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PAC EQUITIES, INC.  
250 NW FRANKLIN AVENUE  
SUITE 302  
BEND, OR 97701

Vol. M05 Page 32592

State of Oregon, County of Klamath  
Recorded 05/05/2005 3:20 p m  
Vol M05 Pg 32592-4  
Linda Smith, County Clerk  
Fee \$ 3/00 # of Pgs 3

1st 547916

# RELEASE AGREEMENT AND ASSIGNMENT OF SUBSTITUTE SECURITY

As of this 5<sup>th</sup> day of May, 2005, LBLM Investments, LLC, an Oregon Limited Liability Company ("LBLM") has agreed, for substitute security, to release **Lots 8,9,58,13,39,24,46,43,26,11,51,52,53,10,19,12,47, Tract 1416, The Woodlands, Phase 1**, Klamath Falls, Oregon from that trust deed recorded on February 17, 2005, Instrument No. M-05 on page 10877, records of Klamath County, Oregon.

In accordance with Section 2, paragraph 4 of the Commercial Loan Agreement, Pac Equities, Inc. does hereby consent to the granting of a Trust Deed on **Tract 1437, The Woodlands Phase 2**, Klamath County, Oregon from Southview Properties, LLC as grantor to LBLM Investments, LLC. Legal description and maps attached as "Exhibit A" and "Exhibit B".

**LBLM INVESTMENTS, LLC**  
an Oregon Limited Liability Company

By: [Signature]  
LBLM Investments, LLC as beneficiary  
Its: MANAGING MEMBER

Dated: 5-05-05

**PAC EQUITIES, INC.**

[Signature]  
Michael Rich, President

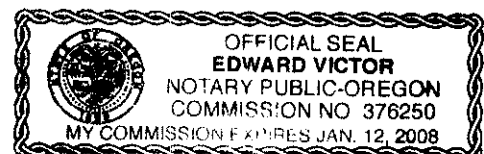
Dated: 5-4-05

STATE OF OREGON           )  
  )ss:  
COUNTY OF DESCHUTES)

The foregoing instrument was acknowledged before me this 5<sup>th</sup> day of May, 2005 by Les Mombert, Manager of LBLM Investments, LLC., on its behalf.

[Signature]  
Notary Public for Oregon

My Commission Expires: 1/12/08



## EXHIBIT 'A'

## LEGAL DESCRIPTION OF: "THE WOODLANDS PHASE 2" BOUNDARY

A tract of land situated in the southeast 1/4 Section 36, Township 38 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at the initial point, said point being the northeasterly corner of Lot 59 of "Tract 1416-The Woodlands-Phase 1" a duly recorded subdivision at the Klamath County Clerks office, said point being a 5/8" rebar with a yellow plastic cap marked "LS 58985"; thence along the northwesterly boundary of said subdivision the following twenty courses, South 63°38'02" West, 100.00 feet; thence South 63°32'43" West, 52.00 feet; thence South 26°21'58" East, 3.22 feet; thence South 63°38'02" West, 70.01 feet; thence South 26°21'58" East, 5.00 feet; thence South 63°38'02" West, 65.01 feet; thence North 26°21'58" West, 10.00 feet; thence South 63°38'02" West, 65.01 feet; thence South 26°21'58" East, 5.00 feet; thence South 63°38'02" West, 70.01 feet; thence South 26°21'58" East, 5.00 feet; thence South 63°35'10" West, 65.01 feet; thence North 26°21'58" West, 10.05 feet; thence South 63°38'02" West, 65.00 feet; thence South 26°21'58" East, 5.00 feet; thence South 63°38'02" West, 70.01 feet; thence South 63°36'54" West, 52.00 feet; thence South 26°21'58" East, 16.34 feet; thence South 63°38'02" West, 100.00 feet; thence South 26°21'58" East, 65.00 feet to the southwesterly corner of lot 7 of said subdivision; thence leaving said northwesterly boundary of the "The Woodlands-Phase 1", South 89°36'23" West, 115.26 feet; thence North 01°04'44" East, 118.46 feet; thence North 89°43'07" West, 50.00 feet; thence North 01°04'44" East, 244.01 feet; thence South 89°43'07" East, 30.00 feet; thence North 01°04'44" East, 272.34 feet; thence South 88°55'16" East, 99.00 feet; thence North 01°04'44" East, 13.34 feet to a point of curvature; thence northeasterly along the arc of a 277.00 foot radius curve to the right, through a central angle of 03°53'57" (the long chord of which bears North 03°01'43" East, 18.85 feet) an arc distance of 18.85 feet; thence South 85°01'19" East, 54.00 feet; thence North 63°38'02" East, 618.81 feet; thence South 26°21'58" East, 68.00 feet; thence North 63°38'02" East, 112.78 feet; thence South 26°21'58" East, 408.00 feet; thence South 63°38'02" West, 278.00 feet; thence South 26°21'58" East a distance of 16.70 feet to the POINT OF BEGINNING;

Containing 11.82 acres, more or less.

32594

TRACT 1437 - THE WOODLANDS - PHASE 2  
 SITUATED IN THE SE1/4 SECTION 36 T36S, R8E, WM,  
 KIMMATH COUNTY, OREGON  
 APRIL, 2005

LINE	BEARING	DISTANCE
1	S81°38'02"E	100.00
2	S81°38'02"E	100.00
3	S81°38'02"E	100.00
4	S81°38'02"E	100.00
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CURVE	RADIUS	DELTA	LENGTH	CH BEARING	CH LENGTH
1	277.00	155.17	188.3	N01°04'47"E	188.3

REGISTERED  
 PROFESSIONAL  
 LAND SURVEYOR  
 KEITH R. RHINE  
 430 Walnut Ave.  
 Elmville, PA, OR 97601  
 (541) 651-9405  
 EXPIRATION DATE: 12-31-06

Rhine-Cross Group, Inc.  
 430 Walnut Ave.  
 Elmville, PA, OR 97601  
 (541) 651-9405