

RECORDATION REQUESTED BY:

South Valley Bank & Trust
Commercial Branch
P O Box 5210
Klamath Falls, OR 97601

Vol M03 Page 02802

WHEN RECORDED MAIL TO:

South Valley Bank & Trust
Commercial Branch
P O Box 5210
Klamath Falls, OR 97601
Att'n: Cyndy

State of Oregon, County of Klamath
Recorded 01/15/2003 11:03 a m.
Vol M03 Pg 02802-2811
Linda Smith, County Clerk
Fee \$ 66.00 # of Pgs 10

SEND TAX NOTICES TO:

South Valley Bank & Trust
Commercial Branch
P O Box 5210
Klamath Falls, OR 97601

MTZ S9555
MTZ S9504

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

ASSIGNMENT OF RENTS

THIS ASSIGNMENT OF RENTS dated December 30, 2002, is made and executed between Ernst Brothers LLC, whose address is P O Box 637, Gilchrist, OR 97737 (referred to below as "Grantor") and South Valley Bank & Trust, whose address is P O Box 5210, Klamath Falls, OR 97601 (referred to below as "Lender").

ASSIGNMENT. For valuable consideration, Grantor hereby assigns, grants a continuing security interest in, and conveys to Lender all of Grantor's right, title, and interest in and to the Rents from the following described Property located in All properties located in Klamath County, State of Oregon:

See attached Exhibit "A" for legal descriptions of the various parcels

The Property or its address is commonly known as See attached Exhibit "A" for legal descriptions and addresses for the various parcels, All properties located in Gilchrist, Crescent and Klamath Falls, OR. The Property tax identification number is See attached Exhibit "A" for Property Tax ID Numbers of the various parcels

THIS ASSIGNMENT IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND (2) PERFORMANCE OF ANY AND ALL OBLIGATIONS OF GRANTOR UNDER THE NOTE, THIS ASSIGNMENT, AND THE RELATED DOCUMENTS. THIS ASSIGNMENT IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Assignment or any Related Documents, Grantor shall pay to Lender all amounts secured by this Assignment as they become due, and shall strictly perform all of Grantor's obligations under this Assignment. Unless and until Lender exercises its right to collect the Rents as provided below and so long as there is no default under this Assignment, Grantor may remain in possession and control of and operate and manage the Property and collect the Rents, provided that the granting of the right to collect the Rents shall not constitute Lender's consent to the use of cash collateral in a bankruptcy proceeding.

GRANTOR'S REPRESENTATIONS AND WARRANTIES. Grantor warrants that:

Ownership. Grantor is entitled to receive the Rents free and clear of all rights, loans, liens, encumbrances, and claims except as disclosed to and accepted by Lender in writing.

Right to Assign. Grantor has the full right, power and authority to enter into this Assignment and to assign and convey the Rents to Lender.

No Prior Assignment. Grantor has not previously assigned or conveyed the Rents to any other person by any instrument now in force.

No Further Transfer. Grantor will not sell, assign, encumber, or otherwise dispose of any of Grantor's rights in the Rents except as provided in this Assignment.

LENDER'S RIGHT TO RECEIVE AND COLLECT RENTS. Lender shall have the right at any time, and even though no default shall have occurred under this Assignment, to collect and receive the Rents. For this purpose, Lender is hereby given and granted the following rights, powers and authority:

Notice to Tenants. Lender may send notices to any and all tenants of the Property advising them of this Assignment and directing all Rents to be paid directly to Lender or Lender's agent.

Enter the Property. Lender may enter upon and take possession of the Property; demand, collect and receive from the tenants or from any other persons liable therefor, all of the Rents; institute and carry on all legal proceedings necessary for the protection of the Property, including such proceedings as may be necessary to recover possession of the Property; collect the Rents and remove any tenant or tenants or other persons from the Property.

Maintain the Property. Lender may enter upon the Property to maintain the Property and keep the same in repair; to pay the costs thereof and of all services of all employees, including their equipment, and of all continuing costs and expenses of maintaining the Property in proper repair and condition, and also to pay all taxes, assessments and water utilities, and the premiums on fire and other insurance effected by Lender on the Property.

Compliance with Laws. Lender may do any and all things to execute and comply with the laws of the State of Oregon and also all other laws, rules, orders, ordinances and requirements of all other governmental agencies affecting the Property.

Lease the Property. Lender may rent or lease the whole or any part of the Property for such term or terms and on such conditions as Lender may deem appropriate.

Employ Agents. Lender may engage such agent or agents as Lender may deem appropriate, either in Lender's name or in Grantor's name, to rent and manage the Property, including the collection and application of Rents.

Other Acts. Lender may do all such other things and acts with respect to the Property as Lender may deem appropriate and may act exclusively and solely in the place and stead of Grantor and to have all of the powers of Grantor for the purposes stated above.

No Requirement to Act. Lender shall not be required to do any of the foregoing acts or things, and the fact that Lender shall have performed one or more of the foregoing acts or things shall not require Lender to do any other specific act or thing.

APPLICATION OF RENTS. All costs and expenses incurred by Lender in connection with the Property shall be for Grantor's account and Lender may pay such costs and expenses from the Rents. Lender, in its sole discretion, shall determine the application of any and all Rents received by it; however, any such Rents received by Lender which are not applied to such costs and expenses shall be applied to the Indebtedness. All expenditures made by Lender under this Assignment and not reimbursed from the Rents shall become a part of the Indebtedness secured by this Assignment, and shall be payable on demand, with interest at the Note rate from date of expenditure until paid.

FULL PERFORMANCE. If Grantor pays all of the Indebtedness when due and otherwise performs all the obligations imposed upon Grantor under this Assignment, the Note, and the Related Documents, Lender shall execute and deliver to Grantor a suitable satisfaction of this Assignment and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Property. Any termination fee required by law shall be paid by Grantor, if permitted by applicable law.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Assignment or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Assignment or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Rents or the Property and paying all costs for insuring, maintaining and preserving

the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Assignment also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Assignment:

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Assignment or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Default on Other Payments. Failure of Grantor within the time required by this Assignment to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Assignment or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Assignment or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Death or Insolvency. The dissolution of Grantor's (regardless of whether election to continue is made), any member withdraws from the limited liability company, or any other termination of Grantor's existence as a going business or the death of any member, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Foreclosure Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against the Rents or any property securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Property Damage or Loss. The Property is lost, stolen, substantially damaged, sold, borrowed against, levied upon, seized, or attached.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the Indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness. In the event of a death, Lender, at its option, may, but shall not be required to, permit the guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment is curable and if Grantor has not been given a notice of a breach of the same provision of this Assignment within the preceding twelve (12) months, it may be cured (and no event of default will have occurred) if Grantor, after receiving written notice from Lender demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any Event of Default and at any time thereafter, Lender may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Grantor would be required to pay.

Collect Rents. Lender shall have the right, without notice to Grantor, to take possession of the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender shall have all the rights provided for in the Lender's Right to Receive and Collect Rents Section, above. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Other Remedies. Lender shall have all other rights and remedies provided in this Assignment or the Note or by law.

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Assignment, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Assignment, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Assignment:

Amendments. This Assignment, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Assignment. No alteration of or amendment to this Assignment shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Caption Headings. Caption headings in this Assignment are for convenience purposes only and are not to be used to interpret or define the provisions of this Assignment.

Governing Law. This Assignment will be governed by, construed and enforced in accordance with federal law and the laws of the State of Oregon. This Assignment has been accepted by Lender in the State of Oregon.

Merger. There shall be no merger of the interest or estate created by this assignment with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Interpretation. (1) In all cases where there is more than one Borrower or Grantor, then all words used in this Assignment in the singular shall be deemed to have been used in the plural where the context and construction so require. (2) If more than one person signs this Assignment as

"Grantor," the obligations of each Grantor are joint and several. This means that if Lender brings a lawsuit, Lender may sue any one or more of the Grantors. If Borrower and Grantor are not the same person, Lender need not sue Borrower first, and that Borrower need not be joined in any lawsuit. (3) The names given to paragraphs or sections in this Assignment are for convenience purposes only. They are not to be used to interpret or define the provisions of this Assignment.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Assignment unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Assignment shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Assignment. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Assignment, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Assignment shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Assignment. Any party may change its address for notices under this Assignment by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Powers of Attorney. The various agencies and powers of attorney conveyed on Lender under this Assignment are granted for purposes of security and may not be revoked by Grantor until such time as the same are renounced by Lender.

Severability. If a court of competent jurisdiction finds any provision of this Assignment to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Assignment. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Assignment shall not affect the legality, validity or enforceability of any other provision of this Assignment.

Successors and Assigns. Subject to any limitations stated in this Assignment on transfer of Grantor's interest, this Assignment shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Assignment and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Assignment or liability under the Indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Assignment.

WAIVER OF HOMESTEAD EXEMPTION. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Oregon as to all Indebtedness secured by this Assignment.

WAIVER OF RIGHT OF REDEMPTION. NOTWITHSTANDING ANY OF THE PROVISIONS TO THE CONTRARY CONTAINED IN THIS ASSIGNMENT, GRANTOR HEREBY WAIVES ANY AND ALL RIGHTS OF REDEMPTION FROM SALE UNDER ANY ORDER OR JUDGMENT OF FORECLOSURE ON GRANTOR'S BEHALF AND ON BEHALF OF EACH AND EVERY PERSON, EXCEPT JUDGMENT CREDITORS OF GRANTOR, ACQUIRING ANY INTEREST IN OR TITLE TO THE PROPERTY SUBSEQUENT TO THE DATE OF THIS ASSIGNMENT.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Assignment. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Assignment shall have the meanings attributed to such terms in the Uniform Commercial Code:

Assignment. The word "Assignment" means this Assignment of Rents, as this Assignment of Rents may be amended or modified from time to time, together with all exhibits and schedules attached to this Assignment of Rents from time to time.

Borrower. The word "Borrower" means Ernst Brothers LLC.

Default. The word "Default" means the Default set forth in this Assignment in the section titled "Default".

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Assignment in the default section of this Assignment.

Grantor. The word "Grantor" means Ernst Brothers LLC.

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Lender to enforce Grantor's obligations under this Assignment, together with interest on such amounts as provided in this Assignment.

Lender. The word "Lender" means South Valley Bank & Trust, its successors and assigns.

Note. The word "Note" means the promissory note dated December 30, 2002, in the original principal amount of \$1,973,649.01 from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Assignment" section of this Assignment.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

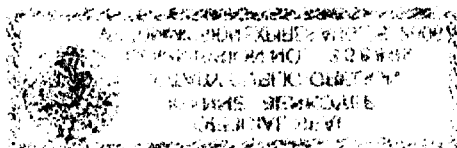
Rents. The word "Rents" means all of Grantor's present and future rights, title and interest in, to and under any and all present and future leases, including, without limitation, all rents, revenue, income, issues, royalties, bonuses, accounts receivable, cash or security deposits, advance rentals, profits and proceeds from the Property, and other payments and benefits derived or to be derived from such leases of every kind and nature, whether due now or later, including without limitation Grantor's right to enforce such leases and to receive and collect payment and proceeds thereunder.

THE UNDERSIGNED ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS ASSIGNMENT, AND NOT PERSONALLY BUT AS AN AUTHORIZED SIGNER, HAS CAUSED THIS ASSIGNMENT TO BE SIGNED AND EXECUTED ON BEHALF OF GRANTOR ON DECEMBER 30, 2002.

GRANTOR:

ERNST BROTHERS LLC

By: *Wayne G Ernst, Managing Member*
Wayne G Ernst, Manager of Ernst Brothers LLC

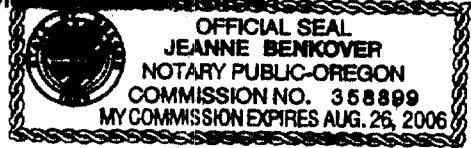


LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF Oregon

COUNTY OF Klamath

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) SS
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On this 31 day of December, 20 02, before me, the undersigned Notary Public, personally appeared Wayne G Ernst, Manager of Ernst Brothers LLC, and known to me to be a member or designated agent of the limited liability company that executed the Assignment of Rents and acknowledged the Assignment to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Assignment and in fact executed the Assignment on behalf of the limited liability company.

By [Signature]

Residing at 138040 Hillcrest Gilchrist

Notary Public in and for the State of Oregon

My commission expires 8/26/06

Exhibit A

02806

Parcel 1

A portion of the NW1/4 NE1/4 in Section 30, Township 24 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, lying East of the Deschutes River and West of vacated outlots of Crescent.

Account No: 2409-03000-00201-000

Parcel 2

TRACT 1: Parcel 1 of Major Partition Plat No. 53-91, Records of Klamath County, Oregon;

TRACT 2: A tract of land, reserved and excepted to Gilchrist Timber Company, by the Deed to Klamath County School District recorded in Klamath County Deed Records, Volume M76, page 11148, as more particularly described therein, including a well, well house and a tract 25 feet in diameter surrounding the well house.

Account No: 2409-01900-00104-000

Account No: 2409-030AB-01600-000

Account No: 2409-030AB-01700-000

Account No: 2409-030AC-01900-000

Account No: 2409-00000-00101-000

Parcel 3

Lots 92 of TRACT 1318 - GILCHRIST TOWNSITE, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Lot 3 of TRACT 1318 - GILCHRIST TOWNSITE, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

EXCEPTING THEREFROM: Beginning at a 5/8 inch iron rod marking the Southeast corner of Lot 4 TRACT 1318 - GILCHRIST TOWNSITE as shown on the original plat thereof, thence North 75 degrees 15' 28" West, 169.29 feet to a 5/8 inch iron rod; thence North 14 degrees 49' 53" East, 84.00 feet to a 5/8 inch iron rod marking the adjusted Northwest Lot Corner of Lot 4, of said Tract 1318 - Gilchrist Townsite, from which a 5/8 inch iron rod marking the original

(Legal continued)

02807

(continued)

Northwest corner of Lot 4, Tract 1318 - Gilchrist Townsite as shown on the original plat thereof bears South 14 degrees 49' 53" West, 20.00 feet; thence South 75 degrees 15' 28" East, 170.34 feet to a 5/8 inch iron rod marking the Westerly right-of-way of Manzanita Street from which a 5/8 inch iron rod marking the original Northeast corner of Lot 4, Tract 1318 - Gilchrist Townsite as shown on the original plat thereof bears South 15 degrees 32' 50" West, 20.00 feet; thence South 15 degrees 32' 50" West, 84.01 feet along the said Westerly right-of-way of Manzanita Street to the point of beginning.

Account No: 2409-019DA-04100-000

Account No: 2409-019AD-00200-000

Parcel 4 (Lakeshore)**Tract 1:**

A parcel of land situated in Lots 1 and 5, Section 25, Township 37 South, Range 8 East of the Willamette Meridian, in the County of Klamath, State of Oregon, and being more particularly described as follows:

Beginning at an iron rod monument on the Westerly right of way line of Shady Pine Road (originally The Dalles-California Highway), said point being South 05 degrees 01' 49" West, 1,335.29 feet from a brass cap monument at the Northeast corner of said Section 25; thence South 87 degrees 54' 00" West, 374.83 feet to an iron rod monument on the East line of the relocated The Dalles-California Highway No. 97; thence North 02 degrees 06' 00" West, 176.87 feet along said East line to a point, said point being 35 feet distant Easterly from, when measured at right angles to the centerline of said Highway at Station 328+73.4; thence North 87 degrees 54' 00" East, 15.00 feet; thence North 02 degrees 06' 00" West, parallel with and 50 feet distant from the centerline of said relocated highway, a distance of 50.95 feet to the Southwest corner of that property described in Volume M82 at Page 7839, Deed Records of Klamath County, Oregon; thence North 68 degrees 37' 20" East, along the South line of that property described in said Volume M82 at Page 7839, a distance of 223.35 feet, more or less, to the Westerly right of way line of said Shady Pine Road; thence Southeasterly along said Westerly right of way to the point of beginning.

(Legal continued)

02808

(continued)

Tract 2:

A piece or parcel of land situated in the NE1/4 of Section 25, Township 37 South, Range 8 East of the Willamette Meridian, in the County of Klamath, State of Oregon, and being more particularly described as follows:

Beginning at an iron pipe on the Easterly right of way line of State Highway No. U.S. 97, as the same is presently located and constructed on the ground; from which the monument marking the meander corner common to Section 25, Township 37 South, Range 8 East of the Willamette Meridian and Section 30, Township 37 South, Range 9 East of the Willamette Meridian bears South 51 degrees 02-3/4' East 628.9 feet distant (said point of beginning being also 50.0 feet distant from when measured at right angles to, Station 329/24.3 of the centerline of said Highway No. 97); thence North 69 degrees 12-1/3' East 230.0 feet, more or less, to the Westerly right of way of the County Road (Old Highway No. 97), which point is 30.0 feet from, when measured at right angles to, the centerline of said County Road, and from which point an iron pipe reference monument bears North 69 degrees 12-1/3' East 10.0 feet distant; thence following the said Westerly right of way line of said County Road in a Northerly and Westerly direction to its intersection with the Easterly right of way line of said State Highway No. U.S. 97; thence Southerly and Easterly along the said Easterly right of way line of said State Highway to the point of beginning. The basis of bearings for the above description being South 1 degree 31' East for the centerline of the said State Highway from the said Station 329/24.3 Southerly.

EXCEPTING THEREFROM any portion lying within the State Highway right of way.

Account No: 3708-02500-00200-000
Account No: 3708-02500-00301-000
Account No: 3708-02500-00400-000
Account No: 3708-02500-00501-000

Parcel 5 (Mollies)**02809****Tract 1:**

A piece of parcel of land situated in the NE1/4 of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon and more particularly described as follows:

Beginning at an iron pipe which is South 0 degrees 06' West 323.4 feet and North 89 degrees 49' West 234.2 feet from the Northeast corner of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, which point of beginning is also the Northeast corner of that certain tract of land conveyed to Elmer W. and Flora M. Zigler on page 238, Deed Volume 278 of the Records of Klamath County, Oregon; thence North 89 degrees 49' West along the Northerly boundary of said tract of land conveyed on page 238 Deed Volume 278, a distance of 334.8 feet to an iron pipe set at its intersection with a line which is parallel to and 192.77 feet Northeasterly of, when measured at right angles to, the Northeasterly right of way line of the Dalles-California Highway (No. US 97) as the same is now located across said Section 19; thence North 38 degrees 52' West parallel to and 192.77 feet distant from said Northeasterly highway right of way line a distance of 147.25 feet to an iron pipe; thence South 89 degrees 49' East a distance of 427.3 feet to an iron pipe; thence South 0 degrees 06' West a distance of 114.35 feet more or less, to the point of beginning.

Tract 2:

Beginning at a point which is South 0 degrees 06' West a distance of 477.4 feet and North 89 degrees 49' West a distance of 234.2 feet from the Northeast corner of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon; thence North 0 degrees 06' East a distance of 154 feet to a point; thence North 89 degrees 49' West a distance of 336 feet, more or less, to a point on a line which is parallel to and distant 192.77 feet at right angles from the Northeasterly right of way line of the Dalles-California Highway; thence South 38 degrees 52' East a distance of 200 feet, more or less, to a point which is North 0 degrees 06' East a distance of 211.1 feet from the North line of Byrd Avenue in Chelsea Addition; thence South 89 degrees 49' East a distance of 210.2 feet to the place of beginning, being in the NE1/4 NE1/4 of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

(Legal continued)

02810

(continued)

Tract 3:

All that portion of the NE1/4 NE1/4 of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the section corner common to Sections 17, 18, 19 and 20, said Township and Range; thence South 0 degrees 06' West along the East line of said Section 19, a distance of 388.5 feet to a point; thence North 89 degrees 49' West a distance of 174.2 feet to a point; thence South 0 degrees 06' West a distance of 300.0 feet to a point on the North line of Byrd Avenue; thence West along said North line a distance of 60 feet to a point; thence North 0 degrees 06' East a distance of 479.45 feet to a point; thence North 89 degrees 44' West a distance of 427.3 feet to a point; thence North 38 degrees 46' West a distance of 268.15 feet to a point on the North line of said Section 19; thence South 89 degrees 44' East along said North line a distance of 833.95 feet to the point of beginning.

EXCEPTING THEREFROM a tract of land situated in the NE1/4 NE1/4 of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the section corner common to Sections 17, 18, 19 and 20, said Township and Range; thence South 0 degrees 06' West along the East line of said Section 19, a distance of 388.5 feet to a point; thence North 89 degrees 49' West a distance of 174.2 feet to a point; thence South 0 degrees 06' West a distance of 89 feet to the True Point of Beginning of this description; thence continuing South 0 degrees 06' West a distance of 211 feet to a point on the North line of Byrd Avenue; thence West along said North line a distance of 60 feet to a point; thence North 0 degrees 06' East a distance of 211 feet to a point; thence South 89 degrees 49' East 60 feet to the point of beginning.

Tract 4:

Beginning at a point on the Northeasterly right of way line of State Highway No. 97 which lies South 0 degrees 06' West along the East section line a distance of 688.5 feet and North 89 degrees 49' West along the North line of Byrd Avenue in Chelsea Addition, a distance of 521.6 feet and North 38 degrees 52' West along the Northeasterly right of way line of State Highway No. 97 (Note: State

(Legal continued)

02811

(continued)

Highway bearing of this line shows North 39 degrees 7 1/2' West) a distance of 130.55 feet from the iron axle which marks the Northeast corner of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, running thence; continuing North 38 degrees 52' West along the Northeasterly right of way line of State Highway No. 97, a distance of 250 feet to a point; thence North 51 degrees 08' East a distance of 192.77 feet to a point; thence South 38 degrees 52' East a distance of 250 feet to a point; thence South 51 degrees 08' West a distance of 192.77 feet, more or less to the point of beginning, in the NE1/4 NE1/4 of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

Account No: 3809-019AA-00100-000
Account No: 3809-019AA-00400-000
Account No: 3809-019AA-00500-000
Account No: 3809-019AA-00600-000

Parcel 6 (Walker Range)

Legal Description: A portion of the SE1/4 NE1/4 of Section 36, Township 24 South, Range 8 East of the Willamette Meridian, and being more particularly described as follows:

Beginning at the East quarter corner of Section 36, Township 24 South, Range 8 East of the Willamette Meridian; thence West along the East-West centerline of Section 36, 227.1 feet to the Easterly right of way line of Dalles-California Highway; thence North 25 degrees 50' East 292 feet along said right of way; thence East 102.8 feet to East line of said Section 36; thence South 0 degrees 39' West 264.3 feet to the point of beginning, Klamath County, Oregon.

Account No: 2408-036A0-01200-000