ E $\frac{1}{2}$ Section 21, Township 36 South, Range 12 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

EXCEPTING THEREFROM that portion lying within the boundaries of Klamath Falls-Lakeview Highway.

Parcel 4

Government Lots 1, 8, 9, 16, 17, 24, 25, and 32, Section 16, Township 36 South, Range 12 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

EXCEPTING THEREFROM any portion lying within the right of way of Great Northern Railway.

Parcel 5

The S $\frac{1}{2}$ W $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ Section 22 and the W $\frac{1}{2}$ W $\frac{1}{2}$ NW $\frac{1}{4}$ Section 27, Township 36 South, Range 12 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

Parcel 6

The S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ Section 28, Township 36 South, Range 12 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

Parcel 7

The N $\frac{1}{2}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ N $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 33, Township 36 South, Range 12 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

Parcel 8

The SW $\frac{1}{4}$ of Section 15, and the NW $\frac{1}{4}$ of Section 22, Township 36 South, Range 12 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

Together with all that portion of the NW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 22, Township 36 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon, lying Northwesterly of the Klamath Falls-Lakeview Highway.

EXHIBIT "A", Continued

EXCEPTING THEREFROM a triangular parcel of land situated in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 22, Township 36 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon, described as follows: Beginning at the intersection of the South line of the said SW $\frac{1}{4}$ NW $\frac{1}{4}$ with the Southeasterly right-of-way line of the Klamath Falls-Lakeview Highway; thence East along the South line of the SW $\frac{1}{4}$ NW $\frac{1}{4}$ a distance of 327 feet; thence North, at right angles to said South line 242.5 feet, more or less, to a point on the Southeasterly line of said Highway; thence Southwesterly along said Southeasterly line a distance of 408 feet, more or less, to the point of beginning. ALSO

EXCEPTING THEREFROM that portion of Section 22, lying within the boundaries of the Klamath Falls-Lakeview Highway.

Parcel 9

A parcel of land situated in Section 16, Township 36 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Commencing at a point which is the Southwest corner of the SE $\frac{1}{4}$ of Section 16; thence North 208 feet; thence West 208 feet; thence South 208 feet; thence East 208 feet to the point of beginning.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Amerititle the 1st day
of October A.D., 19 98 at 3:40 o'clock P. M., and duly recorded in Vol. M98
of Mortgages on Page 36299.

FEE \$25.00

By Kathleen Ross Bernetha G. Letsch, County Clerk