

77283
RECORDING REQUESTED BY
CHICAGO TITLE COMPANY
AND WHEN RECORDED MAIL TO

'99 FEB -1 19:11

Vol M99 Page 11609

Farm Credit Services
475 Cottage Street N.E.
Salem, Oregon 97308

Escrow No. C-1717490
Order No. 47380-KR

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST
(Closed End-- Oregon)

THIS PAGE ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION
(Additional recording fee applies)

After Recording Return To:
FCS - Salem
475 Cottage Street N.E.
Salem, OR 97308

11610

Customer/Note No. 36676-441
Agricultural Resources

Deed of Trust

(Closed End - Oregon)

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

On March 25, 1999, Agricultural Resources, an Oregon limited partnership, Robert D. Murie, general partner; hereinafter called Grantor, whose address is 24011 Jabil Lane, Los Altos Hills, CA 94024 grant convey warrant transfer and assign to AmeriTitle, a corporation hereinafter called Trustee, whose address is 222 South Sixth Street Klamath Falls, OR 97601, in trust with power of sale for the benefit of Northwest Farm Credit Services, ACA a corporation organized under the Farm Credit Act of 1971, as amended, hereinafter called Beneficiary, whose address is 1700 South Assembly Street, P.O. Box 2515, Spokane, Washington 99221-2515, property in Klamath County, State of Oregon, more particularly described in Exhibit "A," attached hereto and incorporated herein including all rents, issues, profits, buildings and improvements thereon and in all tenements, hereditaments, rights, privileges, easements, rights of way and appurtenances (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 of which shall hereinafter be called "Property."

The following described Note, Master Loan Agreement, security documents and any other documents or instruments signed in connection with the Note and security documents and any amendments thereto are collectively called the "Loan Documents." "Advance" shall include any amount provided to Grantor under the terms of the Loan Documents and any amounts expended by Beneficiary to protect the Property or enforce its rights under 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 made by Grantor to the order of Beneficiary, with interest and charges as provided therein and in the Loan Documents, and any extensions, amendments, substitutions, modifications or renewals thereof.

DATE OF NOTE	PRINCIPAL AMOUNT	FINAL INSTALLMENT DATE
March 25, 1999	\$1,260,000.00	August 1, 2016

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

Grantor REPRESENTS, WARRANTS, COVENANTS and AGREES:

1. That it has title to the Property free from encumbrances, except as described in Exhibit "A." It has good right and lawful authority to convey and encumber the same; it will warrant and defend the same forever against the lawful claims and demands of all persons whomsoever; and it agrees 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 all buildings and other improvements, now or hereafter existing, in good repair, not to remove or demolish or permit the removal or demolition of any building or other improvement, to restore promptly in a good and workmanlike manner, any building or improvement, which may be damaged or destroyed, to maintain and cultivate the Property in a good and husbandlike manner, not to change or permit change in the use of the Property, and not to do anything which would reduce the value 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 obtain flood insurance at any time it is determined that any building improvement is located, in whole or in part, within a special flood hazard area; 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.
5. 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.
6. To specifically assign 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.
7. 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 Mortgagee access to the Property to inspect its condition and to test and monitor for compliance with applicable laws (any inspections or tests made by Mortgagee shall be for Mortgagee's purposes only and shall not be construed to create any responsibility or liability on the part of Mortgagee to Mortgagors or to any other person), to forward copies of any notices received from any environmental agencies to Mortgagee, to provide Beneficiary copies of any independent test or inspection reports on environmental status of the Property, and to indemnify and hold Mortgagee, 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.
8. That neither Grantor nor, to the best of Grantor's 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 soils are located on the Property; and Grantor's representations, warranties, covenants and indemnities herein and in the Loan Documents shall survive satisfaction of the Note 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.
9. 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 Grantor's obligations hereunder, and any failure of Grantor to perform any such obligation shall constitute an event of default.
10. 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.
11. That the indebtedness and obligations secured by this deed of trust are personal to the Grantor and are not assignable by Grantor; Beneficiary relied upon the credit of Grantor, the interest of Grantor in the Property and the financial market conditions then existing when making this loan; if Grantor sells, transfers or conveys or contracts 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 Grantor defaults 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 Grantor, or if Grantor becomes insolvent, or if any action is commenced to foreclose or enforce a lien on any portion of the Property, then, Grantor shall be in default hereunder.

- 12 That time is of the essence and in the event of default, at Beneficiary's option, and subject to the cure provisions in the Loan Documents, 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.
- 13 That Beneficiary may from time to time, in writing and without further notice or consent, release any person from liability for payment of any of the indebtedness or extend the time or otherwise alter the terms of payment of any of the indebtedness; and Trustee may, with written consent of Beneficiary, at any time and from time to time, and without affecting the liability of any person:
 - a. Join in any subordination or other agreement affecting this deed of trust or lien or charge thereof.
 - b. Reconvey, without warranty, any or all of the Property.
- 14 That after all sums secured hereby have been paid, upon receipt of the deed of trust and note(s) and payment of its fees, Trustee shall reconvey, without warranty the Property, as provided by law. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."
- 15 That, in the event of foreclosure of this deed of trust by notice and sale, the power of sale shall be exercised by the Trustee according to and under the authority of the law pertaining to deeds of trust then in effect in the state in which the Property is situated. Trustee shall deliver to purchaser its deed, without warranty, containing recitals demonstrating compliance with the requirements of such law.
- 16 To surrender possession of such premises within the time period provided by law, in the event Beneficiary is purchaser of the Property and possession is not delivered, as provided by law, to pay Beneficiary the costs and the expenses, including reasonable attorney fees, incurred in any suit or action by Beneficiary to obtain possession of the premises.
- 17 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 Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by Trustee.
- 18 That as used herein, the term "deed of trust" shall be synonymous with the terms "trust indenture" and "trust deed"; the term "Grantor" shall be synonymous with the term "Trustors" 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 has been pledged, the pledgee thereof.
- 19 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.

20. That Grantor joins 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
21. Grantor has executed a prior deed of trust and other related security instruments in favor of Beneficiary ("Prior Deed of Trust") as collateral for Loan No. 36676-241 dated December 2, 1994, recorded on December 7, 1994 in Volume M94, page 37263, instrument No. 92167 and re-recorded on December 23, 1994 in Volume M94, page 38732, instrument No. 92837, all in the records of Klamath County, Oregon.

Notwithstanding the order of recording the Prior Deed of Trust and this deed of trust (designated Loan No. 36676-441), Grantor's interest in the Property, including all interest, advances or charges made or accruing under each of the notes secured thereby shall be prioritized as follows: First priority under Loan No. 36676-441 and second priority under Loan No. 36676-241. Grantor agrees a default under any of the above described loans shall be a default of all loans and Beneficiary may, at its option, subject to any cure provisions in the Loan Documents, declare the indebtedness secured under the Prior Deed of Trust and this deed of trust immediately due and payable.

22. Grantor has, simultaneously with execution of this deed of trust, executed a deed of trust covering property in Merced County, California ("California Deed of Trust") securing the Note and other debt to Lender evidenced by note dated December 2, 1994. Beneficiary reserves the right, without a duty, to take action on the Note hereby secured, this deed of trust, note dated December 2, 1994, the Prior Deed of Trust and/or the California Deed of Trust in the event of default under either note or related Loan Documents.

CERTIFICATE OF VERIFICATION: The undersigned Grantor states that it has had an opportunity to review Exhibit A hereto and confirms that said Exhibit is a true and accurate description of the real and personal property to secure this loan from Beneficiary under Loan No. 36676-441.

Agricultural Resources, a limited partnership

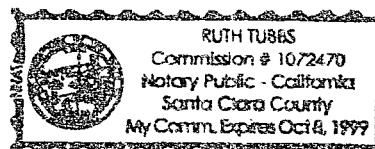
By: Robert D. Murie
Robert D. Murie, General Partner

STATE OF California)
County of Santa Clara) ss.

On this 22nd day of March, 1999, before me personally appeared Robert D. Murie, known to me to be the general partner in Agricultural Resources, the limited partnership which executed the within instrument, and acknowledged that he executed the same as such general partner and in the partnership name freely and voluntarily.

Ruth Tubbs
Notary Public for the State of California
Residing at 14670 - St. Los Altos
My commission expires 10-8-99

Agri Resources_dtl.doc



Beneficiary acknowledges that this deed of trust is subject to a security interest in favor of the AgAmerica, FCB (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.

PARCEL 1

NW1/4NE1/4, S1/2NE1/4 and SE1/4 of Section 36, Township 37 South, Range 11 1/2 East of the Willamette Meridian, Klamath County, Oregon.

EXCEPTING THEREFROM

A tract of land being a portion of Parcel 2 of "Minor Land Partition 15-90", Situated in the W1/2E1/2 and the NE1/4NW1/4 of Section 36, Township 37 South, Range 11 1/2 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the North 1/4 corner of said Section 36, thence North 89 degrees 05'03" East 1,323.78 feet to the East 1/16 corner common to Sections 25 and 36 and the West line of that tract of land owned by Mike and Donna Russell, thence South 00 degrees 21'57" West, along the said tract of land, 1,320.15 feet to a fence corner, thence the following courses and distances generally along an existing fence line, South 88 degrees 49'15" West 114.29 feet, South 00 degrees 14'09" East 1,318.34 feet, South 00 degrees 05'02" East 962.47 feet and South 83 degrees 25'11" West 1,132.76 feet, thence South 89 degrees 25'11" West, to a point on the center line of Squaw Flat road on the West boundary line of said Parcel 2, 26.9 feet more or less, thence the following courses and distances along said boundary, North 00 degrees 10'06" West 2,732.58 feet, along the arc of a curve to the left (radius equals 1,909.86 feet and central angle equals 05 degrees 00'00") 166.67 feet, North 05 degrees 10'06" West 546.22 feet and along the arc of a curve to the left (radius equals 954.93 feet and central angle equals 09 degrees 09'08") 152.54 feet, North 89 degrees 05'03" West 42.65 feet to the point of beginning, with bearings based on "Minor Land Partition 15-90".

Subject to: A 20 foot wide irrigation easement, the centerline of which is more particularly described as follows:

Beginning at a point on the South line of the above described tract of land, from which the Southeast corner of said Tract of land bears North 89 degrees 25'11" East 587.87 feet; thence North 31 degrees 11'49" East 1,132.14 feet to a point on the East boundary line of the said tract of land.

PARCEL 2

W1/2NE1/4 and all that portion of the NW1/4SE1/4 of Section 1, Township 38 South, Range 11 1/2 East of the Willamette Meridian, Klamath County, Oregon, lying North of the center of the County Road running Easterly and Westerly through said tract as said County Road presently exists on the ground.

Tax Account Nos. 3711-V0000-07301;
3811-V0100-00800;
3811-V0100-00200;

Together with all things now or hereafter affixed to the above described property, including all buildings, facilities, structures and improvements of every kind and description now or hereafter erected or placed thereon; all apparatus and fixtures now owned or hereafter acquired by Grantor including, without limitation, all irrigation systems, all pumps and motors, buried mainline, and all other irrigation fixtures (excluding portable irrigation equipment) and equipment now owned or hereafter acquired, and including additions, replacements, substitutions and accessions thereof, and all accounts, general intangibles and proceeds arising therefrom.

Also, together with Grantor's right, title and interest now or hereafter acquired, in pumping systems and mainlines located on the following described property, including additions, replacements, substitutions, and accessions thereof, and all accounts, general intangibles and proceeds arising therefrom as evidenced by Agreement for Joint Use of Irrigation Weirs and Appurtenances and Reciprocal Easements recorded July 7, 1998 in Volume M98, page 23851 as instrument No. 61559, records of Klamath County, Oregon.

STATE OF OREGON - COUNTY OF KLAMATH ss

Filed for record at request of Amerititle the 1st day
of April A.D. 1999 at 9:11 o'clock A M. and duly recorded in Vol. M99
of Mortgages on Page 11609

FEE \$40.00
cc .30

Linda Smith, County Clerk

by [Signature]