

STATE OF OREGON

UNIFORM COMMERCIAL CODE

FINANCING STATEMENT

REAL PROPERTY - Form UCC-1A

KLAMATH COUNTY

THIS FORM FOR COUNTY FILING OFFICER USE ONLY

This FINANCING STATEMENT is presented to the county filing officer pursuant to the Uniform Commercial Code.

1A. Debtor Name(s): K. Mark Nelson Trust dated December 4, 1989	2A. Secured Party Name(s): STOCKMANS BANK	4A. Assignee of Secured Party (if any):
1B. Debtor Mailing Address(es): 12211 Pear Lane Wilton, CA 95693	2B. Address of Secured Party from which security information is obtainable: P.O. Box 1150 ELK GROVE, CA 95759	4B. Address of Assignee:

3. This financing statement covers the following types (or items) of property (check if applicable):

☒ The goods are to become fixtures on: _____
 ☐ The above timber is standing on: _____

☐ The above minerals or the like (including gas and oil) or accounts will be financed at the wellhead or minehead of the well or mine located on: _____
 (describe real estate)

See "Exhibit A" attached hereto and made a part hereof

and the financing statement is to be filed for record in the real estate records. (If the debtor does not have an interest of record) The name of a record owner is:

☒ Check box if products of collateral are also covered

Number of attached additional sheets: _____

A carbon, photographic or other reproduction of this form, financing statement or security agreement serves as a financing statement under ORS Chapter 79.

By: _____

K. Mark Nelson

Signature(s) of the debtor required in most cases.

Signature(s) of Secured Party in cases covered by ORS 79.4020

INSTRUCTIONS

- PLEASE TYPE THIS FORM.
- If the space provided for any item(s) on this form is inadequate, the item(s) should be continued on additional sheets. Only one copy of such additional sheets need to be presented to the county filing officer. DO NOT STAPLE OR TAPE ANYTHING TO THIS FORM.
- This form (UCC-1A) should be recorded with the county filing officers who record real estate mortgages. This form cannot be filed with the Secretary of State. Send the Original to the county filing officer.
- After the recording process is completed the county filing officer will return the document to the party indicated. The printed termination statement below may be used to terminate this document.
- The RECORDING FEE must accompany the document. The fee is \$5.00 per page.
- Be sure that the financing statement has been properly signed. Do not sign the termination statement (below) until this document is to be terminated.

Recording Party contact name: _____

Recording Party telephone number: _____

Return to: (name and address)

 STOCKMANS BANK
 ELK GROVE
 P.O. Box 1150
 ELK GROVE, CA 95759

Please do not type outside of bracketed area.

TERMINATION STATEMENT

This statement of termination of financing is presented for filing pursuant to the Uniform Commercial Code. The Secured Party no longer claims a security interest in the financing statement bearing the recording number shown above.

By: _____

Signature of Secured Party(ies) or Assignee(s)

EXHIBIT TO UCC-1 FINANCING STATEMENT

December 8, 2000

This Exhibit is attached to and is a part of the UCC Financing Statement executed in connection with a loan between STOCKMANS BANK and

COLLATERAL DESCRIPTION: All Fixtures; whether any of the foregoing is owned now or acquired later; all accessions, additions, replacements, and substitutions relating to any of the foregoing; all records of any kind relating to any of the foregoing; all proceeds relating to any of the foregoing (including insurance, general intangibles, and accounts proceeds), together with the following specifically described property:

irrigation Equipment

6 - Wheel Lines

1-3/4 miles of 3" Hand Lines

2-Big Guns

2-40 Horse Power Pressure Pumps

1-1/4 Mile Underground PVC Pipe w/ Risers @60' Spacing

An undivided interest in an irrigation ditch for delivery of water to the subject property, located at the SE 1/4 NE 1/4 Section 4, T39S, R11E, WM: 1,420 Feet South and 1,200 Feet West from the NE Corner of Section 4, T39S, R11E, WM. Said well is authorized under the Water Resource Department of the State of Oregon Application No. G-12955 and Permit No. G-12457

and all Water Rights more specifically described on the attached Water Rider

This Financing Statement is to be recorded in the real estate records. Some or all of the collateral is located on the following described real estate: See "Exhibit A" attached hereto and made a part hereof

This Exhibit is executed on the same date as the UCC Financing Statement by STOCKMANS BANK and the undersigned.

K. Maile Nelson

Signature(s) of Debtor(s)

STOCKMANS BANK

By:

Signature(s) of Secured Party (ies)

WATER RIDER
(attached to UCC-1 Financing Statement)

A. The Collateral described includes all right, title, and interest at any time of the Debtor (or any of its bailees, agents, or instrumentalities), whether now existing or hereafter arising or acquired, whether direct or indirect, whether owned legally, of record, equitably or beneficially, whether constituting real or personal property (or subject to any other characterizations), whether created or authorized under existing or future laws or regulations, and however arising in, including limitations, the following, which shall collectively be called "Water Assets":

1. All water (including any water inventory in storage), water rights and entitlements, other rights to water and other rights to receive water or water rights of every kind or nature whatsoever including (i) the groundwater on, under, pumped from or otherwise available to the Property, whether as the result of groundwater rights, contractual rights or otherwise. (ii) Debtor's right to remove and extract any such groundwater including any permits, rights or licenses granted by any governmental authority or agency or any rights granted or created by any use, easement, covenant, agreement, or contract with any person or entity, (iii) any rights to which the Property is entitled with respect to surface water, whether such right is appropriate, riparian, prescriptive, decreed or otherwise and whether or not pursuant to permit or other governmental authorization, or the right to store any such water, (iv) any water, water right, water allocation, distribution right, delivery right, water storage right, or other water-related entitlement appurtenant or otherwise applicable to the Property by virtue of the Property being situated within the boundaries of any district, agency, or other governmental entity or within the boundaries of any private water company, mutual water company, or other non-governmental entity;

2. All stock, interest or rights (including any water allocations, voting or decision rights) in any entity, together with any and all rights from any entity or other person to acquire, receive, exchange, sell, lease, or otherwise transfer any water or other Water Assets, to store, deposit or otherwise created water credits in a water bank or similar or other arrangement for allocating water, to transport or deliver water, or otherwise to deal with any Water Asset:

3. All licenses, permits, approvals, contracts, decrees, rights and interest to acquire or appropriate any water or other Water Assets, water bank or other credits evidencing any right to water or other Water Assets, to store, carry, transport or deliver water or other Water Assets, to sell, lease, exchange, or otherwise transfer any water or other Water Asset, or to change the point for diversion of water, the location of any water or Water Asset, the place of use of any water or Water Asset, or the purpose of the use of any water or Water Asset;

4. All rights, claims, causes of action, judgments, awards, and other judicial, arbiter or administrative relief in any way relating to any water or Water Asset:

5. All storage and treatment rights for any water or any other Water Asset, whether on or off the Property or other property of Debtor, together with all storage tanks, and other equipment used or usable in connection with such storage and any water bank deposit credits, deposit accounts or other rights arising on account of the storage or nonuse of any water or;

6. All rights to transport, carry, allocate or otherwise deliver water or other Water Assets by any means wherever located:

7. All guaranties, warranties, marketing, management or service contracts, indemnity agreements, and water right agreements, other water related contracts and water reallocation rights, all insurance policies regarding or relating to any Water Asset:



WATER RIDER (CON'T)

8. All rents, issues, profits, proceeds and other accounts, instruments, chattel paper, contract rights, general intangibles, deposit accounts, and other rights to payment arising from or on account of any use, nonuse, sale, lease, transfer, or other disposition of any Water Asset.

B. Absolute Assignment of All Revenue From Water Assets - Debtor hereby absolutely and unconditionally assigns to Secured Party all proceeds, rents, issues and profits from any use (apart from watering plants on the Property or other ordinary use on the Property), nonuse, sale, lease, transfer or disposition of any kind of any water or any other Water Asset subject to a lien in favor of Secured Party. That assignment shall be perfected automatically without appointment of a receiver or Secured Party becoming a mortgagee in possession and Secured Party shall have the right, before or after occurrence of any default, to notify any account debtor to pay all amounts owing with respect to those proceeds, rent, issues and profits directly to Secured Party. Except as otherwise agreed in writing by Secured Party, Secured Party may apply any such collection (and any rents, issues, profits and proceeds) to any indebtedness owned to Secured Party in any order, priority or manner desired by Secured Party.

C. Reference to "water: and water rights" are used herein in the broadest and most comprehensive sense of the term(s). The term "water" includes water rights and rights to water whatever rights to money, proceeds, property or other benefits are exchanged or received for or on account of any Water Assets or any conservation or other nonuse of water, including whatever rights are achieved by depositing one's share of any Water Assets in any water bank or with any water authority, or any water reallocation rights.

KMM

Borrower: K. Mark Nelson Trust dated December 4, 1989
Attached to UCC-1 Financing Statement
Dated December 8,

EXHIBIT 'A'

The SE 1/4 SE 1/4 of Section 4, Township 39 South, Range 11 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

EXCEPTING THEREFROM the following; Beginning at a point on the North line of the said SE 1/4 SE 1/4 and the centerline of said existing road, from which the Southeast corner of said Section 4 is South 21 degrees 43' 30" East 701.00 feet and South 38 degrees 01' 20" East 807.44 feet; thence Westerly to the Northwest corner of said SE 1/4 SE 1/4; thence Southerly to the Southwest corner of said SE 1/4 SE 1/4; thence Easterly along the South line of said Section 4 to a point on the centerline of said existing road; said point being Westerly 11 feet, more or less, from the Southeast corner of said Section 4; thence Northwesterly along the centerline of said existing road to the point of beginning, with bearings based on Survey No. 1547 as recorded in the office of the Klamath County Surveyor.

ALSO INCLUDING the S 1/2 SW 1/4 of Section 3, The N 1/2 NW 1/4, N 1/2 SW 1/4 NW 1/4 and SE 1/4 NW 1/4 of Section 10, all in Township 39 South, Range 11 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

EXCEPTING THEREFROM that portion described as follows: The following tract of land located in the NW 1/4 of Section 10, Township 39 South, Range 11 East of the Willamette Meridian, in the County of Klamath, State of Oregon, described as follows:

Beginning at the Southwest corner of the N 1/2 SW 1/4 NW 1/4 Section 10; thence North along the West boundary line of said section, 730 feet to a point; thence East 730 feet; thence South 730 feet, more or less, to a point on the South line of the N 1/2 SW 1/4 NW 1/4; thence West to the point of beginning.

KMN

ALSO EXCEPTING THEREFROM that portion described as follows: A parcel of land situated in the SW 1/4 NE 1/4 and SE 1/4 NW 1/4 of Section 10, Township 39 South, Range 11 East of the Willamette Meridian, in the County of Klamath, State of Oregon, being more particularly described as follows:

Beginning at the iron pin marking the center of Section 10, Township 39 South, Range 11 East of the Willamette Meridian, said pin being also the Northwest corner of East Bonanza Addition to the City of Bonanza, Klamath County Oregon; thence North along the West right of way of West Avenue 30.0 feet; thence East along the North right of way of Morine Avenue 137.9 feet; thence North 110.0 feet; thence West 217.95 feet to the centerline of a drain; thence South 11 degrees 56' West along the centerline of said drain 143.1 feet to the East-West centerline of said Section 10; thence East along the said centerline of said Section 10, 109.64 feet to the point of beginning.

ALSO EXCEPT a tract of land situate in the SE 1/4 NW 1/4 of Section 10, Township 39 South, Range 11 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at a point on the North-South center section line of said Section 10, from which the North quarter corner of said Section 10 bears North 00 degrees 02' 06" West 1997.28 feet; thence South 19 degrees 16' 22" West, along the drain ditch 530.67 feet to the Northwesterly corner of parcel described in Deed Volume 353 at Page 253, as recorded in the Klamath County Deed Records; thence South 89 degrees 30' 16" East, along the North line of said parcel, 20.44 feet to a 1/2 inch iron pipe; thence continuing along said line 155.03 feet to the North-South center section line of said Section 10; thence north 00 degrees 02' 06" West 443.91 feet to a 5/8 inch iron pin; thence continuing North 00 degrees 02' 06" West 58.53 feet to the point of beginning.

TOGETHER WITH an easement for ingress and egress as recorded August 7, 1997 in Book M-97 at Page 25957.

CODE 37 MAP 3911-300 TL 1600
 CODE 37 MAP 3911 TL 1400
 CODE 11 MAP 3911-10BC TL 100
 CODE 11 & 56 MAP 3911-1000 TL 600
 CODE 56 & 11 MAP 3911-1000 TL 600

Full

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State of Oregon, County of Klamath
 Recorded 01/18/01, at 3:10 p. m.
 In Vol. M01 Page 2199
 Linda Smith,
 County Clerk Fees \$ 46.00