



10/03/2006 03:32:31 PM

Fee: \$111.00

RECORDED AT REQUEST OF:

1st-653414

WHEN RECORDED MAIL TO:

Rabo Agrifinance, Inc.  
10100 Trinity Parkway, Suite 400  
Stockton CA 95219

Loan No. F-116156

**OREGON TRUST DEED, SECURITY AGREEMENT AND FINANCING STATEMENT**

**NOTICE TO RECORDER**

THIS DOCUMENT CONSTITUTES A FIXTURE FILING THAT SHALL HAVE AN EFFECTIVE PERIOD UNTIL THIS TRUST DEED IS RECONVEYED OR SATISFIED OF RECORD OR ITS EFFECTIVENESS OTHERWISE TERMINATES AS TO THE REAL PROPERTY.

THE TAX ACCOUNT NUMBERS FOR THE PROPERTY SUBJECT TO THE LIEN OF THIS INSTRUMENT ARE: R106174, R106165, R106192, R106218, R107173, R107244, R107235, R891332 and R886107.

**THIS TRUST DEED, SECURITY AGREEMENT AND FINANCING STATEMENT** ("Trust Deed"), dated as of the 8th day of AUGUST 2006, between AUDRIC ENTERPRISES, INC., a California corporation and PACIFIC – AG. SUPPLIERS, INC., a California corporation whose chief executive office or principal residence is 209 RIVERSIDE ROAD, WATSONVILLE, CALIFORNIA 95076, and all other persons executing this Trust Deed ("Trustor"), FIRST AMERICAN TITLE INSURANCE COMPANY OF OREGON ("Trustee"), an OREGON corporation whose address is 404 MAIN STREET, SUITE 1, KLAMATH FALLS, OREGON 97601, and AXA EQUITABLE LIFE INSURANCE COMPANY ("Beneficiary"), a NEW YORK corporation, whose address is 1290 AVENUE OF THE AMERICAS, NEW YORK, NEW YORK 10104.

**WHEREAS**, the Trustor is justly indebted to the Beneficiary in the sum of ONE MILLION EIGHT HUNDRED THOUSAND AND NO/100 Dollars (\$1,800,000.00) with interest, all as set forth in that certain promissory note (the "Note") of even date herewith maturing APRIL 1, 2021.

**NOW, THEREFORE, THIS TRUST DEED WITNESSETH**, for good and valuable consideration, including the indebtedness herein recited and the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby irrevocably grants, bargains, sells, transfers, and conveys to Trustee in trust, with power of sale, for benefit and security of Beneficiary, under and subject to the conditions hereinafter set forth, all of Trustor's right, title, and interest now owned or hereafter acquired in and to the following described property (the "Property"), to wit:

The real property located in KLAMATH COUNTY, OREGON, briefly described as follows

*[Handwritten signatures and initials]*

101-F

(the "Real Estate"): Parcel I: Parcel 3 of Land Partition 13-89 in 8,9,16,17-41S-11E. Parcel II: Parcels 1 & 2 of Land Partition 26-99 in 17, NW1/416-14S-11E.

See attached Exhibit "A", which is incorporated herein by reference.

**TOGETHER WITH** (1) all easements, rights-of-way and rights appurtenant to said Real Estate or used in connection therewith or as a means of access thereto; (2) all tenements, hereditaments and appurtenances thereto, including all water, water rights and drainage rights appertaining thereto; (3) Trustor's interest as lessor in all leases affecting said Real Estate; (4) all buildings, structures, improvements, fixtures, attachments, appliances, equipment machinery and other articles now or hereafter erected on, affixed or attached to, or located in or on said Real Estate which are real property, and all substitutions, replacements, additions and accessions thereof or thereto; (5) all rents, issues, profits, royalties, bonuses, income and other benefits derived from or produced by said Real Estate (subject, however, to the assignment of rents and profits to Beneficiary herein); and (6) all right, title, estate, interest, and other claim or demand, including, without limitation, all claims or demands to the proceeds of all insurance now or hereafter in effect with respect to said Real Estate, which Trustor now has or may hereafter acquire in said Real Estate, and all awards made for the taking by condemnation or the power of eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of said Real Estate.

**AND ALSO**, Trustor, as debtor, irrevocably grants and assigns to Beneficiary, as secured party, a security interest in all of the following collateral which is personal property now or hereafter owned by Trustor or in which Trustor now or hereafter has any rights and which is now or hereafter located on or at, or affixed or attached to, or produced from, or used in connection with said Real Estate, including but not limited to: All personal property described in Exhibit "B" attached hereto and made a part hereof and articles of personal or mixed property of every kind and nature whatsoever, including, without limitation, all (a) goods, including without limitation, irrigation equipment and machinery (excluding, however, automobiles, trucks, tractors, trailers, wheeled vehicles, planting and tillage equipment), watering and irrigation apparatus, pumps, motors, generators, pipes, center pivot irrigators and sprinklers, windmills, fences, fixtures, fittings, appliances, farm products, crops growing or to be grown, timber standing or to be cut, minerals or the like (including oil and gas), raw materials, inventory and work in process; (b) all water stock and water rights and, to the extent listed on the attached Exhibit "B", all investment property, including without limitation, certificated and uncertificated securities, securities entitlements, securities accounts and commodities accounts, including all stock, bonds and commodities contracts; (c) all permits and licenses used in the operation of the Real Estate and, to the extent listed on the attached Exhibit "B", general intangibles, including without limitation payment intangibles and software; (d) accounts, including without limitation all of Trustor's right to any payment arising out of the sale, lease or license of all kinds of tangible and intangible personal property, contract rights, general intangibles, instruments, documents, chattel paper, accounts receivable, deposits, fees, charges and other payments, income and cash receipts that are otherwise described in this paragraph; (e) personal property of the same general kind or class as otherwise described in this paragraph which Trustor may now own or hereafter acquire, wherever located, used or usable in the operation of or relating to the Real Estate; and all products and proceeds from the sale or other disposal thereof,

including, without limitation, all payments under any insurance policies, substitutions and replacements, additions, accessions of or to said collateral and any indemnity, warranty or guaranty relating to any of the foregoing (all of the foregoing property shall be hereinafter collectively referred to as the "Collateral"; the Real Estate and the Collateral shall hereinafter be collectively referred to as the "Property"). PROVIDED HOWEVER, that nothing in this Trust Deed shall prevent Trustor from obtaining secured crop financing which may include the perfection of a lien by the crop lender on the crops growing or to be grown for a period not to exceed the beginning of the next crop year. If Trustor exercises its right to place a single crop lien on the crops grown or to be grown on the Real Estate, such crop lien shall automatically be a first superior lien to the lien on such crop created hereby without the need for any consent or subordination from Beneficiary.

**AND ALSO**, Certificates numbered n/a representing 780 shares of the capital stock of Van Brimmer Ditch Company and the water rights represented thereby.

**TO HAVE AND TO HOLD** the same unto the Beneficiary, its successors or assigns, forever.

**PROVIDED, ALWAYS**, that if the Trustor, his heirs, representatives, successors or assigns, shall pay unto the Beneficiary, its successors or assigns, the said sum of money mentioned in the Note and the interest thereon at the times and place and in the manner specified in the Note, and all other sums that may become due and owing to the Beneficiary pursuant to any of the terms, covenants and conditions hereof, and perform all the conditions and covenants contained in this Trust Deed, then these presents and the estate hereby granted shall cease, determine and be void and shall be released by the Beneficiary at the expense of the Trustor, otherwise to remain in full force and effect.

**AND SUBJECT** to the covenants and conditions hereinafter set forth.

**FIRST.** The Trustor hereby covenants and agrees, to the extent permitted by law, as follows: **(a)** to pay promptly when due the principal and interest and other sums of money provided for in the Note and in this Trust Deed, or either; **(b)** to pay all taxes, assessments and other charges (including ditch, canal, reservoir, or other water charges, taxes or assessments) imposed by law upon the Property, the Beneficiary's interest therein, or upon the Trust Deed or the Note; provided however, in the event of the passage of any law changing the laws for the taxation of trust deeds or debts secured by trust deeds so as to affect this Trust Deed, the entire indebtedness secured hereby shall, at the option of the Beneficiary, become due and payable; **(c)** to keep the Property and improvements on the Real Estate in good condition and repair and not to commit or suffer waste thereof, and except as authorized in any schedule annexed hereto and forming a part hereof, neither to remove nor permit the removal of any timber, buildings, oil, gas, minerals, stone, rock, clay, fertilizer, gravel or top soil without the prior written consent of the Beneficiary; **(d)** to maintain and deliver to the Beneficiary policies of insurance against such hazards on the buildings now or hereafter located on the Property as the Beneficiary may require from time to time, in such companies and amounts and with such loss payable clauses as shall be satisfactory to the Beneficiary; in the event of loss the Beneficiary is expressly authorized to settle or compromise claims under said policies and the proceeds shall be paid to

Initials  J. M. E.

the Beneficiary who may apply same or any part thereof on the indebtedness secured hereby or towards the reconstruction or repair of said buildings or release same to the Trustor; (e) to pay any lien, claim or charge against the Real Estate which might take precedence over the lien hereof; (f) to pay on demand all legal expenses, title searches, or attorney fees reasonably incurred or paid by the Beneficiary to collect the Note or foreclose or protect the lien of the Trust Deed; (g) in the event Trustor shall fail to comply with the provisions of (a) through (f) above, the Beneficiary may take such action as is necessary to remedy such failure and all sums paid by the Beneficiary pursuant hereto with interest at the rate hereinafter provided shall constitute a lien upon the Property, shall be secured by this Trust Deed, and shall be immediately due and repayable to the Beneficiary; (h) it is understood and agreed that a material factor in inducing the Beneficiary to make this loan to the Trustor is the unique status of the agricultural industry and the expertise and financial strength of the Trustor. In the event the Trustor ceases to own the Real Estate, the security for this loan is thereby deemed to be impaired. Consequently, in the event all or any portion of the Real Estate is sold, contracted for sale, leased with the option to purchase, conveyed, alienated, transferred, or if Trustor is a corporation, or a partnership, more than forty-nine percent (49%) of the corporation stock or partnership interest is sold, contracted for sale, conveyed, alienated, transferred or otherwise disposed of, whether voluntary or involuntary, by operation of law or otherwise, to persons other than the present owners and their heirs prior to the time the indebtedness secured hereby shall have been paid, then, at the option of the Beneficiary, the entire said indebtedness shall become due and payable and the Beneficiary may exercise any of its rights and remedies provided for in the Trust Deed; (i) if the Real Estate or any portion thereof shall be taken or damaged under the power of eminent domain, the award for any property so taken or damaged (including severance damages to the remaining property) shall be paid to the Beneficiary and applied in full or in part at the option of the Beneficiary in reduction of the indebtedness hereby secured; (j) the Beneficiary shall have the right to inspect the Property at such reasonable times as the Beneficiary may desire to determine the Trustor's compliance with the covenants contained in this Trust Deed; (k) the Beneficiary may release from the lien hereof any part of the above described Property without requiring any consideration therefor, and (l) Trustor is lawfully seized of said Real Estate in fee simple, the same is free from encumbrances except as may otherwise be specifically noted herein or waived in writing by the Beneficiary, Trustor will execute or procure any further necessary assurances of title and does hereby warrant generally the title to said Real Estate and will forever defend the same against the claims and demands of all persons whomsoever, and his separate estate, whether vested, contingent or in expectancy, is hereby conveyed and he does hereby expressly waive, release and relinquish all rights and benefits of any homestead, dower, curtesy, appraisement, exemption and stay laws of this state. It is agreed that the interest provided for in sub-section (g) above shall be the rate set forth in the Note as the interest rate in effect after an event of default or the highest lawful rate permitted by contract under applicable law, whichever is lesser.

**SECOND.** Trustor agrees that all of said Property which is erected on, affixed or attached to, or located in or on said Real Estate shall be deemed to be real property and a part of said Real Estate. No fixtures or equipment (including watering and irrigation apparatus) shall be removed from said Real Estate without the prior written consent of Beneficiary, except that Trustor shall have the right, without such consent, to remove and dispose of free from the security interest hereof such fixtures and equipment as may from time to time become worn out

or obsolete, provided that Trustor shall, simultaneously with or prior to such removal, replace such removed fixtures or equipment with replacement fixtures or equipment having a value, quality and utility at least equal to the removed fixtures or equipment. All agreements of Trustor herein, and all rights of Beneficiary herein, relating to said Real Estate shall apply to said Property whether or not expressly referred to herein. This Trust Deed is a financing statement and covers property which is or is to become fixtures and is to be recorded in the real estate records. Trustor is the record owner of said Real Estate.

**THIRD.** If the Trustor shall default in the payment of the Note or in the performance of any of the covenants or agreements herein or in the Note or in any agreement collateral hereto contained, or if the then owner of the Property shall make an assignment for the benefit of creditors or shall file a petition for relief under the Bankruptcy Act of 1898, as amended, or under any similar statute, or shall be adjudicated bankrupt or insolvent, or if any receiver, liquidator or trustee shall be appointed for such then owner or any of his property, then in such event, the entire indebtedness hereby secured shall, at the option of the Beneficiary and without presentment, demand, protest or notice to the Trustor, become and be due and payable. Thereafter, Beneficiary may:

(a) In person or by agent or by a receiver appointed by a court, with or without bringing any action or proceeding and without regard to the adequacy of its security, the solvency of Trustor or the existence of waste, enter upon the Real Estate and take possession of the Property, or any part thereof, in its own name or in the name of Trustee, and do any acts that it deems necessary or desirable to preserve the value, marketability or rentability of the Property, or part thereof or interest therein, to increase the income therefrom or to protect the security hereof; and, with or without taking possession of the Property, sue for or otherwise collect the rents, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including attorneys' fees, upon any indebtedness secured by this Trust Deed, all in such order as Beneficiary may determine. The entering upon the Real Estate and taking possession of the Property, the collection of such rents and the application thereof as aforesaid shall not cure or waive any event of default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Property or the collection, receipt and application of rents, Trustee or Beneficiary shall be entitled to exercise every right provided for in this Trust Deed, in the Note or any agreement collateral hereto contained or by law upon occurrence of any event of default, including the right to exercise the power of sale;

(b) At Trustor's sole expense, contract for a "Phase I" environmental inspection report prepared and certified by an environmental consultant satisfactory to Beneficiary to determine whether the Real Estate complies with all environmental laws and regulations. If, based on the Phase I environmental audit, Beneficiary determines that additional testing or investigation should be performed on the Real Estate, such testing shall be performed at Trustor's sole expense;

(c) Commence an action to foreclose this Trust Deed as a mortgage or otherwise, appoint a receiver, or specifically enforce any of the covenants hereof;

(d) Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Property to be sold, which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of the county in which the Real Estate is located; or

(e) Proceed as to both the real and personal property in accordance with Beneficiary's rights and remedies in respect of the Property, or proceed to sell any personal property separately and without regard to the Real Estate in accordance with Beneficiary's rights and remedies.

If an event of default shall have occurred and be continuing, Beneficiary, as a matter of right and without notice to Trustor or anyone claiming under Trustor, and without regard to the then value of the Mortgaged Property or the interest of Trustor herein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Property, and Trustor hereby irrevocably consents to such appointment and waives notice of any application therefor. Any such receiver or receivers shall have all the powers and duties available to receivers under law and all the powers and duties of Beneficiary in case of entry as provided above and shall continue as such and exercise all such powers until the date of confirmation of sale of the Property unless such receivership is sooner terminated.

Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall notify Trustee. Upon receipt of such notice from Beneficiary, Trustee shall cause to be recorded, delivered or mailed to Trustor such notice of default and election to sell as is then required by law and by this Trust Deed. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such notice of default and after notice of sale has been given as required by law, sell the Property at the time and place of sale fixed by it in said notice of sale, either as a whole, or in separate lots or parcels or items as Trustee or Beneficiary shall deem expedient, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers. Trustor hereby expressly waives any right of redemption after sale that Trustor may have at the time of sale or that may apply to the sale.

After deducting all costs, fees and expenses of Trustee and of this Trust Deed, including costs of evidence of title in connection with sale and reasonable Trustee's and attorneys' fees for conducting the sale, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof and not then repaid (with accrued interest at the default rate provided in the Note) and to all other sums then secured hereby in such order as Beneficiary shall determine, and the remainder, if any, to the person or persons legally entitled thereto.

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



**SEVENTH.** Trustor shall not suffer any waste of the Property and will not permit or conduct either the generation, treatment, storage or disposal of hazardous waste, as defined in the Resource Conservation and Recovery Act, or the disposal on the Real Estate of petroleum or any hazardous substance, as defined in the Comprehensive Environmental Response, Compensation, and Liability Act, and will perform all remedial actions reasonably necessary as the result of the presence of any such hazardous wastes, petroleum or hazardous substances on, at or near the Real Estate. Trustor shall be personally liable for and agrees to indemnify, defend with counsel satisfactory to Beneficiary and hold Beneficiary harmless against any loss, damage, or liability suffered by the Beneficiary, including but not limited to attorney's fees, due to the presence of any such hazardous waste, petroleum or hazardous substance at, on or near the Real Estate, and Trustor shall be liable for compliance (and for costs associated therewith) with any directive or order by any governmental entity relating to the presence of any such hazardous waste, petroleum or hazardous substance on, at, or near the Real Estate. Trustor will deliver promptly to the Beneficiary (i) copies of any documents received from the United States Environmental Protection Agency and/or any state, county or municipal environmental or health agency concerning the Trustor's operations upon the Real Estate; and (ii) copies of any documents submitted by the Trustor to the United States Environmental Protection Agency and/or any state, county or municipal environmental or health agency concerning operations on the Real Estate. Trustor agrees that, notwithstanding any provision to the contrary in this Trust Deed, this indemnification and hold harmless shall survive the release or reconveyance of this Trust Deed, whether pursuant to payment in full of the Note, or judicial or non-judicial foreclosure under this Trust Deed, or otherwise.

**EIGHTH.** Trustor, its successors or assigns and each of them, represent and warrant that the Mortgaged Property involved in this transaction does not represent the proceeds of some form of unlawful activity under any state, federal or foreign law.

**NINTH.** This Trust Deed constitutes a security agreement within the meaning of the Uniform Commercial Code ("UCC") as in effect from time to time in the state where the Collateral is located except to the extent the UCC provides for the application of the law of the state of location of the Grantor in which event the UCC as in effect from time to time, in such state shall apply, with respect to any part of the Property which may now or hereafter be characterized by law as personal property, and in the event of any default under this Trust Deed which continues beyond the applicable notice and cure period, if any, the Beneficiary shall have all the rights and remedies of a secured party under the UCC as in effect from time to time, as well as all other rights and remedies available hereunder or under this Trust Deed at law or in equity. Trustor authorizes Beneficiary to file one or more financing statements and continuation statements describing the Collateral and hereby ratifies any such financing statement or continuation statement previously filed by Beneficiary. Trustor will, from time to time, within ten (10) days after request by the Beneficiary, execute, acknowledge and deliver any financing statement, continuation statement or other document that the Beneficiary might request in order to perfect, protect, preserve, continue, extend or maintain the security interest created by and the priority of this Trust Deed and will, on demand, pay any expenses incurred by the Beneficiary in the preparation, execution and filing of any such documents. Trustor represents and warrants that: (a) all Collateral is located in the state in which the Real Estate is located; (b) Trustor's chief executive office or principal residence is Trustor's address set forth in the first

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paragraph of this Trust Deed; (c) Trustor's state of organization, if applicable, is as set forth in the first paragraph of this Trust Deed; and (d) Trustor's exact legal name is as set forth in the first paragraph of this Trust Deed.

**TENTH.** This Trust Deed shall be governed by and construed and interpreted in accordance with the internal laws of the state in which the Real Estate is located, except and only to the extent the UCC provides otherwise.

**ELEVENTH.** Without affecting the personal liability of any person, including Trustor (other than any person released pursuant hereto), for the payment of the Note or in the performance of any of the covenants or agreements herein or in the Note or in any agreement collateral hereto contained, and without affecting the lien of this Trust Deed for the full amount of the indebtedness remaining unpaid upon any property not reconveyed pursuant hereto, Beneficiary and Trustee are respectively authorized and empowered as follows: Beneficiary may at any time and from time to time, either before or after the maturity of the Note, and without notice: (a) release any person liable for the payment of any of the indebtedness hereby secured, (b) make any agreement extending the time or otherwise modifying the terms of payment of any of the indebtedness hereby secured, (c) accept additional security therefor of any kind or (d) without the prior consent of junior lienholders, release, and instruct the Trustee to execute partial reconveyances of, portions of any property, real or personal, securing the payment of the Note or the performance of any of the covenants or agreements herein or in the Note or in any agreement collateral hereto contained, from the lien of this Trust Deed. Trustee may, without liability therefor and without notice, at any time and from time to time so long as the lien or charge hereof shall subsist, but only upon the written request of Beneficiary: (a) consent to the making of any map or plat of the Real Estate (b) join in granting an easement on the Real Estate or in creating any covenants restricting use or occupancy thereof, (c) reconvey, without warranty, any part of the Real Estate, or (d) join in any extension or modification agreement or in any agreement subordinating the lien or charge hereof.

**TWELFTH.** Upon written request of Beneficiary stating that the entire indebtedness hereby secured has been paid, Trustee shall reconvey without warranty, any portions of the Property then held by Trustee. The grantee in such reconveyance may be designated and described as the "person or persons legally entitled thereto," or by other appropriate terms. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof.

**THIRTEENTH.** Beneficiary may at any time appoint a successor Trustee by filing for record in each county where the Mortgaged Property or any part thereof is located a notice of substitution of trustee containing the statements required by law. The successor Trustee so appointed shall be substituted as Trustee hereunder with the same effect as if originally named Trustee herein, and the Trustee named herein shall thereupon be discharged.

**FOURTEENTH.** Trustor represents to Beneficiary that Trustor has reviewed the following statutory requirements and has reviewed with or had the opportunity to review same with counsel of its choosing:

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- (a) **LAND USE.**  
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.
- (b) **STATUTE OF FRAUDS.**  
UNDER OREGON LAW, MOST AGREEMENTS, PROMISES, AND COMMITMENTS MADE BY BENEFICIARY AFTER OCTOBER 3, 1989, CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY GRANTOR'S/BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION, AND BE SIGNED BY AN AUTHORIZED REPRESENTATIVE OF BENEFICIARY TO BE ENFORCEABLE.
- (c) **WARNING.**  
UNLESS YOU PROVIDE US WITH EVIDENCE OF THE INSURANCE COVERAGE AS REQUIRED BY OUR CONTRACT OR LOAN AGREEMENT, WE MAY PURCHASE INSURANCE AT YOUR EXPENSE TO PROTECT OUR INTEREST. THIS INSURANCE MAY, BUT NEED NOT, ALSO PROTECT YOUR INTEREST. IF THE COLLATERAL BECOMES DAMAGED, THE COVERAGE WE PURCHASE MAY NOT PAY ANY CLAIM YOU MAKE OR ANY CLAIM MADE AGAINST YOU. YOU MAY LATER CANCEL THIS COVERAGE BY PROVIDING EVIDENCE THAT YOU HAVE OBTAINED PROPERTY COVERAGE ELSEWHERE.

YOU ARE RESPONSIBLE FOR THE COST OF ANY INSURANCE PURCHASED BY US. THE COST OF THIS INSURANCE MAY BE ADDED TO YOUR CONTRACT OR LOAN BALANCE. IF THE COST IS ADDED TO YOUR CONTRACT OR LOAN BALANCE, THE INTEREST RATE ON THE UNDERLYING CONTRACT OR LOAN WILL APPLY TO THIS ADDED AMOUNT. THE EFFECTIVE DATE OF COVERAGE MAY BE THE DATE YOUR PRIOR COVERAGE LAPSED OR THE DATE YOU FAILED TO PROVIDE PROOF OF COVERAGE.

THE COVERAGE WE PURCHASE MAY BE CONSIDERABLY MORE EXPENSIVE THAN INSURANCE YOU CAN OBTAIN ON YOUR OWN AND MAY NOT SATISFY ANY NEED FOR PROPERTY DAMAGE COVERAGE OR ANY MANDATORY LIABILITY INSURANCE REQUIREMENTS IMPOSED BY APPLICABLE LAW.

**FIFTEENTH.** Trustor, its successors and assigns and each of them, represent and

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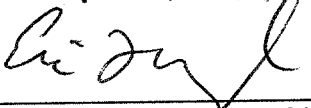
warrant that either:


(a) The Property does not contain and will not be cultivated to grow any variety of perennial crops, or plants, vines, trees, nuts and/or fruit that produce crops in more than one crop year (hereinafter "Permanent Plantings") that is or may be subject to intellectual property rights under U.S. or foreign patent, copyright or trademark laws, the Plant Variety Protection Act or similar laws or subject to license from the holder of any such intellectual property rights (all of the foregoing being hereinafter referred to as "IP Rights"); or

(b) To the extent the Property does contain or in the future is cultivated to grow any variety of Permanent Plantings that is or may be subject to IP Rights, Trustor represents and warrants that Trustor is or shall be the owner of such IP Rights free and clear of any claim, right, title, interest or lien of any other person, Trustor has or shall notify Beneficiary in writing of the existence of such IP Rights and Trustor does hereby, has or shall grant Beneficiary a security interest in and a lien upon all of Trustor's right, title and interest in, to and under, whether now owned or hereafter created in IP Rights, all cash and non-cash proceeds and products of the IP Rights and all causes of action, past, present and future for infringement, misappropriation or dilution of any of the IP Rights or unfair competition regarding the same.

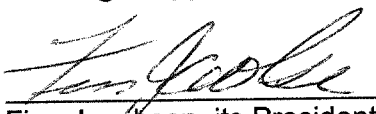
**IN WITNESS WHEREOF**, each of the undersigned has signed, sealed and delivered this Trust Deed as of the day, month and year first above written.

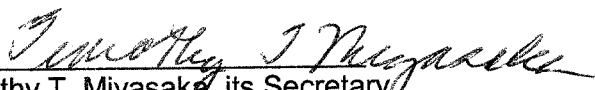
**Audric Enterprises, Inc., a California corporation**

By:   
Eric T. Miyasaka, its President

By:   
Timothy T. Miyasaka, its Secretary

**Pacific - Ag. Suppliers, Inc., a California corporation**

By:   
Finn Jacobsen, its President

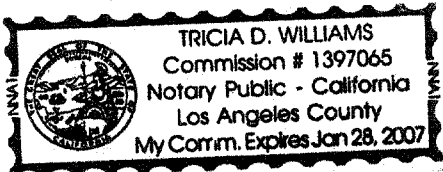
By:   
Timothy T. Miyasaka, its Secretary

CA DM  
STATE OF ~~OREGON~~ )  
COUNTY OF Wulens ) SS:

I, Tricia D Williams a Notary Public in and for said County and State, do hereby certify that on this 29th day of September, 2006, personally appeared before me the within named Finn Sincason to me known to be the individual(s) described in and who executed and whose name(s) is (are) subscribed to the within and foregoing instrument, and duly acknowledged to me that He signed and executed the same as HIS free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal, the day and year in this certificate first above written.

(SEAL)



[Signature]  
Notary Public

My commission expires: Jan 28, 2007

[If executed by corporation, corporate form of acknowledgment must be attached.]

STATE OF OREGON )  
COUNTY OF \_\_\_\_\_ ) SS:

I, \_\_\_\_\_, a Notary Public in and for said County and State, do hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, personally appeared before me the within named \_\_\_\_\_ to me known to be the individual(s) described in and who executed and whose name(s) is (are) subscribed to the within and foregoing instrument, and duly acknowledged to me that \_\_\_\_\_ signed and executed the same as \_\_\_\_\_ free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal, the day and year in this certificate first above written.

(SEAL)

\_\_\_\_\_  
Notary Public

My commission expires:

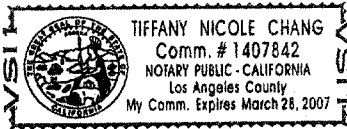
[If executed by corporation, corporate form of acknowledgment must be attached]

STATE OF <sup>TNC</sup>OREGON CALIFORNIA )  
 ) SS:  
COUNTY OF Los Angeles )

I, Tiffany Nicole Chang, a Notary Public in and for said County and State, do hereby certify that on this 22<sup>nd</sup> day of September, 2006, personally appeared before me the within named ERIC T. MIYASAKA to me known to be the individual(s) described in and who executed and whose name(s) is (are) subscribed to the within and foregoing instrument, and duly acknowledged to me that HE signed and executed the same as HIS free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal, the day and year in this certificate first above written.

(SEAL)



[Signature]  
Notary Public

STATE OF <sup>TNC</sup>OREGON CALIFORNIA )  
 ) SS:  
COUNTY OF Los Angeles )

I, Tiffany Nicole Chang, a Notary Public in and for said County and State, do hereby certify that on this 22<sup>nd</sup> day of September, 2006, personally appeared before me the within named Timothy T. Miyasaka to me known to be the individual(s) described in and who executed and whose name(s) is (are) subscribed to the within and foregoing instrument, and duly acknowledged to me that He signed and executed the same as HIS free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal, the day and year in this certificate first above written.

(SEAL)



[Signature]  
Notary Public

My commission expires: March 28, 2007

[If executed by corporation, corporate form of acknowledgment must be attached]

W1038Q RVSD 12-18-03  
L:\MTG\_DOT\OR\_DOT  
S:\116156 - AUDRIC ENTERPRISES\OR\_DOT.DOC

Initials [Signature] ETM

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

No. 5153

State of California

County of Los Angeles

On 9/22/2006 before me, Tiffany Nicole Chang - Notary Public  
DATE NAME, TITLE OF OFFICER - E.G. "JANE DOE, NOTARY PUBLIC"

personally appeared ERIC T. Miyasaka  
NAME(S) OF SIGNER(S)

☐ personally known to me - OR - ☒ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal

*[Signature]*  
SIGNATURE OF NOTARY

OPTIONAL SECTION

CAPACITY CLAIMED BY SIGNER

Though statute does not require the Notary to fill in the data below, doing so may prove invaluable to persons relying on the document.

- ☐ INDIVIDUAL  
☒ CORPORATE OFFICER(S)  
President  
TITLE(S)  
☐ PARTNER(S) ☐ LIMITED  
☐ GENERAL  
☐ ATTORNEY-IN-FACT  
☐ TRUSTEE(S)  
☐ GUARDIAN/CONSERVATOR  
☐ OTHER: \_\_\_\_\_

SIGNER IS REPRESENTING:

NAME OF PERSON(S) OR ENTITY(ES)  
Audric Enterprises, Inc.

OPTIONAL SECTION

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT:

Though the data requested here is not required by law, it would prevent inadvertent misattachment of this form.

TITLE OR TYPE OF DOCUMENT Oregon Trust Deed, Security Agreement & Financing Statement  
NUMBER OF PAGES 15 DATE OF DOCUMENT 8/8/2006  
SIGNER(S) OTHER THAN NAMED ABOVE N/A

# CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

Page 512

State of California

County of Los Angeles

On 9/22/2006 before me, Tiffany Nicole Chang - Notary Public  
DATE NAME, TITLE OF OFFICER - E.G., "JOE DOE, NOTARY PUBLIC"

DATE \_\_\_\_\_

NAME, TITLE OF OFFICER - E.G., "JOHN DOE, NOTARY PUBLIC"

personally appeared Timothy T. Miyasaka

NAME(S) OF SIGNER(S)

                     personally known to me - OR - ☒ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within Instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal:

*[Handwritten signature]*

SIGNATURE OF NOTARY

### OPTIONAL SECTION

## CAPACITY CLAIMED BY SIGNER

Though statute does not require the Notary to fill in the data below, doing so may prove invaluable to persons relying on the document.

☐ INDIVIDUAL

☒ CORPORATE OFFICER(S)

SECRETARY

TITLES

☐ PARTNER(S)

☐ LIMITED

☐ GENERAL

☐ ATTORNEY-IN-FACT☐ TRUSTEE(S)

☐ GUARDIAN CONSERVATOR

☐ OTHER:

SIGNER IS REPRESENTING:

NAME OF PERSON(S) OR ENTITY(ES)

Audric Enterprises, Inc

~~OPTIONAL SECTION~~

THIS CERTIFICATE MUST BE ATTACHED TO  
THE DOCUMENT DESCRIBED AT RIGHT:

Although the data requested here is not required by law,  
a court order is sufficient reattachment of this form.

TITLE OR TYPE OF DOCUMENT Oregon Trust deed, Security Agreement & Financing Statement

NUMBER OF PAGES 15 DATE OF DOCUMENT 8/8/2006

SIGNER(S) OTHER THAN NAMED ABOVE N/A

**EXHIBIT "A"**

Legal Description

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

Parcel One: Parcel 3 of Land Partition 13-89, situated in Sections 8, 9, 16 and 17 of Township 41 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, as adjusted by Boundary Line Agreement recorded in M-90 on page 1782, records of Klamath County, Oregon.

Parcel Two: Parcels 1 and 2 of Land Partition 26-99, situated in Section 17 and NW ¼ of Section 16, Township 41 South, Range 11 East of the Willamette Meridian.

The parcel Number: R106174 and R106165 and R106192 and R106218 and R107173 and R107244 and R107235 and R891332 and R886107

Initials ETN ETN

**Exhibit "B"**

**Personal Property**

**Water Rights.**

780 shares of capital stock of Van Brimmer Ditch Company and the water rights represented thereby.

Initials J. Van Eton