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State of Oregon, County of Klamath Recorded 07/19/05 //.5/a m

Vol M05 Pg 55 466 - 75

Linda Smith, County Clerk
Fee \$ (600 # of Pgs / 0

**RECORDING REQUESTED BY** 

**Alliance Title Company** 

AND WHEN RECORDED MAIL TO

Name Geneva Real Estate
Street 1 Northwood Drive

Suite 1

Orinda, CA 94563

City,State Zip

Order No. 11366629-504-JM4

1St 586028

SPACE ABOVE THIS LINE FOR RECORDER'S USE

#### **Deed of Trust**

This Deed of Trust is recording in counterpart and together secure one Note.

The properties covered are as follows:

11630 Highway 39 Klamath Falls, Oregon 97603

Sutter Creek, CA APN: 018-020-031-00 & 018-020-032-00



When Recorded Mail to:

GENEVA REAL ESTATE INVESTMENTS C/O CARL B. MILLER 1 NORTHWOOD DRIVE, SUITE 1 ORINDA, CA 94563

# DEED OF TRUST (WITH ABSOLUTE ASSIGNMENT OF RENTS RIDER)

This Deed of Trust is dated July 12, 2005

The TRUSTOR is by Patrick D. Fitzgerald, a married man, as his sole and separate property ("Trustor").

The Trustor's address is

The TRUSTEE is, Geneva Real Estate Investments Inc., a California corporation. ("Trustee").

The BENEFICIARY is Geneva Real Estate Investments Inc., a California corporation. ("Beneficiary").

Trustor owes Beneficiary the principal sum of \$500,000.00. This debt is evidenced by a PROMISSORY NOTE dated July 12, 2005 (the "Note").

This Deed of Trust secures to Beneficiary:

- (1) Performance of each agreement and covenant of Trustor incorporated by reference, contained in the Note or contained in this Deed of Trust;
- (2) The repayment of the debt evidenced by the Note, with interest, and all amounts which shall become due under the Note, and all extensions, modifications, or renewals of the Note;
- (3) The payment of all sums, with interest, advanced under any provision of this Deed of Trust.

As security for the performance of Trustor's obligations secured by this Deed of Trust, Trustor irrevocably GRANTS, TRANSFERS, AND ASSIGNS to Trustee, in Trust, with POWER OF SALE, that property in the State of Oregon, County of Klamath, (the "Property"), described as follows:

### SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

Together with all the improvements now or hereafter erected on the Property, all replacements, all additions, all easements, rights, rents, royalties, mineral, oil and gas rights, water rights and stock and all fixtures now or hereafter a part of the Property. All of the foregoing is referred to as the Property.

# ACCELERATION ON TRANSFER OR ENCUMBRANCE OF THE PROPERTY:

If as to any or all of Trustor's interest in the Property, Trustor sells, transfers, contracts to sell, gives an option to purchase, conveys, leases for a term exceeding 10 years, encumbers, or alienates the Property; or causes or allows the Property to be subject to a junior lien or encumbrance; or if any or all of the title of the Trustor is impaired or divested, whether voluntarily or involuntarily; or if title to the Property be subject to any lien or charge, voluntary or involuntary, contractual or statutory, without the written consent of Beneficiary being first had and obtained; then Beneficiary shall have the right of acceleration, at its option, to declare the Note secured by this Deed of Trust, irrespective of the maturity date expressed therein, and without demand or notice, immediately due and payable. No waiver of this right shall be effective unless it is in writing. Consent by Beneficiary to one such transaction shall not constitute waiver of the right to require such consent in succeeding transactions.

- TO PROTECT the security of this Deed of Trust, and with respect to the Property described above, Trustor expressly makes each of all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth as follows:
- (1) GOOD REPAIR: To keep the Property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon; to keep all buildings, structures and other improvements now or hereafter situated on the above described Property at all times entirely free of dry rot, fungus, rust, decay, termites, beetles, and any other destructive insects or elements; to pay when due all claims for labor performed and materials furnished therefore to comply with all laws affecting the Property or requiring any alterations or improvements to be made thereon; not to commit waste or permit waste thereof; not to commit, suffer or permit any act upon the Property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune, and do all other acts which from the character or use of the Property may be reasonably necessary, the specific enumeration's herein not excluding the general. Either Beneficiary or Trustee, or both, at any time during the continuation of the Deed of Trust, may enter upon and inspect the Property, provided such entry is reasonable as to time and manner.
- (2) HAZARD INSURANCE: To provide, maintain and deliver to Beneficiary hazard insurance, including, without limitation, insurance against loss by fire, hazards included within the term "extended coverage" and any other hazards for which Beneficiary requires insurance. Insurance for personal injury claims is required. All insurance shall be satisfactory to Beneficiary and shall be for an amount at least equal to the amount secured by this Deed of Trust. Such insurance shall contain a provision for loss payable to Beneficiary and shall contain a standard mortgage clause. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any Default or Notice of Default hereunder or invalidate any act done pursuant to such notice. Beneficiary shall have the right to hold all policies and renewals. Beneficiary may make proof of loss if not made promptly by Trustor. Trustor hereby assigns to Beneficiary the proceeds of any and all insurance policies covering the Property, whether or not that insurance is required by Beneficiary. Trustor shall pay all insurance premiums required herein including, without limitation, any insurance obtained by Beneficiary due to Trustor's failure to secure insurance. Insurance shall be required regardless of the loan amount as compared to the value of the Property.
- (3) LEGAL PROCEEDINGS: To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; to pay all costs, expenses and attorney's fees incurred by Beneficiary in any action or proceeding in which Beneficiary is named as a party which affects this Deed of Trust and/or the rights or powers of the Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding instituted by Beneficiary or Trustee to protect or enforce the security of this Deed of Trust or the obligations secured hereby.
- (4) TAXES AND LIENS: To pay before delinquency all taxes and assessments affecting the Property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on the Property or any part appear to be prior or superior hereto; all costs, fees and expenses of this Trust.
- (5) TRUSTOR'S FAILURE: Should Trustor fail to make any payments or to do any act as herein provided, then Beneficiary or Trustee, but without obligation to do so and without notice to or demand upon Trustor and

without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security thereof, Beneficiary or Trustee being authorized to enter upon the Property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment or either appears to be prior or superior thereto; and in exercising any such powers, pay necessary expenses, employ counsel and pay counsel's reasonable fees.

- (6) ADVANCES: To pay immediately and without demand all sums, including attorneys' fees, advanced or expended by Beneficiary or Trustee, with interest from the date of expenditure at the rate prescribed in the Note. Should any additional funds be advanced on any note secured by a Trust Deed now of record, or should any change be made in the time or manner of paying such note, or should any other action be taken by the undersigned with respect to such note whereby the security herein provided for shall be impaired in any manner whatsoever, then the Note secured hereby shall, at the option of the Beneficiary, immediately become due and payable. All advances and expenditures incurred by Beneficiary and/or trustee shall be added to the amount due under the Note and shall accrue interest at the rate of interest under the Note.
- (7) CONDEMNATION: Any award of damages or sums received in settlement in connection with any condemnation for public use of or any injury to the Property or any part thereof from any cause, is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.
- (8) LEASEHOLD: If the security for this Deed of Trust is a leasehold estate, Trustor agrees not to amend, change or modify his leasehold interest, or any of the terms thereof, or agree to do so, without the written consent of the Beneficiary being first obtained. In the event of a violation of this provision, Beneficiary shall have the right, at its option, to declare all sums secured hereby immediately due and payable.
- (9) PAYMENTS: By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.

Notwithstanding any provision herein or in the Note secured hereby to the contrary, Beneficiary or Trustee shall have the absolute right to direct manner, order and amount in which payments shall be applied upon or allocated among the various items composing Trustor's indebtedness secured hereby.

In the event of default in the payment of any of the moneys to be paid under the terms of the Note secured hereby or in the performance of any of the covenants and obligations of this Deed of Trust, then any funds in the possession of the Beneficiary, or other credits to which the Trustor would otherwise be entitled may, at the option of the Beneficiary, be applied to the payment of any obligation secured hereby in such order as the Beneficiary may, in its sole discretion determine.

- (10) POWER OF TRUSTEE: At any time or from time to time, without liability therefore and without notice upon written request of Beneficiary and presentation of this Deed and the Note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of the Property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge thereof. Trustee may, but shall be under no obligation or duty to, appear in or defend any action or proceeding purporting to affect the Property or the title thereto, or purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee.
- (11) RECONVEYANCE: Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and the Note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as the "person or persons legally entitled thereto". The Trustee may destroy the Note, this Deed of Trust (and any other documents related thereto) upon the first to occur of the following: 5 years after issuance of a full reconveyance; or, recordation of the Note and Deed of Trust in a form or medium which permits their reproduction for 5 years following issuance of a full reconveyance. Trustor shall pay the Trustee's fee for issuance of a reconveyance which shall be \$65.00 or the maximum amount allowed by law, whichever is greater.
- MISCELLANEOUS: The Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner or holder, including pledgees, of the Note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. As used herein, "fixtures" includes but is not limited to carpeting, built-in appliances, draperies and drapery rods, shrubs, water tanks, plumbing, machinery, air conditions, ducts, and the like.

- (13) TRUST: Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.
- (14) STATEMENTS: Trustor agrees to pay Beneficiary or his agent, the maximum legal charge for each statement regarding the Trust Deed obligation herein. A statement includes but is not limited to a Beneficiary Statement, Credit Statement, Verification of Mortgage and any statement evidencing the debt.
- (15) PARTIAL PAYMENT: Acceptance by Beneficiary of a partial payment on account, after Notice of Default has been recorded, shall not be construed as curing the default nor as a waiver of past or future delinquencies.
- (16) DEFAULT AND FORECLOSURE: Upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written Notice of Default and of election to cause to be sold the Property, which notice Trustee shall cause to be filed for record. Trustee shall be entitled to rely upon the correctness of such notice. Beneficiary also shall deposit with Trustee this Deed, the Note and all documents evidencing expenditures secured hereby.

After the lapse of such time as then may be required by law following the recordation of such Notice of Default and Notice of Sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in such Notice of Sale, either as a whole or in separate parcels and in such order as it may determine (but subject to any statutory right of Trustor to direct the order in which the Property, if consisting of several lots or parcels, shall be sole), at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property to be sold, but without any covenant or warranty, expressed or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person including the Trustor, Trustee, or Beneficiary as hereinafter defined may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the rate prescribed in the Note; all other sums then secured thereby; and the remainder, if any, to the person or persons legally entitled thereto.

(17) SUBSTITUTION OF TRUSTEE: Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where the Property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties.

Such instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee. If Notice of Default shall have been recorded, this power of substitution cannot be exercised until after the costs, fees and expenses of the then acting Trustee shall have been paid to such Trustee, who shall endorse receipt thereof upon such instrument of substitution. The procedure herein provided for substitution of Trustees shall not be exclusive of other provisions for substitution provided by law.

- (18) CC&R'S: If the security under this Deed of Trust is a condominium or a community apartment or planned development project, Trustor agrees to perform each and every obligation of the owner of such condominium or interest in such project under the declaration of covenants, conditions and restrictions or bylaws or regulations pertaining to such condominium or project. Upon the request of Beneficiary, Trustor agrees to enforce against other owners in such condominium or project each and every obligation to be performed by them, if the same have not been performed or if valid legal steps have not been taken to enforce such performance within ninety (90) days after such request is made.
- (19) COVENANTS AND REPRESENTATIONS BY TRUSTOR: Trustor covenants and represents that Trustor is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for matters disclosed in writing to Beneficiary. Trustor covenants and represents to Beneficiary that Trustor has provided written disclosure to Beneficiary of all bankruptcy petitions which Trustor has filed at any time and that Trustor is not a debtor under any bankruptcy. In the event that Trustor

has filed a petition in bankruptcy or files a petition in bankruptcy at any time prior to the perfection of a secured lien evidenced by this Deed of Trust against the Property, then upon execution of this Deed of Trust Trustor transfers title to the Property to Beneficiary and such transfer shall be deemed a transfer under Bankruptcy Code Section 549.

IT IS AGREED BY THE UNDERSIGNED TRUSTOR THAT THE ATTACHED "ABSOLUTE ASSIGNMENT OF RENTS RIDER" IS INCORPORATED HERETO AND IS MADE A PART HEREOF.

FROM : KLAMATH MAINTENANCE

FAX NO. :5418853794

Jun. 29 2005 01:33PM P5

55472

Preliminary Report

Order No.: 7021-586528 Page 4 of 4

#### Exhibit "A"

Real property in the County of Klamath, State of Oregon, described as follows:

A parcel of land situated in the S 1/2 S 1/2 NE 1/4 of Section 1, Township 40 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at the East one-quarter corner of Section 1; thence North 89°45'40" West 30.00 feet to a 3/4" Iron rod at the intersection with the Westerly right of way line of Oregon State Highway 39; thence North 00°15'29" East 229.06 feet along the Westerly right of way line of said Highway 39 to a 5/8" Iron rod, being a corner of said parcel, the true point of beginning; thence North 89°45'40" West 950.84 feet to a 5/8" iron rod; thence South 00°15'29" West 229.06 feet to a 5/8" iron rod at the intersection with the center one-quarter section line of Section 1; thence North 89°45'40" West 1663.99 feet along the center one-quarter section line of Section 1 to the center one-quarter corner of Section 1 marked by a 5/8" iron rod; thence North 00°04'23" East 664.33 feet along the center one-quarter section line of Section 1 to a point; thence South 89°46'18" East 2616.98 feet to a point at the intersection with the Westerly right of way line of said Highway 39; thence South 00°15'29" West 435.75 feet along the Westerly right of way line of said Highway 39 to the point of true beginning.

The basis of bearing Minor Land Partition No. 79-82 on file in the office of the County Clerk of Klamath County, Oregon.

EXCEPTING THEREFROM a 40 foot wide strip of K.I.C. Drain over and across the 5 1/2 5 1/2 NE 1/4 of Section 1, Township 40 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon.

Tax Parcel Number: R90975

# ABSOLUTE ASSIGNMENT OF RENTS RIDER

This ABSOLUTE ASSIGNMENT OF RENTS is dated July 12, 2005.

The ASSIGNOR is: by Patrick D. Fitzgerald, a married man, as his sole and separate property ("Assignor") (also known as Trustor under the Deed of Trust of same date of which this document is a rider thereto)

The ASSIGNEE is: Geneva Real Estate Investments Inc., a California corporation (Assignee") (also known as Beneficiary under the Deed of Trust of same date of which this document is a rider thereto) hereby agree to the following:

A. Assignor is the owner of that certain real property (the "Property" hereinafter) in the County of Klamath, State of Oregon described as:

## SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

B. Assignor, as Trustor, has executed a Deed of Trust in favor of Assignee, as Beneficiary, to secure a loan made by Assignee to Assignor. Said Deed of Trust incorporates this document by reference.

NOW THEREFORE, FOR VALUABLE CONSIDERATION AND AS ADDITIONAL SECURITY FOR THE OBLIGATIONS SECURED BY SUCH DEED OF TRUST, Assignor agrees as follows:

- l. ASSIGNMENT. Assignor absolutely grants, transfers and assigns to Assignee all rents, issues, receipts, revenues, payments, charges and profits on the Property and any other sums derived from the Property including revenue obtained by a business or establishment located on the Property, including, without limitation, hotel revenue, boarding house revenues and convalescent care revenues, as well as Assignor's interest in all leases, oral or written, now in effect or hereinafter entered into concerning the Property (collectively referred to as "Rents"). This assignment is a present transfer in accordance with California Civil Code Section 2938.
- 2. RIGHT TO COLLECT. Assignee grants Assignor a license to collect all Rents from the Property only for so long as Assignor is not in default under the terms of the Deed of Trust. Such license shall terminate immediately, without notice, if a default occurs under the Deed of Trust. All Rents collected by Assignor, and/or any successor of Assignor, whether by operation of law, voluntarily or involuntarily, and/or a trustee in bankruptcy or a receiver are subject to the provisions of this Assignment of Rents. Assignor shall have no interest in the Rents prior to Lender's written transfer of any interest in the Rents.
- 3. DEFAULT. This assignment is perfected as of the date of recordation in accordance with California Civil Code Section 2938 and Assignee is entitled to Rents although Assignor or any other entity is in possession of the Property. In the event of a default by Assignor under the terms of the Deed of Trust, Assignee shall be entitled to accelerate all sums due under the loan secured said Deed of Trust in accordance with the terms thereof and is authorized to enter into and upon the Property, by itself or through an agent, for the purpose of collecting all Rents from the Property. In such event Assignee may, in its sole discretion, take and hold possession of the Property, operate and manage the Property, enter the Property to collect Rents, and take such other action as it may deem necessary to protect its security interest in the Property and its Rents. Assignor appoints Assignee its true, lawful and irrevocable attorney to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, either in the name of the Assignor or in the name of the Assignee, for all Rents. Assignee is not required to obtain court approval to enter the property nor to collect the Rents.

- 4. OTHER REMEDIES. In addition to the rights set forth in paragraph 3 above, Assignee may exercise any other remedy it has at law or pursuant to the terms of the Deed of Trust. Without in any way limiting the foregoing, Assignee shall have the right, in its sole discretion, to seek the appointment of a receiver to take possession of the property, manage same, and collect the Rents on behalf of Assignee.
- 5. ADVANCE RENTS. Assignor agrees not to collect the Rents in advance of the time when they shall become due without the prior written consent of Assignee.
- 6. HOLD HARMLESS. Assignee does not assume any of the Assignor's obligations under any lease or any other agreement assigned hereunder, and Assignor agrees to keep and perform all obligations thereunder and to save Assignee harmless from the consequences of any failure to do so.
- 7. ASSIGNMENT PROHIBITED. Assignor agrees that it will not assign any interest in any lease, or any other agreement to pay any Rents assigned hereunder; and that notice of this Assignment may be given to any lessee or party to any such agreement at any time at Assignee's option.
- 8. MISCELLANEOUS. This Assignment is intended by Assignor and Assignee to create an absolute assignment to Assignee, rather than an assignment for security purposes only. Any sums collected by or on behalf of Assignee pursuant to the provisions of their Assignment shall be applied first to the payment of any costs incurred for management of the property and collection of rents (including, but not limited to receiver's fees, premiums on receiver's bonds and reasonable attorney's fees), and then to other sums secured by the Deed of Trust. All notices, requests, demands and other communications hereunder shall be deemed to have been duly given if delivered in person or by United States mail, certified or registered, return receipt requested, or otherwise actually delivered to the corresponding notice addresses listed below. Assignor and Assignee agree that any Rents collected pursuant to this Assignment of Rents shall not constitute and "action" under California Civil Code Section 726 whether the Rents are collected directly by Assignee and/or by Assignor or its successor and/or by a receiver or trustee in bankruptcy. Assignor and its successors agree not to claim in any manner that the receipt of Rents by Assignee is an "action" under California Civil Code Section 726. Assignor represents that the Rents assigned herein have not been assigned to any other entity.

Notice Address for Assignor is as stated in the deed of trust to which this Assignment of Rents is attached.

Patrick D. Fitzgerald

55475

Preliminary Report

Order No.: 7021-586628 Page 4 of 4

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Tax Parcel Number: R90975

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