

RECORDING REQUESTED BY:

Dean P. Gisvold, Esq.
Attorney for Travelers

AND WHEN RECORDED MAIL TO:

Dean P. Gisvold, Esq.
McEwen, Gisvold, Rankin, Carter & Streinz LLP
1100 SW Sixth Avenue, Suite 1600
Portland, Oregon 97204

MTC 46068-KR

SPACE ABOVE THIS LINE FOR RECORDERS USE ONLY

INTERCREDITOR AGREEMENT

THIS INTERCREDITOR AGREEMENT, dated as of March 5, 1999, is among THE TRAVELERS INSURANCE COMPANY, a Connecticut corporation ("Travelers"), SOUTH VALLEY BANK & TRUST ("Bank"), and the following parties individually referred to below as a "Borrower" and collectively as "Borrowers" BVDP, an Oregon general partnership, also known as BONANZA VIEW DAIRY PARTNERSHIP, BONANZA VIEW DAIRY, INC., an Oregon corporation, ARIE DeJONG and JENNEKE DeJONG, husband and wife, ELSO DeJONG and DITA DeJONG, husband and wife.

RECITALS

A. Travelers intends to make a loan to Borrowers evidenced by a Promissory Note in the principal amount of One Million Eight Hundred Thousand and no/100 Dollars (\$1,800,000.00), referred to below as the "Travelers Indebtedness".

B. The Travelers Indebtedness is secured, in part, by that certain real property owned by BVDP, more particularly described in Exhibit "A" hereto, incorporated herein by this reference and referred to below as the "Borrower Real Property".

C. Travelers' security interests in Borrowers' real and personal property assets will be secured by a Trust Deed, Security Agreement, Assignment of Rents and Fixture Filing made by Borrower as Trustor, in favor of Travelers as Beneficiary, dated of even date with the Note, to be recorded in the official records of Klamath County, Oregon ("Travelers Trust Deed").

D. Travelers' security interests in Borrowers' personal property assets will also be secured, in part, by the following "Travelers Financing Statements".

(1) a UCC-1 Financing Statement dated of even date with the Note to be filed with the Oregon Secretary of State at closing; and

(2) a UCC-1A Financing Statement dated of even date with the Note to be recorded filed in the official records of Klamath County, Oregon at closing; and

(3) a EFS-1 Financing Statement dated of even date with the Note to be filed with the Oregon Secretary of State at closing.

E. Borrower intends to sell its dairy products to the Farmers Cooperative Creamery of McMinnville, Oregon ("Creamery"). Borrower desires that the Creamery pay a portion of the proceeds of such sales ("Milk Proceeds") each month to Travelers (the "Travelers Payment") and to Bank (the "Bank Payment"). To that end, Borrower has absolutely assigned to Travelers the Travelers Payment and to Bank the Bank Payment.

F. Bank has extended credit, or agreed to extend credit, to Borrower in the maximum amount of One Million Five Hundred Thousand and no/100 Dollars (\$1,500,000.00) pursuant to certain loan and other documents evidencing the indebtedness owed (or to be owed) to Bank from Borrower (the "Bank Indebtedness").

G. The Bank Indebtedness is secured, in part, by certain assets of the Borrower, evidenced, in part, by those certain Financing Statements as follows (the "Bank's Financing Statements"):

- (a) UCC-1 Financing Statement filed with the Oregon Secretary of State 6/08/1998, No. 426063, with Bonanza View Dairy, Inc. as Debtor.
- (b) EFS-1 Financing Statement filed with the Oregon Secretary of State 6/08/1998, No. 426079, with Bonanza View Dairy, Inc. as Debtor.
- (c) UCC-1 Financing Statement filed with the Oregon Secretary of State 9/23/1998, No. 440258, with Elso and Dita DeJong as Debtors.
- (d) EFS-1 Financing Statement filed with the Oregon Secretary of State 9/23/1998, No. 440260, with Elso and Dita DeJong as Debtors.

H. The Bank Indebtedness is secured, in part, by the Borrower Real Property, as evidenced by that certain Trust Deed, Security Agreement, and Fixture Filing with Assignment of Rents and Agreements of even date herewith, made by BVDP as Trustor in favor of Bank as Beneficiary (the "Bank Trust Deed").

I. The Bank Indebtedness will also be paid by the Bank Payment.

J. Travelers and Bank (each a "Lender" and collectively the "Lenders") desire to confirm their agreement as to their respective priorities and rights in and to the Borrowers Real Property, the Borrowers Personal Property, the "Crops", as that term is defined below, Borrower's irrigation equipment and water rights, the Milk Proceeds, and the "Improvement and Equipment Collateral", as that term is defined below.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

ARTICLE I - REAL PROPERTY

1.01 Consent to Encumbrance. Travelers hereby consents to the Bank Trust Deed against the Borrowers Real Property if the Bank Trust Deed is fully subordinated to the Travelers Trust Deed.

1.02 Acknowledgment of Subordination. In consideration of the consent of Travelers to the Bank Trust Deed, Bank declares, understands, and agrees that the Travelers Trust Deed securing the Travelers Indebtedness and any renewals and extensions and modifications thereof, subject to the limitations stated in this Agreement, shall unconditionally be and remain at all times a lien or charge on the Borrowers' Real Property prior and superior to the lien or charge of the Bank Trust Deed; and that Travelers would not make and enter into this Intercreditor Agreement without this subordination by Bank.

1.03 Intentionally omitted.

1.04 Default. Travelers and Bank agree that any default in Borrowers' obligations secured by their respective deeds of trust shall also be considered a default in the obligations secured by the other Lender's deeds of trust, and agrees to provide written notice of such default to the other Lender. Borrowers, and each of them, specifically acknowledge and consent to the provisions of this paragraph.

1.05 Renewals and Extensions; Travelers Indebtedness. Subject to the provisions of Section 5.02 of this Agreement, Bank agrees that any renewals, extensions, or modifications of the obligations secured by the Travelers Trust Deed shall remain at all times a lien or charge on the Borrower Real Property, prior and superior to the liens or charges of the Bank Trust Deed.

ARTICLE II - CROPS AND WATER

2.01 Definitions. In addition to the terms defined above in the Recitals to this Agreement, the following terms shall have the meanings set forth below:

(a) "Crops" shall mean all crops growing or hereafter grown on the Borrower Real Property, including, but not limited to, harvested crops, whether or not stored on the

Borrower Real Property, all accounts, chattel paper, instruments, documents, general intangibles, and other rights to payment of every kind now or hereafter related thereto, including, but not limited to, Production Flexibility Contract payments or payment from any successor federal farm program, any governmental or private insurance payments, or any cause of action related to the Crops.

(b) **"Crop Year"** shall mean the twelve-month period customarily associated in Klamath County, Oregon, with the cultivation and harvest of the particular crop in question, and may vary as necessary from crop to crop.

(c) **"Existing Crops"** shall mean the Crops that grow on the Borrower Real Property during the Crop Year in which an "Occurrence of a Foreclosure" (as defined below) occurs or in any prior year.

(d) **"Occurrence of a Foreclosure"** shall mean the earlier of (i) the commencement of a foreclosure proceeding in connection with or pursuant to the Travelers Trust Deed, whether such foreclosure is carried out by a judicial foreclosure action, by the Trustee's exercise of the power of sale, or by the execution and delivery of deed in lieu of foreclosure, sale pursuant to order of the court in bankruptcy, or the acquisition in satisfaction or partial satisfaction of debt, or (ii) transfer of possession of all or a portion of the Borrower Real Property to Travelers

(e) **"Future Crops"** shall mean the Crops that grow on the Foreclosure Property, as defined below, during the Crop Year following the Crop Year in which an Occurrence of a Foreclosure occurs and in every Crop Year thereafter.

(f) **"Foreclosure Property"** shall mean that portion of the Borrower Real Property subject to the Occurrence of a Foreclosure.

2.02 Subordination of Travelers' Interest in Crops. Notwithstanding the time, order, or method of the granting, attachment, or perfection of the respective security interests of Travelers and Bank in the Crops, Travelers hereby subordinates the Travelers Trust Deed and the security interest that Travelers now has or may hereafter acquire in the Crops to the security interest that Bank now has or may hereafter acquire in the Crops, subject to the provisions of this Agreement up to a maximum principal amount of the Bank Indebtedness.

2.03 Effect of Travelers Foreclosure. Upon the Occurrence of a Foreclosure, the Travelers Trust Deed and the security interest of Travelers in the Crops shall continue to be subordinate to the security interest of Bank in the Crops only with respect to the Existing Crops. After the Occurrence of a Foreclosure, provided that the Borrowers are not farming the Foreclosure Property with Travelers' consent, the security interest of Travelers in and to all Future Crops shall be senior in all respects to the security interests of Bank in and to all Future Crops, and Bank hereby subordinates the security interests of Bank in all such Future Crops to

the security interest of Travelers in all Future Crops. Following a foreclosure, Bank shall have no right, title, or interest in or to any Future Crops.

2.04 License. With respect to the Existing Crops, Bank shall have the nonexclusive right, during the period commencing on an Occurrence of a Foreclosure and continuing until the Existing Crops have been harvested, to enter upon and to use the Foreclosure Property to the extent necessary to cultivate and harvest the Existing Crops, and Bank shall have the exclusive right to harvest the Existing Crops. During such period, Bank shall cultivate, irrigate, fertilize, prune, and harvest the Existing Crops in a good and husbandmanlike manner in accordance with sound farming practices at the expense of Bank. Bank shall pay all costs associated with cultivating, irrigating, fertilizing, pruning, and harvesting the Existing Crops, including without limitation, water and electricity charges. Bank shall comply with all applicable laws relating to the use of the Foreclosure Property and the cultivation and harvesting of the Existing Crops. Bank shall indemnify and defend Travelers against and hold Travelers harmless for liability resulting from bodily injury and/or property damage as covered by comprehensive General Liability Insurance, arising out of or resulting from the use of the Foreclosure Property by Bank, caused by negligent or wrongful acts of Bank, its agents, or assigns. Bank shall procure and maintain comprehensive General Liability Insurance with commercially reasonable limits for personal injury and property damage and name Travelers as an additional insured before Bank enters upon or uses the Foreclosure Property. Upon request by Travelers, Bank shall furnish to Travelers written evidence that such liability insurance is in full force and effect. Bank shall have the right, by giving written notice to Travelers, to waive and relinquish all right, title, and interest of Bank in and to any Existing Crops not yet harvested when such notice is given. In such event, Bank thereafter shall be released from any further obligations for such Existing Crops, and the security interest of Travelers in and to all such Existing Crops shall become senior in all respects to the security interest of Bank in and to such Existing Crops. After Bank gives such notice to Travelers, Bank shall have no right, title, or interest in or to such Existing Crops.

2.05 Water Rights and Irrigation Equipment. Bank hereby subordinates its security interest in any irrigation equipment and water and water rights to the security interest of Travelers as described in the Travelers Trust Deed and the Travelers Financing Statements. Bank agrees that Travelers' lien shall have priority over Bank's security interest in such irrigation equipment, water, and water rights. Notwithstanding the foregoing, should Travelers take title to or possession of any Borrower Real Property for any reason prior to the complete production, harvesting, and removal of the Existing Crops, Travelers agrees to permit Bank to use the irrigation equipment, water, and water rights as may be necessary to complete production, harvesting, and removal of the Existing Crops. Bank may utilize, subject to the conditions and limitations set forth in paragraph 2.04 above, the irrigation equipment, water, and water rights without interference from Travelers so long as reasonably necessary to accomplish the production, harvesting, and removal of the Existing Crops or until the earlier satisfaction of the Bank Indebtedness.

ARTICLE III - MILK PAYMENTS

3.01 Subordination. Travelers agrees that the Bank's payment as described in Section 3.02(a) is senior and prior to Travelers' payment as described in Section 3.02(b).

3.02 Application of Milk Payments. Travelers and Bank agree that the Milk Proceeds from the Creamery shall be paid and distributed each month in the following order:

(a) first to Bank up to the amount of Sixteen Thousand Eight Hundred and no/100 Dollars (\$16,800.00), provided that this amount may be increased by Bank up to Twenty-five Thousand and no/100 Dollars (\$25,000.00) each month in the event Bank funds additional indebtedness to Borrower pursuant to Article V up to the maximum amount of Bank's Indebtedness;

(b) second to Travelers up to the amount of Sixteen Thousand One Hundred and no/100 Dollars (\$16,100.00) for payment on loan No. 207928-0 until paid in full; and

(c) the balance as Borrower may direct.

3.03 Intentionally omitted.

3.04 Insufficient Payments. If the Milk Proceeds available for distribution in any month are less than that required to make the payments specified in paragraph 3.02(a) and (b) above, the deficiency shall be paid to Bank and Travelers from subsequent monthly Milk Proceeds until such deficiency has been paid in full.

3.05 Creamery. The Lenders agree that the absolute assignments regarding the Milk Proceeds which are delivered to the Creamery for the Travelers Payment and the Bank Payment shall be in accordance with and subject to the provision of this Agreement

ARTICLE IV - LIVESTOCK, IMPROVEMENTS, AND EQUIPMENT

4.01 Definition of Livestock. The Lenders acknowledge that to secure the Bank Indebtedness, Bank has taken or will take a security interest in Borrowers' "Livestock", defined as all livestock located on the Borrower Real Property, the products and proceeds thereof and any contract rights relating thereto, together with all supplies used or produced in the dairy operations of Borrowers, including, but not limited to, all hay, grain, forage, fodder, and other feed commodities and all feed additives, feed supplements, veterinary supplies, medicines, and related products. (Notwithstanding the foregoing, the Lenders' rights regarding the Milk Proceeds shall be governed exclusively by the provisions of Article III above.)

4.02 Improvement and Equipment Collateral. Lenders acknowledge that Travelers has taken or will take a security interest in Borrowers' dairy equipment as described in the

Travelers Financing Statements and any financing statements to be filed in connection with the Travelers Indebtedness. Bank hereby subordinates its security interest in all improvements, fixtures, machinery, and equipment located at, pertaining to, or used in the dairy operations located on the Borrowers Real Property and in the milk barn and dairy equipment located on the Borrowers Real Property to the security interest of Travelers as described in the Travelers Financing Statements (the "Improvement and Equipment Collateral"), and agrees that Travelers then shall have priority over Bank's security interest in such Improvement and Equipment Collateral.

4.03 License. Upon the Occurrence of a Foreclosure as defined in Section 2.01(d), Bank shall have a nonexclusive license to enter upon the Foreclosure Property to operate the dairy facilities, to use the Improvement and Equipment Collateral in the operation of such facilities, and the right to take possession of the Livestock and to exercise Bank's powers with respect to the Livestock, which shall include, without limitation, the right to care for, inoculate, water, and perform any other act or acts appropriate and necessary to preserve and protect the Livestock (using any water, water rights, and irrigation equipment described in paragraph 2.05 above); remove the Livestock from the Foreclosure Property; milk and perform such other acts as are related to the products of the Livestock; and appraise, store, prepare for sale, exhibit, market, and sell the Livestock in accordance with any documents or instruments delivered to Bank by Borrowers and in accordance with applicable law.

4.04 Duration of License. The license granted to Bank under the terms of the foregoing paragraph shall be for a period of thirty (30) days following the date that Bank obtains possession of the Livestock. If Bank desires to continue the operation of the dairy facilities for longer than such 30-day period, Lenders agree to negotiate in good faith for a short-term lease of such facilities on commercially reasonable terms.

4.05 Other Provisions Regarding Bank Possession of Livestock or Improvement and Equipment Collateral. In the event that Bank obtains possession of the Livestock, for any reason, and exercises its rights to use the dairy facilities and the Improvement and Equipment Collateral, Bank shall indemnify and defend Travelers against and hold Travelers harmless for liability resulting from bodily injury and/or property damage as covered by comprehensive General Liability Insurance arising out of or resulting from the use of the Foreclosure Property by Bank, caused by negligent or wrongful acts of Bank, its agents, or assigns. Bank shall procure and maintain comprehensive General Liability Insurance with commercially reasonable limits for personal injury and property damage and name Travelers as an additional insured before Bank enters upon or uses the Foreclosure Property after the occurrence of a Foreclosure. Upon request by Travelers, Bank shall furnish to Travelers written evidence that such liability insurance is in full force and effect.

ARTICLE V - ADDITIONAL CREDIT

The parties understand that the current unpaid balance of the indebtedness owing to Bank from Borrowers does not exceed One Million Dollars (\$1,000,000). The parties agree that Bank may extend additional credit to Borrower, provided that the total indebtedness secured by the Bank Deed of Trust and other security agreements shall not exceed One Million Five Hundred Thousand and no/100 Dollars (\$1,500,000.00). In connection with this extension of additional credit, the parties agree that the amount payable to Bank from the Milk Proceeds under Article III may be increased to a maximum of Twenty-five Thousand and no/100 Dollars (\$25,000.00).

ARTICLE VI - MISCELLANEOUS

6.01 General Consent and Subordination. To the extent not specifically given above, Travelers hereby consents to Bank's extension of credit to the Borrowers pursuant to the terms of the Bank Indebtedness and this Agreement, and the execution and delivery to Bank of any documents or instruments that Bank requires to secure or guaranty such indebtedness, subject to the provisions of this Agreement. To the extent that any Borrower assets currently secure the Travelers Indebtedness, Bank hereby acknowledges that Travelers' lien in such assets is and shall be in all respects prior to and superior to Bank's lien in such assets, except as specifically provided herein.

6.02 Duration of Subordinations; Unenforceability of Security Interests. The subordinations set forth in this Agreement are intended to be continuing subordinations, and are intended to govern the relative rights and priorities of the Lenders without the need for the execution of other or additional subordinations or agreements, including, but not limited to, additional subordinations or agreements for the Crops in successive Crop Years. If and to the extent that the security interests of either Lender in any of their mutual collateral is or becomes unenforceable or unperfected in any respect, the relative priorities of such security interests of each Lender shall be determined in accordance with applicable law.

6.03 Cross-Default. The Lenders acknowledge that a default in connection with the Travelers Indebtedness or the Travelers loan documents also constitutes a default under the Bank Indebtedness, and a default under the Bank's Indebtedness or the Bank's loan documents constitutes a default under the Travelers Indebtedness and the Travelers loan documents.

6.04 Payments in Trust. To the extent that any Lender, at any time, receives any payment which the other Lender is entitled to receive under this Agreement, the receiving Lender shall hold the same in trust for the entitled Lender and promptly deliver such payment to the entitled Lender.

6.05 Borrower Insolvency. This Agreement and the provisions contained herein shall continue to be enforceable as among the parties hereto in the event of the bankruptcy of any Borrower, or its becoming the subject of debtor relief proceedings under the Bankruptcy Act, as

amended, the Bankruptcy Code, as amended, or any other similar federal or state law, and shall be applicable to any and all distributions on account of the Borrower assets subject to this Agreement made by any receiver, trustee, debtor-in-possession, or other person acting under the authority of any court.

6.06 Waiver of Marshalling. Each Lender waives any right which it may have to require the other Lender to marshal the Borrowers' assets, or any portion thereof, or to otherwise seek satisfaction from any particular assets of any Borrower or from any third party.

6.07 Effect on Obligations. Nothing contained herein shall in any way limit or reduce the obligation of Borrowers to either Lender, alter either Lender's security or other agreements with Borrowers, or reduce either Lender's security interests in any Borrower assets, except as expressly provided herein.

6.08 Independent Acts. Except as set forth in this Agreement, neither Lender shall be responsible or liable to the other Lender for the form, validity, or effectiveness of any security agreement, financing statement, or other document executed in connection with their respective loans to Borrowers. Each Lender has made and shall continue to make its own independent investigation of the financial affairs and condition of the Borrowers and any Borrower assets given to secure or guaranty the indebtedness described herein. The Lenders do not intend to create under this Agreement a joint venture, partnership, business association, or other form of business entity. Each party shall act independently in any action other than as specifically required under this Agreement and no party shall make any commitment on behalf of the other party. Neither Lender shall have any fiduciary obligation to the other Lender.

6.09 Effect of Headings. The subject headings of the paragraphs and subparagraphs of this Agreement are included for purposes of convenience only and shall not affect the construction or interpretation of any of its provisions.

6.10 Entire Agreement. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations, and understandings of the parties. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by all of the parties hereto.

6.11 Waiver. Waiver of any breach of this Agreement by any party hereto shall not constitute a continuing waiver or a waiver of any breach of the same or another provision of this Agreement.

6.12 Counterparts. This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed to be an original instrument, all of which together shall constitute one and the same instrument.

6.13 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, assigns, and successors of the parties hereto.

6.14 Attorneys' Fees. Should any litigation be commenced between the parties hereto concerning this Agreement, or the rights and duties of any party in relation thereto, the party prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to recover from the losing party a reasonable sum for its attorneys' fees and costs in such litigation, or any other separate action brought for that purpose, or any appeal or discretionary review resulting therefrom.

6.15 Governing Law. This Agreement shall be governed by the laws of the State of Oregon.

6.16 Parties in Interest. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies on any persons other than the parties hereto and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third person to any party to this Agreement, nor shall any provision give any third person any right of subrogation or action over and against any party to this Agreement.

6.17 Notices. All notices and other communications required under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service, if served personally on the person to whom notice is to be given, or on the third (3rd) day after mailing, if mailed to the party to whom notice is to be given by first class mail, registered or certified, postage-prepaid, and properly addressed as follows:

To Travelers at: The Travelers Insurance Company
7170 North Financial Drive, Suite 101
Fresno, California 93720
Attn: Investment Administrator 207029-0

To Bank at: South Valley Bank & Trust
P. O. Box 5210
Klamath Falls, Oregon 97601

To Borrower at: Bonanza View Dairy
4721 Harper Road
Bonanza, Oregon 97623
Attn: Mr. Arie DeJong

or at such other address as any party may, by like notice, designate to the other party in writing.

{Signatures on following page}

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

TRAVELERS:

THE TRAVELERS INSURANCE
COMPANY, a Connecticut corporation

By: David E. Dunlap
Name: DAVID E. DUNLAP
Title: VICE PRESIDENT

BANK:

SOUTH VALLEY BANK & TRUST

By: _____
Name: _____
Title: _____

BORROWER:

BVDI

BONANZA VIEW DAIRY, INC.

Arie DeJong, General Partner

By: _____
Its: _____

Elso DeJong, General Partner

Dita DeJong, General Partner

Arie DeJong, individually

Jenneke DeJong, individually

Elso DeJong, individually

Dita DeJong, individually

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

TRAVELERS:

THE TRAVELERS INSURANCE
COMPANY, a Connecticut corporation

By: _____
Name: _____
Title: _____

BANK:

SOUTH VALLEY BANK & TRUST

By: [Signature]
Name: K. Glick
Title: Vice President / SA and Mgr.

BORROWER:

BVDP

BONANZA VIEW DAIRY, INC.

[Signature]
Arie DeJong, General Partner

By: [Signature]
Its: [Signature]

[Signature]
Elso DeJong, General Partner

[Signature]
Dita DeJong, General Partner

[Signature]
Arie DeJong, individually

[Signature]
Jenneke DeJong, individually

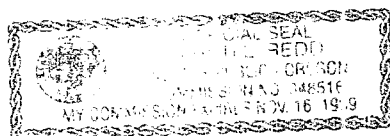
[Signature]
Elso DeJong, individually

[Signature]
Dita DeJong, individually

STATE OF OREGON

County of Klamath) ss.

This instrument was acknowledged before me this 5th day of March ^(KL)~~February~~, 1999, by
Arie DeJong as general partner of BVDP, an Oregon general partnership.

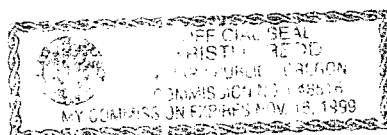


Kristin L. Redd
Notary Public for Oregon
My Commission expires: 11/16/99

STATE OF OREGON

County of Klamath) ss.

This instrument was acknowledged before me this 5th day of March ^(KL)~~February~~, 1999, by
Elso DeJong as general partner of BVDP, an Oregon general partnership.

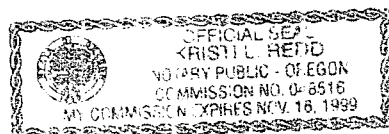


Kristin L. Redd
Notary Public for Oregon
My Commission expires: 11/16/99

STATE OF OREGON

County of Klamath) ss.

This instrument was acknowledged before me this 5th day of March ^(KL)~~February~~, 1999, by
Dita DeJong as general partner of BVDP, an Oregon general partnership.



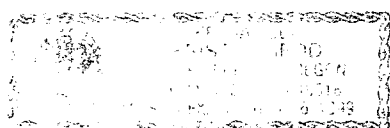
Kristin L. Redd
Notary Public for Oregon
My Commission expires: 11/16/99

STATE OF OREGON)

County of) ss.

Klamath)

This instrument was acknowledged before me this 5th day of March ^(K) 1999, by
ARIE DEJONG as President of Bonanza View Dairy, Inc.



Kristi L. Redd
 Notary Public for Oregon
 My Commission expires: 11/16/99

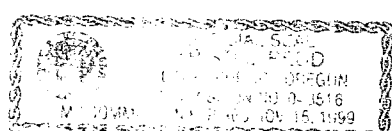
STATE OF OREGON)

County of) ss.

Klamath)

Arie DeJong.

This instrument was acknowledged before me on March ^(K) 5, 1999, by



Kristi L. Redd
 Notary Public for Oregon
 My Commission expires: 11/16/99

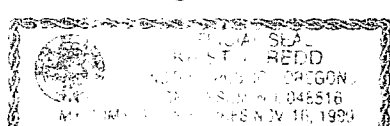
STATE OF OREGON)

County of) ss.

Klamath)

Jenneke DeJong.

This instrument was acknowledged before me on March ^(K) 5, 1999, by

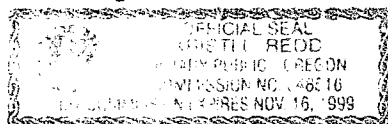


Kristi L. Redd
 Notary Public for Oregon
 My Commission expires: 11/16/99

STATE OF OREGON)
 County of Klamath) ss.

Elso DeJong.

This instrument was acknowledged before me on March 5, 1999, by



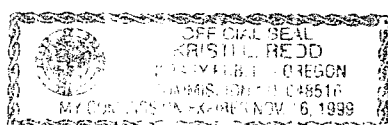
Kristi L. Redd
 Notary Public for Oregon

My Commission expires: 11/16/99

STATE OF OREGON)
 County of Klamath) ss.

Dita DeJong.

This instrument was acknowledged before me on March 5, 1999, by



Kristi L. Redd
 Notary Public for Oregon

My Commission expires: 11/16/99

STATE OF OREGON)
 County of Klamath) ss.

This instrument was acknowledged before me this 3rd day of March, 1999, by
K. GLICK as V. President of South Valley Bank & Trust.

Kristi L. Redd
 Notary Public for Oregon
 My Commission expires: 11/16/99

[Add California acknowledgment for Travelers]

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

11844

State of California

County of Fresno

On March 5, 1999 before me, Patricia S. Rossi, Notary

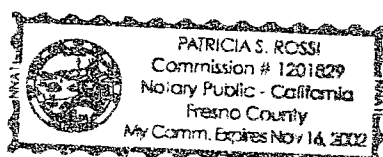
DATE

NAME/TITLE OF OFFICER (E.G. JANE DOE, NOTARY PUBLIC)

personally appeared David E. Dunlap

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.

Patricia S. Rossi
SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

☐ INDIVIDUAL

☒ CORPORATE OFFICER

Vice President

TITLE(S)

☐ PARTNER(S)

☐ LIMITED

☐ GENERAL

☐ ATTORNEY-IN-FACT

☐ TRUSTEE(S)

☐ GUARDIAN/CONSERVATOR

☐ OTHER _____

DESCRIPTION OF ATTACHED DOCUMENT

Intercreditor Agreement

TITLE OR TYPE OF DOCUMENT

NUMBER OF PAGES

March 5, 1999

DATE OF DOCUMENT

SIGNER IS REPRESENTING:

NAME OF PERSON(S) OR ENTITY(IES)

SIGNER(S) OTHER THAN NAMED ABOVE

EXHIBIT "A"

Property Description

See attached legal description.

EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL 1:

All those lands situated in Sections 15 and 22, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Section 22: NW1/4; NE1/4 SW1/4 EXCEPTING therefrom a tract of land containing 20 acres, more or less, situated in the W1/2 of Section 22, described as follows:

That portion of the East 740.00 feet of the NE1/4 SW1/4 of said Section 22 lying South and Southwesterly of West Langell Valley Road and that portion of the East 740.00 feet of the SE1/4 NW1/4 of said Section 22 lying South and Southwesterly of West Langell Valley Road.

Section 15: S1/2 SW1/4

ALSO that tract of land described as follows:

Beginning at a 1/2 inch iron pin from which the Northwest corner of said Section 15 bears North 01 degrees 14' 03" West 3681.45 feet; thence South 78 degrees 02' 07" East 174.45 feet to a 1/2 inch iron pin; thence South 89 degrees 52' 45" East 231.30 feet to a 1/2 inch iron pin; thence South 89 degrees 20' 52" East 801.00 feet to a 1/2 inch iron pin; thence South 15 degrees 16' 07" East 217.00 feet to a 1/2 inch iron pin; thence continuing South 15 degrees 16' 07" East 20 feet, more or less, to the South line of the N1/2 SW1/4 of Section 15; thence Westerly along said line to the Southwest corner of the NW1/4 SW1/4 of said Section 15; thence Northerly along the West line of said Section 15 to a point that bears South 81 degrees 00' 05" West from the point of beginning; thence North 81 degrees 00' 05" East to a 1/2 inch iron pin set in a existing North-South fence line; thence continuing North 81 degrees 00' 05" East 76.21 feet to the point of beginning.

PARCEL 2:

The N1/2 NE1/4 and SE1/4 NE1/4 of Section 21, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon.

PARCEL 3:

The SW1/4 and all of SE1/4 NW1/4 lying South of Lost River, all in Section 16, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, EXCEPTING therefrom, the Westerly 40 feet of the SW1/4 SW1/4 lying Southerly of existing County Road.

PARCEL 4:

The S1/2 SE1/4 of Section 16, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, LESS that portion heretofore deeded to Klamath County, Oregon for road purposes.

PARCEL 5:

That part of the S1/2 NE1/4, NE1/4 SW1/4, W1/2 SW1/4 of Section 17, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, lying South and Easterly of Lost River. The SE1/4 SW1/4 and SE1/4 of Section 17, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, lying North of Harpold Road and South of Lost River. That portion of the NE1/4 of Section 20, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, lying North of Harpold Road. Also the N1/2 NW1/4 and SW1/4 NW1/4 of Section 20, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, lying East of Lost River.

- Continued -

EXHIBIT 'A'
LEGAL DESCRIPTION (continued)

PARCEL 6:

All those portions of Vacated Bowne Addition to the Town of Bonanza described as follows:

The West 12 1/2 feet of Lots 2 and 23 and all of Lots 3 to 22 inclusive in Block 48; All of Lots 1 and 24 and the Easterly 12.5 feet of Lots 2 and 23 in Block 48;

Lots 1 to 18 inclusive and Lots 23 and 24 in Block 49; Lots 13 to 24 inclusive in Block 50; All of Block 67; Lots 3 to 24 inclusive in Block 68; Lots 3 to 22 inclusive and the West 4.5 feet of Lot 23 in Block 69; The West 4.5 feet of Lots 2 and 23 and Lots 3 to 22 inclusive in Block 76; All of Block 77; All of Block 78; Also those portions of Streets and Alleys which attach to said Lots and Blocks by operation of Law By Order of Vacation shown in Volume 191, page 421, Deed Records of Klamath County, Oregon, including all of Vacated Park Avenue between the centerline of Union Street and the centerline of Price Street.

SAVING AND EXCEPTING the North 30 feet of Lots 3 and 4 in Block 69 of said Vacated Bowne Addition.

SAVING AND EXCEPTING from the above those portions of Blocks 48 and 49 and vacated Seattle Avenue, lying Northerly of the following described line: Beginning at a point in the alley in Block 50 which bears South 0 degrees 08' East 141.56 feet from the Northwest corner of Lot 6 in said Block 50; thence South 89 degrees 44' 50" East, 326.97 feet; thence South 76 degrees 54' 14" East, 518.98 feet to a point on the East line of the W1/2 of Lot 23, said Block 48.

ALSO EXCEPTING THEREFROM:

ADDITIONAL RIGHT OF WAY FOR HARPOLD ROAD SOUTH OF LOST RIVER:

A strip of land situated in the NE1/4 of the NE1/4 of Section 16, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Commencing at the corner common to Sections 9, 10, 15 and 16, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon; thence S 00 degrees 01' 46" West, 1324.03 feet to the North 1/16 corner common to said Section 16 and 15, said corner being the true point of beginning; thence South 89 degrees 57' 55" West, 36.08 feet to the centerline of Harpold Road, said point on centerline being the northerly terminus of that strip of land conveyed to Klamath County for road purposes in Deed Volume 75, page 71, Microfilm Records of Klamath County, Oregon; thence continuing South 89 degrees 57' 55" West, 30.00 feet; thence North 00 degrees 05' 10" West, 741.01 feet along a line parallel with and 30 feet westerly of the centerline of Harpold Road as now constructed; thence South 89 degrees 54' 50" West, 10.00 feet; thence North 00 degrees 05' 10" West along a line parallel with and 40 feet westerly of the centerline of Harpold Road as now constructed, to the middle of Lost River; thence Easterly along the middle of Lost River to the East line of said Section 16; thence South 00 degrees 01' 46" West, along the East line of said Section 16, to the true point of beginning. Bearings based on record of survey 6230 of the Klamath County Surveyor's records.

AND ALSO EXCEPTING THEREFROM:

ADDITIONAL RIGHT OF WAY FOR HARPOLD ROAD NORTH OF LOST RIVER:

A portion of vacated Block 97 and the adjoining vacated Union Street and River Street right of ways, and the Block formerly designated as "PARK" in the vacated portion of Bowne's Addition to the City of Bonanza, Oregon said parcel of land lying westerly of and contiguous with that property conveyed to Klamath County in Deed Volume 214, page 247, Deed Records of Klamath County, Oregon, and being more particularly described as follows.

Commencing at the corner common to Sections 9, 10, 15 and 16, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, said point being on the centerline of Carroll Avenue right of way as platted on said Bowne Addition; thence North 330 feet more or less along the centerline of said Carroll Avenue, to its intersection with the centerline of Union Street; thence West along the centerline of Union Street a distance of 45.00 feet to the true point of beginning; thence continuing West along the centerline of Union Street a distance of 30.50 feet; thence South along a line parallel with and 75.50 feet westerly of the centerline of said Carroll Avenue to the centerline of River Street; thence West along the centerline of River Street 9.50 feet; thence South along a line parallel with and 85.00 feet westerly of the centerline of said Carroll Avenue, to the middle of Lost River; thence Easterly along the middle of Lost River to a line parallel with and 45.00 feet westerly of the centerline of said Carroll Avenue; thence North along said line to the true point of beginning. Bearings are based on the Bowne's Addition Plat.

PARCEL 7:

Beginning at the corner common to Sections 9, 10, 15 and 16, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, which point is on the centerline of Carroll Avenue as platted on Bowne Addition to the Town of Bonanza, thence North along said centerline 330 feet more or less, to its intersection with the centerline of Union Street, thence West along the centerline of Union Street 1110 feet, more or less, to the West line of Park Avenue; thence South along the West line of Park Avenue, and said West line extended 710 feet, more or less, to the center of Lost River; thence Northeasterly and Easterly along the center of Lost River to the East line of said Section 16; thence North along said Section line a distance of 250 feet, more or less, to the point of beginning.

SAVING AND EXCEPTING the East 45 feet of said parcel heretofore conveyed to Klamath County by Deed recorded November 28, 1947 in Volume 214, page 247, Deed Records of Klamath County, Oregon, for Road Purposes.

PARCEL 8:

All that portion of the NE1/4 of Section 16 lying Southerly of the center of Lost River; the N1/2SE1/4 of Section 16, LESS portion deeded for road described in Volume 74, page 71, Deed Records of Klamath County, Oregon, all in Township 39 South, Range 11, East of the Willamette Meridian, Klamath County, Oregon

ALSO EXCEPTING THEREFROM:

ADDITIONAL RIGHT OF WAY FOR HARPOLD ROAD SOUTH OF LOST RIVER:

A strip of land situated in the NE1/4 of the NE1/4 of Section 16, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Commencing at the corner common to Sections 9, 10, 15 and 16, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon; thence S 00 degrees 01' 46" West, 1324.03 feet to the North 1/16 corner common to said Section 16 and 15, said corner being the true point of beginning; thence South 89 degrees 57' 55" West, 36.08 feet to the centerline of Harpold Road, said point on centerline being the northerly terminus of that strip of land conveyed to Klamath County for road purposes in Deed Volume 75, page 71, Microfilm Records of Klamath County, Oregon; thence continuing South 89 degrees 57' 55" West, 30.00 feet; thence North 00 degrees 05' 10" West, 741.01 feet along a line parallel with and 30 feet westerly of the centerline of Harpold Road as now constructed; thence South 89 degrees 54' 50" West, 10.00 feet; thence North 00 degrees 05' 10" West along a line parallel with and 40 feet westerly of the centerline of Harpold Road as now constructed, to the middle of Lost River; thence Easterly along the middle of Lost River to the East line of said Section 16; thence South 00 degrees 01' 46" West, along the East line of said Section 16, to the true point of beginning. Bearings based on record of survey 6230 of the Klamath County Surveyor's records.

- Continued -

EXHIBIT "A"
LEGAL DESCRIPTION (continued)

AND ALSO EXCEPTING THEREFROM:

ADDITIONAL RIGHT OF WAY FOR HARPOLD ROAD NORTH OF LOST RIVER:

A portion of vacated Block 97 and the adjoining vacated Union Street and River Street right of ways, and the Block formerly designated as "PARK" in the vacated portion of Bowne's Addition to the City of Bonanza, Oregon said parcel of land lying westerly of and contiguous with that property conveyed to Klamath County in Deed Volume 214, page 247, Deed Records of Klamath County, Oregon, and being more particularly described as follows:

Commencing at the corner common to Sections 9, 10, 15 and 16, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, said point being on the centerline of Carroll Avenue right of way as platted on said Bowne Addition; thence North 330 feet more or less along the centerline of said Carroll Avenue, to its intersection with the centerline of Union Street; thence West along the centerline of Union Street a distance of 45.00 feet to the true point of beginning; thence continuing West along the centerline of Union Street a distance of 30.50 feet; thence South along a line parallel with and 75.50 feet westerly of the centerline of said Carroll Avenue to the centerline of River Street; thence West along the centerline of River Street 9.50 feet; thence South along a line parallel with and 85.00 feet westerly of the centerline of said Carroll Avenue, to the middle of Lost River; thence Easterly along the middle of Lost River to a line parallel with and 45.00 feet westerly of the centerline of said Carroll Avenue; thence North along said line to the true point of beginning. Bearings are based on the Bowne's Addition Plat.

PARCEL 9:

Lots 19, 20, 21 and 22 in Block 49 of vacated Bowne Addition to the Town of Bonanza. ALSO those portions of the streets and alleys which attach to the aforesaid lots by operation of law through the order of vacation shown in Book 191, page 421, Deed Records of Klamath County, Oregon.

PARCEL 10:

Lots 1 and 2 in Block 68 of vacated Bowne Addition to the Town of Bonanza. ALSO those portions of the streets and alleys which attach to the aforesaid lots by operation of law through the order of vacation shown in Book 191, page 421, Deed Records of Klamath County, Oregon.

* * * END * * *

STATE OF OREGON, COUNTY OF KLAMATH ss.

Filed for record at request of _____ the _____ 1st day
 of _____ April _____ A.D. 1999 at _____ o'clock _____ P. M. and duly recorded in Vol. _____ 499
 of _____ Mortgages _____ on Page _____ 11829
 Linda Smith County Clerk

FEE

\$110.00

by *Ruthie Rose*