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STATE OF OREGON

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UCC-1 STATE FINANCING STATEMENT STANDARD FORM PLEASE TYPE OR WRITE LEGIBLY. READ INSTRUCTIONS BEFORE FILLING OUT FORM.

This Financing Statement is presented to filing officer pursuant to the Uniform Commercial Code. This financing statement remains effective for a period of five years from the date of filing, unless extended for additional periods as provided for by ORS Chapter 79. A carbon, photographic or other reproduction of this form, financing statement or security agreement may be filed as a financing statement under ORS Chapter 79. A. DEBTOR NAME(S) (if individual list last name first) F. LIST THE TYPES (OR ITEMS) OF COLLATERAL (ORS 79.4020). Use a separate sheet of paper if necessary. HARDER DEVELOPMENT II, LLC. X PRODUCTS of collateral are also covered. an Oregon limited liability company All leases, rents, issues, profits, accounts, contract rights, general intangibles, proceeds of insurance policies insuring against loss or damage from fire and other casualties, condemnation and eminent domain awards or settlements and equipment, now owned or existing or hereafter acquired or arising, all of Debtor's equipment, including machinery, office equipment and fixtures and trade fixtures **DEBTOR MAILING ADDRESS:** together with all parts, fittings, accessories, special tools, general intangibles, renewals and replacements of all or any part thereof, either now acquired or hereafter acquired and wherever located, and all proceeds thereof on the property described as SEE EXHIBIT "A" 2735 12th Street S.E., Suite 200 Salem, Oregon 97302 **B. SECURED PARTY(IES) NAME AND ADDRESS** First Security Bank, N.A. 15 East 100 South, Suite 100 Salt Lake City, Utah 84110-4076 Contact Name: Russ Newbold Phone No: 1-800-769-3329 C. ASSIGNEE(S) NAME AND ADDRESS (if any) Contact Name:_ Phone No: D. DEBTOR SIGNATURES REQUIRED: HARDER DEVELOPMENT II, LLC an Oregop limited liability company Jon M. Harder, Managing Member Jugust 24,1999 E. DEBTOR SIGNATURE(S) NOT REQUIRED. If applicable, check the appropriate box below to file without debtor signatures(s). This statement is filed without the debtor signature(s) to perfect a security interest in collateral. Secured Party must sign, when Debtor signature(s) is not required. See instructions for further information.

| Collateral already subject to a security interest in another jurisdiction.
| Which is proceeds of the described original collateral which was perfected.
| Collateral as to which the filing has lapsed.
| Collateral acquired after a change of name, identity or corporate structure of debtor. Secured Party signature Secured Party signature RETURN COPY TO: (name and address) Please do not type of print outside of bracketed area. OR, FAX COPY TO: (name and fax number) First Security Bank, N.A. 580 State Street Salem, Oregon 97301 Attn: Nancy Gassner Fax Number: (503) 399-5339 Loan # 801-055

EXHIBIT "A"

Property Description

PARCEL 1:

That portion of Tract 40B lying South and Westerly of the U.S.B.R. "A" Canal and Easterly of Washburn Way and all of Tract 40C, ENTERPRISE TRACTS, in the County of Klamath, State of Oregon.

EXCEPTING THEREFROM that portion deeded to Klamath County in Book 335, Page 87, tract deeded to Fred A. Lewis, et ux., in Book 336, Page 157, and parcel deeded to United States of America for canals and laterals recorded June 25, 1909 in Book 27, Page 236 and in Book 38 at Pages 209 and 210, all Deed Records of Klamath County, Oregon, and that portion of Tract 40C described as follows:

Beginning at a one-half inch iron pin on the East right of way line of Washburn Way, said point being North 00 degrees 20' 00" East along the centerline of Washburn Way and along the West line of Section 34 a distance of 332.19 feet and South 89 degrees 33' 03" East a distance of 30.00 feet from the 5/8 inch iron pin marking the West one-quarter corner of Section 34; thence North 00 degrees 20' 00" East along the East right of way line of Washburn Way a distance of 285.00 feet to a one-half inch iron pin; thence South 89 degrees 33' 03" East parallel with the North line of "Mills Gardens" subdivision a distance of 472.43 feet to a one-half inch iron pin; thence continuing South 89 degrees 33' 03" East a distance of 29 feet, more or less, to the Westerly right of way line of the U.S.B.R. "A" Canal; thence Southeasterly along said Westerly line to the North line of "Mills Gardens" subdivision; thence North 89 degrees 33' 03" West along the North line of "Mills Gardens" subdivision (South 89 degrees 45' West by said subdivision plat) a distance of 20.96 feet, more or less, to a two inch iron pipe; thence continuing North 89 degrees 33' 03" West along said subdivision line a distance of 606.40 feet to the point of beginning.

ALSO EXCEPTING THEREFROM any portion lying within the boundaries of Washburn Way.

PARCEL 2:

A tract of land situated in Tracts 40B and 40C, ENTERPRISE TRACTS, in the NW 1/4 of Section 34, Township 38 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at an iron pin located North 0 degrees 24' West a distance of 792.2 feet from the two-inch pipe marking the initial point of "Mills Gardens" subdivision, said initial point being North 0 degrees 24' West a distance of 15.0 feet and North 89 degrees 45' East a distance of 30.0 feet from the West quarter corner of said Section 34 according to the officially recorded plat of said "Mills Gardens" subdivision; thence North 0 degrees 24' West a distance of 85.0 feet to an iron pin; thence North 89 degrees 36' East a distance of 100.0 feet to an iron pin; thence South 0 degrees 24' East a distance of 85.0 feet to an iron pin; thence South 89 degrees 36' West a distance of 100.0 feet, more or less, to the point of beginning.

EXCEPT THEREFROM that portion lying within the boundaries of Washburn Way.

CODE 203 MAP 3809-34BC TL 400 CODE 203 MAP 3809-34BC TL 500 CODE 203 MAP 3809-34BC TL 600 State of Oregon, County of Klamath Recorded 9/08/99, at _____/!:02 a_m. In Vol. M99 Page 359/5 Linda Smith, County Clerk Fee\$__/5°?