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Vol MOO Page 24762



(Reserved for Recording Purposes)

SPECIAL WARRANTY DEED

ODVA Account Number	Tax Account Number
5220587	R250604; R250613; R250329; R250365; R787508

IN CONSIDERATION of fulfillment of that certain Contract of Sale dated September 21, 1989, in the Face Value of \$120,000.00 and recorded on September 22, 1989, in Vol. M89 Page 17959, in Klamath County, the STATE OF OREGON, by and through the Director of the Oregon Department of Veterans' Affairs, grantor, conveys and specially warrants unto Bill G. Prater and Vida Prater, husband and wife, grantee(s), all of the STATE OF OREGON's right, title and interest to the following described real property free of encumbrances created or suffered by the grantor on or before September 21, 1989, except as specifically set forth herein, situated at 2625 Toqua Road, Chiloquin, Oregon 97624 in Klamath County, State of Oregon, to wit:

PARCEL 1: All of Lot 9, Section 31, Township 35 South, Range 7 East of the Willamette Meridian, and a portion of Lot 12, Section 31, Township 35 South, Range 7 East of the Willamette Meridian, in the County of Klamath, State of Oregon, being more particularly described as follows: Beginning at the Northeast corner of Lot 12, Section 31, Township 35 South, Range 7 East of the Willamette Meridian; thence South 0° 19 3/4' East 55.0 feet to an iron pin; thence North 45° 18 3/4' West 77.8 feet to an iron pin; thence North 89° 40 1/4' East 55.0 feet more or less to the point of beginning.

AFTER RECORDING RETURN TO:

ASPEN TITLE
525 MAIN ST.
KLAMATH FALLS, OR 97601

Until a change is requested, all tax statements shall be sent to the following address:

BILL G. PRATER
2113 KIMBERLY DR.
KLAMATH FALLS, OR 97603

LEGAL DESCRIPTION (continued)

All of Lots 11, 20, 21, 28, 29 and 38, Section 31, Township 35 South, Range 7 East of the Willamette Meridian; EXCEPTING the following described portion thereof, heretofore conveyed by Grantors to Tulana Farms by deed dated February 4, 1960, recorded on same date in Volume 318 at page 627 of Deed Records of Klamath County, Oregon: Beginning at the stone monument marking the section corner common to Section 31 and 32, Township 35 South, Range 7 East of the Willamette Meridian, and to Sections 5 and 6, Township 36 South, Range 7 East of the Willamette Meridian; thence South $89^{\circ} 55' 3/4''$ West along the section line common to said Sections 31 and 6, 425.0 feet to a point; thence North $0^{\circ} 25'$ West 30.0 feet to an iron pipe on the Northerly right of way line of a county road as the same is presently located and constructed and the true point of beginning of this description; thence South $89^{\circ} 55' 3/4''$ West along the said Northerly right of way line 868.7 feet to a point in the fence line marking the Westerly boundary of Lot 38 of said Section 31; thence North $0^{\circ} 55' 3/4''$ West 1271.1 feet to the stone monument marking the Northwest corner of Lot 29 of said Section 31 (said monument being also the SE $1/6$ corner of said Section 31); thence North $0^{\circ} 25'$ West 1316.7 feet to the stone monument marking the Northwest corner of Lot 21 of said Section 31 (said monument being also the East $1/16$ corner on the East-West centerline of said Section 31); thence North $0^{\circ} 19' 3/4''$ West 1263.3 feet to an iron pin on the Westerly boundary of Lot 11 of said Section 31 and from which point the Northwest corner of said Lot 11 bears North $0^{\circ} 19' 3/4''$ West 55.0 feet distant; thence South $13^{\circ} 14' 1/2''$ East, 3955.5 feet, more or less, to the true point of beginning. Government Lots 20, 21, 28 and 29, Section 32, Township 35 South, Range 7 East of the Willamette Meridian, in the County of Klamath, State of Oregon. LESS AND EXCEPT a parcel of land, situated in Sections 31 and 32, Township 35 South, Range 7 East of the Willamette Meridian, in the County of Klamath, State of Oregon, being more particularly described as follows: Beginning at a $1/2''$ rebar on the North right of way line of Toqua County Road from which the section corner common to Sections 31, 32, 5 and 6, Township 35 and 36 South, Range 7 East of the Willamette Meridian, bears South $00^{\circ} 05' 43''$ East 30.00 feet; thence South $89^{\circ} 56' 50''$ West 423.57 feet, along the North right of way line of Toqua County Road, to a $3/4''$ iron pipe; thence North $13^{\circ} 13' 47''$ West 3274.29 feet to a $1/2''$ rebar; thence East 443.57 feet to a $1/2''$ rebar; thence North 746.17 feet to a $1/2''$ rebar; thence North $89^{\circ} 35' 09''$ East 720.19 feet to a $1/2''$ rebar; thence South $00^{\circ} 12' 33''$ East 1327.96 feet to a $1/2''$ rebar; thence South $00^{\circ} 05' 43''$ East 2610.44 feet to the point of beginning. Also described as Parcel 2 of Major Land Partition No. 81-134 as filed in the Klamath County Clerks Office. AND LESS AND EXCEPT a parcel of land, situated in Section 31 and 32, Township 35 South, Range 7 East of the Willamette Meridian, in the County of Klamath, State of Oregon, being more particularly described as follows: Beginning at a $1/2''$ rebar on the North right of way line of Toqua County Road, from which the section corner common to Sections 31, 32, 5 and 6, Township 35 and 36 South, Range 7 East of the Willamette Meridian, bears South $00^{\circ} 05' 43''$ East 30.00 feet; thence North $00^{\circ} 05' 43''$ West 2610.44 feet to a $1/2''$ rebar; thence North $89^{\circ} 38' 49''$ East 1340.97 feet to a $1/2''$ rebar on the North-South centerline of the West one-half of Section 32; thence South $00^{\circ} 25' 33''$ East 2617.00 feet, along said line, to a $1/2''$ rebar on the North right of way line of Toqua County Road; thence South $89^{\circ} 55' 30''$ West 1356.06 feet, along said right of way line, to the point of beginning. Also described as Parcel 3 of Major Land Partition No. 81-134 as filed in the Klamath County Clerks Office. ALSO LESS AND EXCEPT the Northerly 190 feet of Lot 9, Section 31, Township 35 South, Range 7 East of the Willamette Meridian, in the County of Klamath, State of Oregon. PARCEL 2: A parcel of land situated in Sections 31 and 32, Township 35 South, Range 7 East of the Willamette Meridian, in the County of Klamath, State of Oregon, being more particularly described as follows: Beginning at a $1/2''$ rebar on the North right of way line of Toqua County Road from which the section corner common to Sections 31, 32, 5 and 6, Township 35 and 36 South, Range 7 East of Willamette Meridian bears South $00^{\circ} 05' 43''$ East 30.00 feet; thence South $89^{\circ} 56' 50''$ West 423.57 feet, along the North right of way line of Toqua County Road, to a $3/4''$ iron pipe; thence North $13^{\circ} 13' 47''$ West 3274.29 feet to a $1/2''$ rebar; thence East 443.57 feet to a $1/2''$ rebar; thence North 746.17 feet to a $1/2''$ rebar; thence North $89^{\circ} 35' 09''$ East 720.19 feet to a $1/2''$ rebar; thence South $00^{\circ} 12' 33''$ East 1327.96 feet to a $1/2''$ rebar; thence South $00^{\circ} 05' 43''$ East 2610.44 feet to the point of beginning. Also described as Parcel 2 of Major Land Partition No. 81-134 as filed in the Klamath County Clerks Office. Also a parcel of land situated in Section 31 and 32, Township 35 South, Range 7 East of the Willamette Meridian, in the County of Klamath, State of Oregon, being more particularly described as follows: Beginning at a $1/2''$ rebar on the North right of way line of Toqua County Road, from which the section corner common to Sections 31, 32, 5 and 6, Township 35 and 36 South, Range 7 East of the Willamette Meridian, bears South $00^{\circ} 05' 43''$ East 30.00 feet; thence North $00^{\circ} 05' 43''$ West 2610.44 feet to a $1/2''$ rebar; thence

North 89° 38' 49" East 1340.97 feet to a ½" rebar on the North-South centerline of the West one-half of Section 32; thence South 00° 25' 33" East 2617.00 feet, along said line, to a ½" rebar on the North right of way line of Toqua County Road; thence South 89° 55' 30" West 1356.06 feet, along said right of way line, to the point of beginning. Also described as Parcel 3 of Major Land Partition No. 81-134 as filed in the Klamath County Clerks Office. Together with water rights for 53.94 acres.

Excepting and reserving to itself, its successors, and assigns all minerals, as defined in ORS 273.775 (*including soil, clay, stone, sand, and gravel*), and all geothermal resources, as defined in ORS 522.005 together with the right to make such use of the surface as may be reasonably necessary for exploring for, mining, extracting, storing, drilling for, and removing such minerals, materials, and geothermal resources. In the event the premises by a surface rights' owner would be damaged by one or more of the activities described above, then such owner shall be entitled to compensation from the State's lessee to the extent of the diminution in value of the real property, based on the actual use by the surface rights' owner at the time the State's lessee conducts any of the above activities.

SUBJECT TO:

1. Any taxes for 2000-2001 when due or payable.
2. Any Right of Redemption as provided by law.
3. Regulations, including levies, assessments, water and irrigation rights and easements for ditches and canals, of Modoc Irrigation District.
4. Rights of the public in and to any portion of said premises lying within the limits of roads and highways.
5. Rights of the public and of governmental bodies in that portion of the above described property lying below the high water mark of Williamson River and the ownership of the State of Oregon in that portion lying below the high water mark thereof.
6. Reservations included in Deeds from the United States of America, recorded March 24, 1935 in Deed Volume 104 at page 367; recorded March 18, 1957 in Deed Volume 290 at pages 361, 363 and 365; recorded December 4, 1959 in Deed Volume 317 at page 500; and in Land Status Report recorded January 15, 1959 in Deed Volume 308 at page 650, all in Klamath County Deed Records, as follows: "The lands hereby conveyed are subject to a lien, prior and superior to all other liens, for the amount of costs and charges due to the United States for and on account of construction, operation and maintenance of irrigation systems or acquisition of water rights by which said lands have been or are to be reclaimed and the lien so created is hereby expressly reserved in accordance with the provisions of the Act of March 7, 1928 (45 Stat. 200-210), as supplemented by the Act of July 1, 1932 (47 Stat 564 & 565)." (Upon proof that the above lien has been paid, said exception will be eliminated.)
7. Reservations included in deed from the United States of America, recorded March 24, 1935 in Deed Volume 104 at page 367 and in Land Status Report recorded January 15, 1959 in Deed Volume 308 at page 650 Klamath County Deed Records, including the reservation of roads, trails, telephone lines, etc. constructed by the United States, with the rights of the United States to maintain, operate and improve same. (Affects Lot 9, Sec. 31; and Lots 28 and 29, Sec. 32, Twp. 35 S., R 7 EWM.)
8. Reservation of all subsurface rights, except water, in trust, to the heirs of Willie Beal, deceased Klamath Allottee #40, as disclosed by Deed recorded March 18, 1957 in Deed Volume 290 at page 361, Klamath County Deed Records. (Affects Lots 21 and 28, Sec. 31, Twp 35 South, Range 7 EWM.)
9. Reservation of all subsurface rights, except water, in trust to the heirs of Isabel Beal, deceased Klamath Allottee #970, as disclosed by Deed recorded March 18, 1957 in Deed Volume 290 at page 363, Klamath County Deed Records. (Affects Lots 11 and 20, Sec. 31, Twp 35 S., R 7 EWM.)
10. Reservation of all subsurface rights, except water, in trust for Ormie Beal Jourdan, as disclosed by Deed recorded March 18, 1957 in Deed Volume 290 at page 365, Klamath County Deed Records. (Affects Lots 20 and 21, Sec. 32, Twp 35 S., R 7 EWM.)
11. An easement, including the terms and provisions thereof dated December 17, 1962, recorded March 16, 1963, Book 345 page 328, in favor of Pacific Power and Light Company for pole and wire lines. (Affects Lot 9, Sec. 31, Twp 35 S., R 7 EWM.)

12. As disclosed by the tax roll the premises herein described have been zoned or classified for farm use. At any time that said land is disqualified for such use, the property may be subject to additional taxes or penalties and interest.
13. Reservations of all subsurface rights, except water, in trust for George Merritt, as disclosed by Deed recorded November 18, 1957 in Book 295 at page 510, Deed Records.
14. Reservations in Patent, recorded December 4, 1959 in Book 317 at page 500, Deed Records.

"THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930."

IN WITNESS WHEREOF, the State of Oregon, represented and acting by the Director of the Oregon Department of Veterans' Affairs, has caused these presents to be executed June 29, 2000, at Salem, Oregon. The foregoing recital of consideration is true as I verily believe.

DIRECTOR OF OREGON DEPARTMENT OF VETERANS' AFFAIRS - Lender

By: Joyce D. Hlopek
Joyce D. Hlopek, Accounts Services Manager

STATE OF OREGON)
)ss.
County of Marion)

On June 29, 2000,

this instrument was acknowledged before me by the above-named Joyce D. Hlopek, Accounts Services Manager, who personally appeared, and, being first duly sworn, did say that she is authorized to sign the foregoing document on behalf of the Oregon Department of Veterans' Affairs by authority of its Director.

Before me:

Judy Willem
Notary Public for Oregon



State of Oregon, County of Klamath
Recorded 07/06/00, at 3:10 p m.
In Vol. M00 Page 24762
Linda Smith,
County Clerk Fee \$ 36 -