

2008-005287

Klamath County, Oregon



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04/10/2008 02:53:41 PM

Fee: \$186.00

MT 81333-KR
WHEN RECORDED RETURN TO:

Mark A. Norby
Stoel Rives LLP
Suite 2300
900 SW Fifth Avenue
Portland, OR 97204

(space above reserved for recorders use)

Maximum Principal Amount to be Advanced: \$4,550,000
Maturity Date of Debt: July 1, 2038

LINE OF CREDIT INSTRUMENT
MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT AND FIXTURE FILING

DATED: April 7, 2008

FROM: JESPERSEN-EDGEWOOD, INC., an Oregon corporation,
LAWRENCE (a.k.a. Larry) C. JESPERSEN and MAUREEN V.
JESPERSEN, husband and wife,
LEONARD K. JESPERSEN and VICKY L. JESPERSEN,
husband and wife,
JACEN JESPERSEN and JULIE JESPERSEN, husband and
wife, and
KENNETH G. HOLMES and BETHANY N. HOLMES,
husband and wife
12941 Swan Lake Rd.
Klamath Falls, OR 97603

BORROWER

TO: HARVEST CAPITAL COMPANY
690 NW First Avenue, Suite 101
Canby, OR 97013

LENDER

Borrower is the owner of the real property in Klamath County, Oregon described on the attached **Exhibit A**.

Lender has loaned or agreed to loan to Borrower the sum of \$4,550,000 on certain terms and conditions. Such amount will be repayable with interest according to the terms of two

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promissory notes of even date hereof given to evidence such indebtedness, one in the amount of \$3,550,000 (Note A) and one in the amount of \$1,000,000 (Note B), dated the same as this Mortgage, under which the final payment of principal and interest will be due on July 1, 2038. Such notes provide that the interest rate and payment terms may be adjusted as provided therein. The aggregate advances made under Note B secured hereby may exceed the face amount of Note B, but the unpaid principal balance shall not exceed such face amount. (This limitation of amount does not include interest and other fees and charges validly made pursuant to this Mortgage. Also, this limitation does not apply to advances made under the terms of this Mortgage to protect Lender's security and to perform any of the covenants contained in this Mortgage.) Such notes, and any note or notes given in renewal, modification, substitution or addition to the promissory notes originally issued, are referred to collectively as the "Note."

The term "**Indebtedness**" as used in this Mortgage shall mean (a) the principal and interest payable under the Note, (b) any future amounts that Lender may in its discretion loan to Borrower, with interest thereon, and any and all additional indebtedness of the Lender to the Borrower, now existing or hereafter created, matured or unmatured, direct or contingent and any renewals and extensions thereof and substitutions therefore, whether or not such other indebtedness is incurred or becomes payable under the provisions hereof and whether as future advances or otherwise, even though the indebtedness of Borrower to Lender from time to time be reduced below the maximum amount above stated or be paid in full, (c) any amounts expended or advanced by Lender to discharge obligations of Borrower or expenses incurred by Lender to enforce obligations of Borrower, as permitted under this Mortgage, with interest thereon as provided below, and (d) any amounts with interest thereon at the rate specified in Section 12.4 below, payable by Borrower to Lender under the Environmental Indemnity Agreement executed by Borrower this same date (the "**Environmental Agreement**") to the extent Lender specifically elects by written notice to Borrower to include such amounts in the Indebtedness.

To secure payment of the Indebtedness and performance of all obligations of Borrower under this Mortgage, Borrower mortgages and conveys to Lender the following:

(1) The real property in Klamath, Oregon described on attached **Exhibit A** (the "**Real Property**").

(2) (i) All furnishings, fixtures (including trade fixtures), supplies, equipment and inventory used for the production or delivery of water on the Real Property or for the irrigation or drainage thereof, (ii) all livestock handling equipment, now or hereafter located on the Real Property, including but not limited to all corrals, scales, chutes, and fences (but excluding self propelled motor driven vehicles and farm implements customarily towed by or attached thereto and (iii) all modular and mobile homes now or hereafter located on the Real Property, and all proceeds (including insurance proceeds) from the sale or other disposition of any such property, including but not limited to the items described on attached **Exhibit B** (the "**Personal Property**").

(3) All water, water rights, ditches and ditch rights, any permits, licenses, certificates or shares of stock evidencing any such water or ditch rights, and any such rights acquired in the future, which entitle Borrower to use water for any purpose upon the Real Property, including

but not limited to the water rights described on attached **Exhibit C** and all rights of Borrower or the Real Property in, or to receive water from the Horsefly Irrigation District and the Pine Flat District Improvement Company (the "**Water Rights**").

(4) All grazing leases, permits, allotments, licenses and privileges (the "**Permits**") covering state or federally owned lands used or operated in connection with the Real Property, together with all renewals of such Permits and any such Permits acquired in the future, including, but not limited to, the Permits described on attached **Exhibit D**.

(5) All proceeds of the foregoing.

Borrower presently assigns to Lender all of Borrower's right, title and interest in and to all rents, revenues, income, issues and profits (the "**Income**") from the Real Property, Personal Property, Water Rights, and Permits, whether now or hereafter due.

Borrower grants Lender a security interest in the Income, Permits, Water Rights, and Personal Property, and all proceeds thereof.

The real and personal property described above is referred to as the "**Property**."

This Mortgage is given and accepted on the following terms and conditions which Borrower will promptly and faithfully observe and perform:

1. PAYMENT AND PERFORMANCE. Borrower shall pay to Lender promptly when due all amounts payment of which is secured by this Mortgage and shall strictly perform all obligations imposed upon Borrower by this Mortgage.

2. POSSESSION AND MAINTENANCE OF THE PROPERTY.

2.1 Possession. Until in default, Borrower may remain in possession and control of and operate and manage the Property and collect the Income from the Property.

2.2 Duty to Maintain. Borrower shall maintain the Property in good condition and promptly perform all repairs and maintenance necessary to preserve its value. The Real Property shall be cultivated in accordance with good husbandry practices and all farming operations shall be conducted in such a manner as to prevent deterioration of the Property.

2.3 Nuisance, Waste. Borrower shall not conduct or permit any nuisance and shall not commit or suffer any strip or waste on the Property.

2.4 Removal of Improvements. Borrower shall not demolish or remove any improvements from the Property without the prior written consent of Lender. Lender shall consent if Borrower makes arrangements satisfactory to Lender to replace any improvement which Borrower proposes to remove with one of at least equal value. "**Improvements**" shall include all existing and future buildings, structures and other fixtures and improvements now or hereafter installed in or attached to the Real Property, including but not limited to fences, corrals, scales, silos, storage facilities, and irrigation equipment.

2.5 Lender's Right to Enter. Lender and its agents and representatives may enter upon the Property at all reasonable times to attend to Lender's interest and to inspect the Property and to inspect any and all financial and other records relating to Borrower's operations on the Property.

2.6 Compliance with Governmental Requirements. Borrower shall promptly comply with all laws, ordinances and regulations of all governmental authorities applicable to the use or occupancy of the Property. Borrower may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Property is not jeopardized.

2.7 Duty to Protect. Borrower shall do all other acts, in addition to those set forth in this Mortgage, that from the character and use of the Property are reasonably necessary to protect and preserve the security.

2.8 Water Rights. All existing water rights benefiting the Property shall be maintained by Borrower and applied to beneficial use so as to maintain the validity and priority of such rights. Borrower shall not sell or surrender any of the water rights nor, without Lender's written consent, agree with any third party to any period of nonuse of the same.

2.9 Grazing Permits and Licensees. Borrower covenants and agrees to renew the Permits upon or prior to their expiration date, to execute any instrument deemed necessary by Lender to effect a collateral assignment or waiver of such renewals to the Lender, and to pay all fees and charges, and to perform all acts and things necessary to preserve and keep in good standing all of such Permits and all renewals thereof. Borrower shall take no action which would adversely affect any of such Permits or Borrower's preference status thereunder, and that in the event of foreclosure of this Mortgage, Borrower will waive all claims for preference under any such Permits upon demand from the purchaser at foreclosure sale of the Real Property, or any successor to such purchaser. Borrower further agrees that the lands covered by any lease, permit or privilege which Borrower, with the consent of Lender, shall substitute for the Permits, shall be subject to the provisions of this Mortgage. Upon foreclosure and sale of the Real Property, title to the improvements held by Borrower on any federal or state lands covered by the Permits, together with Borrower's right to be paid the reasonable value thereof, shall pass free of all encumbrances other than those of the United States to the purchaser at such sale, and the Lender is hereby authorized to execute, at its option, on behalf of the Borrower, a bill of sale for such improvements. If title in fee simple to any of the lands covered by the Permits (or to any other lands) shall hereafter be acquired by the Borrower, it is understood and agreed that such lands shall, upon such acquisition, become subject to the lien of this Mortgage to the same extent as though lands had originally been included herein as part of the Real Property, and further, that all of the terms, covenants, conditions and stipulations of this Mortgage, applicable to the Real Property, shall extend and be applicable to any lands hereafter so acquired. Borrower shall execute any documents reasonably requested by Lender to perfect or document the pledge of the Permits to Lender.

3. TAXES AND LIENS.

3.1 Payment. Borrower shall pay when due all taxes and assessments levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Borrower shall maintain the Property free of any liens having priority over or equal to the interest of Lender under this Mortgage, except for the lien of taxes and assessments not due, and except as otherwise provided in Section 3.2.

3.2 Right to Contest. Borrower may withhold payment of any tax, assessment or claim in connection with a good faith dispute over obligation to pay, so long as Lender's interest in the Property is not jeopardized. If the Property is subjected to a lien which is not discharged within 15 days, Borrower shall deposit with Lender cash, a sufficient corporate surety bond, or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any interest, costs, attorneys' fees or other charges that could accrue as a result of foreclosure or sale under the lien. In any contest proceedings, Borrower will defend itself and Lender and will name Lender as an additional obligee under any surety bond, and Borrower shall satisfy any final adverse judgment before enforcement against the Property.

3.3 Evidence of Payment. Borrower shall promptly furnish evidence of payment of taxes and assessments to Lender on its demand and shall authorize the appropriate county official to deliver to Lender at any time a written statement of the taxes and assessments against the Property, and shall pay the expense of a tax reporting service for the Property if required by Lender.

3.4 Notice of Construction. Borrower shall notify Lender at least 15 days before any work is commenced, any services are furnished or any materials are supplied to the Property if a construction lien could be asserted on account of the work, services or materials and the cost exceeds \$10,000. On Lender's request, Borrower will promptly furnish advance assurances satisfactory to Lender that Borrower can and will pay the cost of such improvements.

3.5 Farm or Forest Classification. Borrower agrees to maintain the farm use or forest lands classification of the Property on the tax rolls, and not to allow any act or omission which would disqualify the Property for assessment as farm or forest lands.

4. PROPERTY DAMAGE INSURANCE.

4.1 Maintenance of Insurance. Borrower shall procure and maintain such policies of insurance as Lender may reasonably require. This shall include policies of fire insurance with standard extended coverage endorsements covering all improvements on the Property for their full insurable value, in an amount sufficient to avoid application of any coinsurance clause and with loss payable to Lender, and comprehensive general liability insurance in such coverage amounts as Lender may request, with Lender as an additional insured. Policies shall be written in amounts, in form, on terms and with companies reasonably acceptable to Lender. Borrower shall deliver to Lender certificates of coverage from each insurer containing a stipulation that coverage will not be canceled or diminished without a minimum of 10 days' written notice to Lender. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Borrower agrees to obtain and

maintain Federal Flood Insurance for the unpaid balance of the Note, up to the maximum policy limits set under the National Flood Insurance Program.

4.2 Application of Proceeds. Borrower shall promptly notify Lender of any loss or damage to the Property which exceeds \$2,500, Lender may make proof of loss if Borrower fails to do so within 15 days of the casualty. All proceeds of any insurance on the Property shall be held by Lender as part of the Property. If Borrower elects to restore the Property, Borrower shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Upon satisfactory proof of expenditure, Lender shall pay or reimburse Borrower from the proceeds for the reasonable cost of repair or restoration. If Borrower elects not to restore the Property, Lender shall retain a sufficient amount of the proceeds to pay all amounts due under this Mortgage, and shall pay the balance to Borrower. Any proceeds which have not been paid out within one (1) year after their receipt and which Borrower has not committed to the repair or restoration of the Property shall be used to prepay first accrued interest and then principal of Borrower's Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Borrower.

4.3 Unexpired Insurance at Sale. Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property covered by this Mortgage at any foreclosure sale of the Property.

4.4 Borrower's Report on Insurance. Upon request by Lender, not more than once a year, Borrower shall furnish to Lender a report on each existing policy of insurance showing: (a) the name of the insurer; (b) the risks insured; (c) the amount of the policy; (d) the property insured, the then current replacement value of such property, and the manner of determining value; and (e) the expiration date of the policy.

5. **WARRANTIES OF BORROWER.**

5.1 Title. Borrower warrants that Borrower holds merchantable title to the Property in fee simple free of all encumbrances other than those set forth in the title insurance policy issued to Lender at closing.

5.2 Defense of Title. Subject to the exceptions in the paragraph above, Borrower warrants and will forever defend the title against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Borrower's title or the interest of Lender under this Mortgage, Borrower shall defend the action at its expense.

6. **CONDEMNATION.**

6.1 Application of Net Proceeds. If all or any part of the Property is condemned, and the value of the portion so condemned exceeds \$2,500, Lender may elect to require that all or any portion of the net proceeds of the condemnation be applied on the Indebtedness. The "**net proceeds**" shall mean the total amount available after payment of all reasonable costs, expenses and attorneys' fees necessarily paid or incurred by Borrower and Lender in connection with the taking by condemnation. Sale of all or any part of the Property to a purchaser with the power of

eminent domain in the face of a threat or the probability of the exercise of the power shall be treated as a taking by condemnation to which this section shall apply.

6.2 Proceedings. If any proceedings in condemnation are filed, Borrower shall promptly take such steps as may be necessary to defend the action and obtain the award. Borrower shall be entitled, at its option, to commence, appear in and prosecute in its own name, any action or proceeding, or to make any compromise or settlement, in connection with such taking or damage, and to obtain all compensation, awards or other relief therefore to which Borrower may be entitled.

7. TRANSFER BY BORROWER.

7.1 Prohibition of Transfer Without Consent. Borrower shall not sell, agree to sell, assign, convey, subcontract or otherwise transfer any part or all of the Property or any interest in the Property without the prior written consent of Lender, which consent may be withheld in Lender's sole discretion. If Borrower or a prospective transferee applies to Lender for consent to a transfer, Lender may require such information as may be reasonably necessary for Lender to assess the prospective transferee's prior business experience, reputation and financial ability to perform Borrower's obligation under this Mortgage. Without limiting the generality of the foregoing, the occurrence at any time of any of the following events, without Lender's prior written consent, shall be deemed a transfer of title to the Property:

(a) Any sale, conveyance, lease with a term greater than 3 years (including renewal options), assignment or other transfer of all or any part of the legal or equitable title to the Property;

(b) Any conveyance, grant or other transfer of the legal or equitable title to the Property which occurs by operation of law, by trustees in bankruptcy, executors or estate administrators or executors, or by or through a bankruptcy court.

(c) If Borrower includes a corporation, partnership or limited liability company, a sale, transfer or assignment of the corporate stock, partnership interests or membership interests, respectively, which results in more than twenty-five percent (25%) of the corporate stock, partnership interests or membership interests of such entity being held by persons or entities which are not, on the date hereof, shareholders, partners or members.

7.2 Condition to Consent. As a condition of its consent to any transfer, Lender may in its discretion impose a service charge not exceeding one percent (1%) of the outstanding Indebtedness, and may increase the interest rate of the Indebtedness or otherwise require modification of the Note or this Mortgage. Lender may increase the amount of each remaining installment so that the Indebtedness will be fully paid by the original maturity date. In no event, however, shall the interest rate be increased beyond the maximum rate permitted under applicable law.

7.3 Effect of Consent. Consent by Lender to one transfer shall not constitute a consent to other transfers or a waiver of this section. No transfer by Borrower shall relieve Borrower of liability for payment of the Indebtedness. Following a transfer, Lender may agree to

any extension of time for payment or modification of the terms of this Mortgage or the Note or waive any right or remedy under this Mortgage or the Note without relieving Borrower from liability. Borrower waives notice, presentment and protest with respect to the Indebtedness.

8. SECURITY AGREEMENT; SECURITY INTEREST.

8.1 Security Agreement. This instrument shall constitute a security agreement with respect to the Income, Permits, Water Rights and Personal Property included in the description of the Property, and all proceeds thereof.

8.2 Security Interest. Upon request by Lender, Borrower shall execute financing statements and take whatever other action is requested by Lender to perfect and continue Lender's security interest in the Income, Permits, Water Rights and the Personal Property. Borrower hereby appoints Lender as Borrower's attorney in fact for the purpose of executing any documents necessary to perfect or continue the security interest granted therein and authorizes Lender to file such financing statements as Lender deems appropriate to protect its security interest in the Income, Permits, Water Rights and the Personal Property included in the description of the Property. Lender may file copies or reproductions of this Mortgage as a financing statement at any time and without further authorization from Borrower. Borrower will reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Borrower shall assemble the personal property and make it available to Lender within three days after receipt of written demand from Lender.

8.3 Fixture Filing. This instrument constitutes a financing statement filed as a fixture filing in the Official Records of the County Recorder of the county in which the Property is located with respect to any and all fixtures included within the term Property as used herein and with respect to any goods or other personal property that may now be or hereafter become fixtures.

Name and address of Lender (Secured Party) from whom information may be obtained:

Harvest Capital Company
690 N.W. First Avenue, Suite 101
Canby, OR 97013

Address of Borrower (Debtor):

12941 Swan Lake Rd.
Klamath Falls, OR 97603

Additional Information Regarding Entities Included as Borrower:

<u>Entity</u>	<u>State of Organization</u>	<u>Type of Entity</u>	<u>State Organization Number</u>
Jespersen-Edgewood, Inc.	Oregon	Corporation	098657-18

9. **RELEASE ON FULL PERFORMANCE.** If Borrower pays all of the Indebtedness when due and otherwise performs all the obligations imposed upon Borrower under this Mortgage, Lender shall, if requested, execute and deliver to Borrower a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on file.

10. **DEFAULT.** The following shall constitute events of default:

10.1 Failure of Borrower to pay any portion of the Indebtedness when it is due.

10.2 Failure of Borrower within the time required by this Mortgage to make any payment for taxes, insurance, or any other payment necessary to prevent filing or discharge of any lien (or within such time discharge or bond such lien in the manner permitted in Section 3.2 above).

10.3 Transfer or agreement to transfer any part or interest in the Property without the prior written consent of Lender, as required under Section 7 above.

10.4 Dissolution, termination of existence, insolvency on a balance sheet basis or business failure of Borrower; the commencement by Borrower of a voluntary case under the federal bankruptcy laws or under any other federal or state law relating to insolvency or debtor's relief; the entry of a decree or order for relief against Borrower in an involuntary case under federal or state law relating to insolvency or debtor's relief; the appointment or the consent by Borrower to the appointment of a receiver, trustee or custodian of Borrower or of any of Borrower's property; an assignment for the benefit of creditors by Borrower; the making or suffering by Borrower of a fraudulent transfer under applicable federal or state law; concealment by Borrower of any of its property in fraud of creditors; the making or suffering by Borrower of a preference within the meaning of the federal bankruptcy law; the imposition of a lien through legal proceedings or distraint upon any of the property of Borrower which is not discharged or bonded in the manner permitted by Section 3.2 above; or Borrower's failure generally to pay its debts as such debts become due. The events of default in this paragraph shall apply and refer to Borrower and to each of the individuals or entities which are collectively referred to as "**Borrower.**"

10.5 Failure of Borrower to perform any other obligation under this Mortgage or the Environmental Agreement within 15 days after receipt of written notice from Lender specifying the nature of the default or, if the default cannot be cured within 15 days, failure within such time to initiate 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 practicable. No notice of default and no opportunity to cure shall be required if during the prior 12 months Lender has already sent a notice to Borrower concerning default in performance of the same obligation.

10.6 Lender determines in good faith that the prospect of payment of the Indebtedness or the prospect of performance of any agreement or obligation securing the same or relating thereto is significantly impaired.

10.7 A default occurs under that certain promissory note of even date hereof in the original principal amount of \$450,000 made by Borrower to Lender (the "Underwood Note"), or under any documents securing or executed in connection with the Underwood Note (the "Underwood Loan Documents"), which is not cured within any applicable grace period in the Underwood Loan Documents.

11. RIGHTS AND REMEDIES ON DEFAULT.

11.1 Remedies. 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:

- (a) Lender may declare the entire Indebtedness immediately due and payable.
- (b) Lender may obtain a decree foreclosing Borrower's interest in all or any part of the Property. If permitted by applicable law, Lender may foreclose Borrower's interest in all or any part of the Property by nonjudicial sale.
- (c) If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.
- (d) With respect to all or any part of the Property that constitutes personalty, Lender may exercise the rights and remedies of a secured party under the Uniform Commercial Code.
- (e) Lender shall have the right, without notice to Borrower to take possession of the Property, to collect the Income, 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 may require any tenant or other user to make payments of rent or use fees directly to Lender. If the Income is collected by Lender, then Borrower irrevocably designates Lender as Borrower's attorney in fact to endorse instruments received in payment thereof in the name of Borrower 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 obligation for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this paragraph either in person, by agent or through a receiver.
- (f) Lender shall have the right to have a receiver appointed to take possession of any or all of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, to collect the Income from the Property and to apply the proceeds, over and above 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 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.
- (g) In the event Borrower remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Borrower, Borrower shall become a tenant at will of Lender or the

purchaser of the Property and shall pay a reasonable rental for use of the Property while in Borrower's possession.

(h) Lender shall have any other right or remedy provided in this Mortgage, the Notes or any other instrument delivered by Borrower in connection therewith, or available at law, in equity or otherwise.

11.2 Rights of Receiver or Lender-in-Possession. Upon taking possession of all or any part of the Property, the receiver or Lender may:

(a) Use, operate, manage, control and conduct business on the Property and make expenditures for all maintenance and improvements as in its judgment are proper;

(b) Collect the Income from the Property and apply such sums to the expenses of use, operation and management;

(c) At Lender's option, complete any construction in progress on the Property, and in that connection pay bills, borrow funds, employ contractors and make any changes in plans or specifications as Lender deems appropriate.

If the revenues produced by the Property are insufficient to pay expenses, the receiver may borrow, from Lender (if Lender, in its sole discretion, agrees to lend) or otherwise, or Lender may borrow or advance, such sums as the receiver or Lender may deem necessary for the purposes stated in this paragraph. The amounts borrowed or advanced shall bear interest from the date of expenditure until repaid at the same interest rate as provided in Section 12.4 below. Such sums shall become a part of the Indebtedness secured by this Mortgage and shall be payable by Borrower on demand.

11.3 Sale of the Property. In exercising its rights and remedies, Lender may cause all or any part of the Property to be sold as a whole or in parcels, and certain portions of the Property may be sold without selling other portions. Lender may bid at any public sale on all or any portion of the Property.

11.4 Notice of Sale. Lender shall give Borrower reasonable notice of the time and place of any public sale of any personal property or of the time after which any private sale or other disposition of the personal property is to be made. Reasonable notice shall mean notice given at least 10 days prior to the time of the sale or disposition.

11.5 Waiver; Election of Remedies. A waiver by either party of a breach of a provision of this Mortgage shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and all remedies of Lender under this Mortgage are cumulative and not exclusive. An election to make expenditures or to take action to perform an obligation of Borrower shall not affect Lender's right to declare a default and exercise its remedies under this Mortgage.

11.6 Attorneys' Fees; Expenses. In the event suit or action is instituted to enforce any of the terms of this Mortgage, the prevailing party shall be entitled to recover its reasonable attorneys' fees at trial, on any appeal and on any petition for review, in addition to all other sums provided by law. Whether or not any court action is involved, all reasonable expenses incurred by Lender that are necessary at any time in Lender's opinion 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 from the date of expenditure until repaid at the same interest rate as provided in Section 12.4 below. Expenses covered by this paragraph include (without limitation) the cost of searching records and obtaining title reports, surveyors' reports, attorneys' opinions and title insurance.

12. MISCELLANEOUS.

12.1 Time of Essence. Time is of the essence of this Mortgage.

12.2 Binding upon Successors and Assigns. Subject to the limitations stated in this Mortgage on transfer of Borrower's interest, this Mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns.

12.3 Security Agreement. In construing this Mortgage, the term "**Mortgage**" shall encompass the term "security agreement" when the instrument is being construed with respect to any personal property.

12.4 Expenditure by Lender. If Borrower fails to comply with any provision of this Mortgage, Lender may elect to take the required action on Borrower's behalf, and any amount that Lender expends in so doing shall be added to the Indebtedness. Amounts so added shall be payable on demand with interest from the date of expenditure at the Default Rate (as specified in the Note). Such action by Lender shall not constitute a cure or waiver of the default or any other right or remedy which Lender may have on account of Borrower's default.

12.5 Notices. Any notice under this Mortgage shall be in writing and shall be effective when either delivered in person or, if mailed, shall be deemed effective when deposited as registered or certified mail, postage prepaid, addressed to the party at the address stated in this Mortgage. Any party may change its address for notices by written notice to the other.

12.6 Modification or Extension of Indebtedness; Release of Obligors. The taking by Borrower of any additional security, the release of any person now or hereafter liable for the repayment of the Indebtedness, or any extension of the time of payment of the Indebtedness or the renewal thereof, shall not diminish the effectiveness of this Mortgage or the lien of this Mortgage and shall not affect or impair the liability of any maker, surety or endorser for the payment of the Indebtedness.

12.7 Release of Security. Lender shall have the right to release, with or without consideration or credit on the Indebtedness secured, any part of the Property. Without regard to the existence of any junior encumbrance and without the consent of such junior encumbrance, and such release shall have no further effect upon the rank, lien or estate conveyed of this Mortgage.

12.8 Waiver of Marshalling. Borrower expressly waives, to the full extent permitted by law, and relinquishes any right to claim a marshalling of assets in respect to the Property, or any part thereof, in the event of the foreclosure or other enforcement of this Mortgage.

12.9 Invalid Provisions to Affect No Others. If any of the provisions contained in the Note or this Mortgage shall be invalid, illegal or unenforceable in any respect, the validity of the remaining provisions in this Mortgage and the Note shall not be affected thereby.

12.10 Changes in Writing. This Mortgage and any of its terms may only be changed, waived, discharged or terminated by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. Any agreement subsequently made by Borrower or Lender relating to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance.

12.11 Exhibits. The following exhibits are attached to this Mortgage and incorporated herein by reference:

- Exhibit A - Real Property
- Exhibit B - Personal Property
- Exhibit C - Water Rights
- Exhibit D - Grazing Permits

12.12 Applicable Law. The law of the State of Oregon, including applicable federal law, shall be applicable for the purpose of construing and determining the validity of this Mortgage and, to the fullest extent permitted by the law of any state in which any of the Property is located, determining the rights and remedies of Lender on default.

12.13 Jurisdiction. In the event of a lawsuit relating to, or to enforce, this Mortgage, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Klamath County, State of Oregon.

12.14 Loan Purpose. The Borrower acknowledges that the proceeds of the Note are primarily for agricultural, commercial, investment or business purposes, and are not for a consumer transaction (which is defined as a transaction primarily for personal, family or household purposes).

12.15 Dissemination of Information. If the Lender determines at any time to sell, transfer or assign the Note, this Mortgage and any other security instruments, and any or all servicing rights with respect thereto, or to grant participations therein or issue, in a public offering or private placement, mortgage pass-through certificates or other securities evidencing a beneficial interest in the loan, Lender may forward to each purchaser, transferee, assignee, servicer, participant, investor, or their respective successors in such Participations and/or Securities, any rating agency rating such Securities and each prospective Investor, all documents and information which Lender now has or may hereafter acquire relating to the Indebtedness and to the Borrower, any guarantor, any indemnitors and the Property, which shall have been furnished by Borrower, any guarantor or any indemnitors, as Lender determines necessary or desirable.

WARNING: UNLESS YOU (BORROWER) PROVIDE US (LENDER) 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.

12.16 Counterparts. This Mortgage may be executed in any number of counterparts and any party thereto may execute any counterpart, each of which when executed and delivered shall be deemed to be an original and all of which, taken together, shall be deemed to be but one and the same instrument.

BORROWER:

JESPERSEN-EDGEWOOD, INC.
an Oregon corporation

By: _____

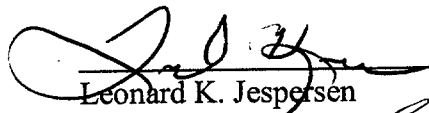
Leonard K. Jespersen, President

By: _____

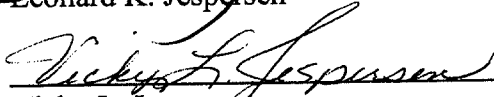
Lawrence C. Jespersen, Secretary

Lawrence C. Jespersen

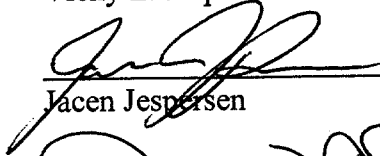
Maureen V. Jespersen



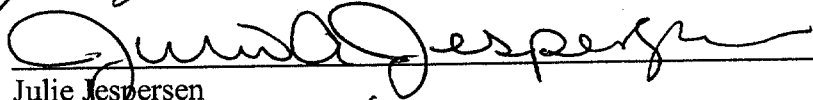
Leonard K. Jespersen



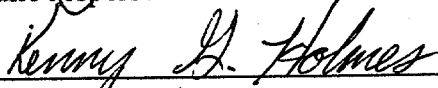
Vicky L. Jespersen



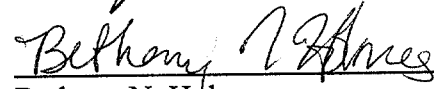
Jacen Jespersen



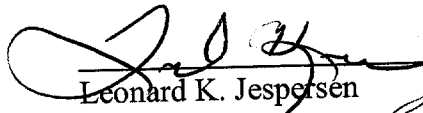
Julie Jespersen

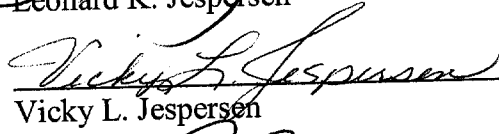


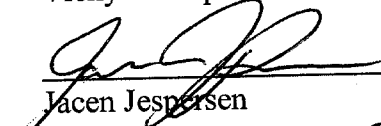
Kenneth G. Holmes

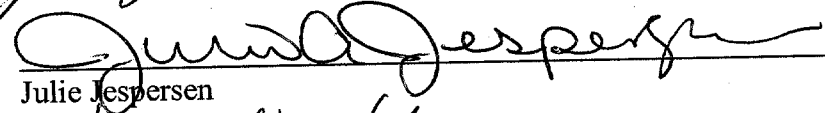


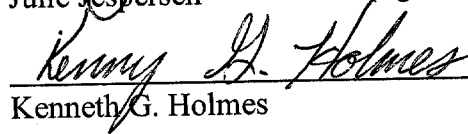
Bethany N. Holmes


Leonard K. Jespersen


Vicky L. Jespersen


Jacen Jespersen


Julie Jespersen


Kenneth G. Holmes

Bethany N. Holmes

STATE OF OREGON
COUNTY OF Klamath) ss.

This instrument was acknowledged before me on April 9, 2008, by Leonard K. Jespersen, as President of Jespersen-Edgewood, Inc., an Oregon corporation.



Kristi L. Redd
Notary Public for Oregon
My Commission expires: 11/16/2011
Commission No.:

STATE OF OREGON
COUNTY OF Klamath) ss.

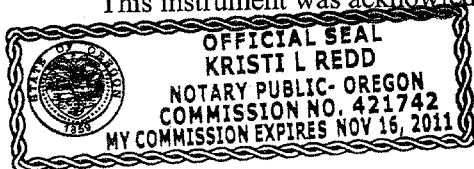
This instrument was acknowledged before me on April 9, 2008, by Lawrence C. Jespersen, as Secretary of Jespersen-Edgewood, Inc., an Oregon corporation.



Kristi L. Redd
Notary Public for Oregon
My Commission expires: 11/16/2011
Commission No.:

STATE OF OREGON
COUNTY OF Klamath) ss.

This instrument was acknowledged before me April 9, 2008, by Lawrence C. Jespersen.



Kristi L. Redd
Notary Public
My commission expires: 11/16/2011
Commission No.:

STATE OF OREGON
COUNTY OF Klamath) ss.

This instrument was acknowledged before me April 9, 2008, by Maureen V. Jespersen.



Kristi L. Redd
Notary Public
My commission expires: 11/16/2011
Commission No.:

STATE OF OREGON
COUNTY OF Klamath) ss.

This instrument was acknowledged before me April 9, 2008, by Leonard K. Jespersen.



Kristi L. Redd
Notary Public
My commission expires: 11/16/2011
Commission No.:

STATE OF OREGON
COUNTY OF Klamath) ss.

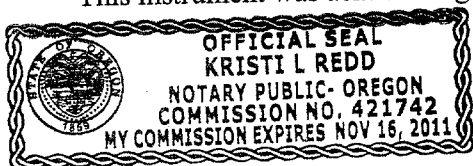
This instrument was acknowledged before me April 9, 2008, by Vicky L. Jespersen.



Kristi L. Redd
Notary Public
My commission expires: 11/16/2011
Commission No.:

STATE OF OREGON
COUNTY OF Klamath) ss.

This instrument was acknowledged before me April 9, 2008, by Jacen Jespersen.



Kristi L. Redd
Notary Public
My commission expires: 11/16/2011
Commission No.:

STATE OF OREGON
COUNTY OF Klamath) ss.

This instrument was acknowledged before me April 9, 2008, by Julie Jespersen.



Kristi L. Redd
Notary Public
My commission expires: 11/16/2011
Commission No.:

STATE OF OREGON)
COUNTY OF Klamath) ss.

This instrument was acknowledged before me April 9, 2008, by Kenneth G. Holmes.



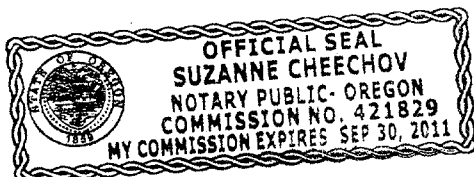
Kristi L. Redd
Notary Public

My commission expires: 11/16/2011

Commission No.:

STATE OF OREGON)
COUNTY OF Klamath) ss.

This instrument was acknowledged before me April 10, 2008, by Bethany N. Holmes.



Suzanne Cheechov
Notary Public

My commission expires:

Commission No.: 9/30/2011

EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL 1:

IN TOWNSHIP 37 SOUTH, RANGE 10 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON:

Section 14: W1/2 SW1/4
Section 15: NW1/4 NW1/4, S1/2 N1/2, NE1/4 SE1/4
Section 23: W1/2 NE1/4, SE1/4 NE1/4, E1/2 SE1/4
Section 24: SW1/4 SW1/4
Section 25: W1/2, W1/2 SE1/4
Section 26: E1/2 E1/2
Section 35: NE1/4 NE1/4
Section 36: All

IN TOWNSHIP 38 SOUTH, RANGE 11 1/2 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON:

Section 6: Government Lots 4, 5, 6 and 7; SE1/4 NW1/4, E1/2 SW1/4, SW1/4 SE1/4
Section 7: Government Lots 1, 2, 3 and 4; W1/2 E1/2, SE1/4 NE1/4, E1/2 W1/2, E1/2 SE 1/4, NE1/4 NE1/4
Section 8: W1/2 SW1/4
Section 17: W1/2
Section 18: Government Lots 1 and 2; NE1/4, E1/2 NW1/4
Section 20: SW1/4 NE1/4, NW1/4, N1/2 SW1/4, W1/2 SE1/4, SE1/4 SE1/4
Section 21: S1/2 SW1/4, SW1/4 SE1/4
Section 27: W1/2 SW1/4, SE1/4 SW1/4, EXCEPTING THEREFROM that portion of the SE1/4 SW1/4 conveyed to Oregon – California and Eastern Railway Company by deed recorded May 26, 1917 in Book 47 at page 592, Deed Records of Klamath County, Oregon. AND EXCEPTING from the SE1/4 SW1/4 that portion thereof lying Easterly of the Easterly line of the Oregon – California and Eastern Railway Company right of way.
Section 28: N1/2, NE1/4 SW1/4, SE1/4
Section 29: NE1/4, SE1/4 NW1/4, E1/2 SW1/4
Section 32: NE1/4 NW1/4, EXCEPTING THEREFROM all that portion lying within the Klamath Falls – Lakeview Highway (Highway 140)

PARCEL 2:

Parcel A:

The NE1/4 of Section 32, Township 37 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

Continued

0081333

(Legal Description Continued)

Parcel B:

The S1/2 NE1/4 and SE1/4 of Section 21 and S1/2 NW1/4 and SW1/4 of Section 22, Township 37 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

Parcel C:

The NW1/4 of Section 28, Township 37 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

Parcel D:

The NE1/4 NE1/4 of Section 19, Township 37 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

Parcel E:

The E1/2 NE1/4 and the E1/2 W1/2 NE1/4 and that portion of the SE1/4 lying Easterly of Edgewood Lane in Section 18, Township 37 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

Parcel F:

The E1/2 SE1/4 NE1/4 Section 7, Township 37 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

Parcel G:

The W1/2 and SE1/4 and W1/2 W1/2 SW1/4 NE1/4 of Section 8; SW1/4, W1/2 SE1/4 and NE1/4 SE1/4, Section 9; SW1/4, S1/2 SE1/4 and NW1/4 SE1/4, Section 15; all of Sections 16 and 17; E1/2 and N1/2 NW1/4, Section 20; W1/2 and N1/2 NE1/4, Section 21; E1/2 and N1/2 NW1/4, Section 22; W1/2 and W1/2 SE1/4, Section 23; W1/2 and W1/2 E1/2, Section 26; E1/2 and NW1/4, Section 27; SW1/4, Section 28, SE1/4, Section 29; NE1/4 NE1/4, Section 34; N1/2 NW1/4 and NW1/4 NE1/4, Section 35, all in Township 37 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

Parcel H:

The NE 1/4 of Section 28 and the NE1/4 of Section 29, Township 37 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

Parcel I:

The SW1/4 of Section 27, and the SE1/4 of Section 28, Township 37 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

TOGETHER WITH an easement for ingress and egress over the Westerly 30 feet of the NE1/4 of Section 28, Township 37 South, Range 10 East, Willamette Meridian, Klamath County, Oregon, as granted by instrument recorded April 27, 1994 in Volume M94, Page 12606, Microfilm Records of Klamath County, Oregon.

PARCEL 3:

The NE1/4, E1/2 NW1/4, and NE1/4 SE1/4 of Section 12, Township 38 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

0081333

EXHIBIT B
TO
MORTGAGE

IRRIGATION EQUIPMENT SUMMARY - Main Tract

Jespersen-Edgewood Inc.

PUMP SITE	POWER UNIT			PUMP UNIT		
	MANUFACT.	HP	ID NUMBER	MANUFACT.	TYPE	SERIAL #
<u>Jespersen Edgewood West Turbines:</u> Golden-Well 100 HP by the Driveway Aspen Wilson Cove Lake Well Drainage Pump	US Motor	75			Turbine	959842
	US Motor	100	504-5	Peerless		504-5 916338
	Newman	150	S135780	Peabody/ Floway	Turbine	S135780 444TPH/DD3782
	Newman	150	444TPH/DD3782PB	Peerless		PB S1211802
	US Motor	75	Unknown			Unknown
	US Electric HiThrust	150	444TPWPI			
	Chisafelli	40				
<u>Jespersen Edgewood Booster Pumps:</u> Little Lockwood:		10	37C539Y514H2	Baldor	Centrifugal	R-6375-06-111 R2145571M1642
					Cornell	Unknown

PUMP SITE	POWER UNIT		PUMP UNIT			
	MANUFACT.	HP	ID NUMBER	MANUFACT.	TYPE	MODEL # SERIAL #
Rock Pasture Field (next to little lockwood): Cove by the Well: Cove by the Well (formerly from the Coleman):		7.5	Unknown	Unknown	Unknown	Unknown
		10	Unknown	Baldor	Unknown	Unknown
		60	145029X101H2	Baldor	Centrifugal	Cornell Unknown
<u>Jespersen East (Rafters JJ) Well</u> <u>Equipment:</u> <u>Lone Rock Well</u> (3 Electrical Panels)	US Elect. Motor	100	S# 879630 F# 504-5	Peerless	Turbine	Unknown
	US Elect. Motor	50	S# 1013748	Unknown	Centrifugal	Unknown
	Century	75	P# 6-339172-01	Berkeley	Centrifugal	Unknown 912
<u>Schmore Well</u> (4 Electrical Panels)	General Elect.	100	M#5N6267X43A S# 8MJ204143	Unknown	Turbine	Unknown
	Century	50	P# 6-323060-01 F#326TCZ	Berkley	Centrifugal	88G R811CW 7673776
	US Elect. Motor	100	S# 854613	Johnston	Turbine	Unknown
<u>Hamaker Well</u> (5 Electrical Panels)	Century	30	M# SC-324VY-PCA	Unknown	Centrifugal	Unknown
	Century	25	M# SC286UCZ- FCA	Berkley	Centrifugal	EMI9-313200-02 571

PUMP SITE	POWER UNIT			PUMP UNIT		
	MANUFACT.	HP	ID NUMBER	MANUFACT.	TYPE	MODEL #
<i>New Well</i> (4 Electrical Panels)	High Thrust	150	ID# R-6375-07-191 R2149827 M	Aurora	Turbine	Unknown
	Marathon	75	F# 444TPWP1 M# KD365TTID57354BBW S# 9386	Cornell	Centrifugal	5H75-4
	US Elect. Motor	75	S# 895574 F# 445-14	Peerless	Turbine	Unknown
	General Elect.	50	M# 5K4364XA1Y1 S# SSJ529100	Rainflow	Centrifugal	Unknown
<i>Thomas Well</i> (4 Electrical Panels)	General Elect.	30	M# 5K1364GF1 S# 6619141VB	Rainflow	Centrifugal	Unknown
	US Elect. Motor	20	ID# Z05Z04yR265F	Unknown	Unknown	Unknown

Lake Sump Pump

Jespersen-Edgewood West Equipment:

#1 - Little Golden	<u>Type</u>	<u>Panel Model</u>	<u>Power</u>	<u>Serial</u>	<u>Hours</u>	<u>Pivot Manufacturer</u>
#2 - Barley Circle	6 Tower Low Pressure	Valley Panel	Electric	12650	19566	Valmont
	8 Tower Low Pressure	Wade Rain #4271	Electric	18460	N/A	Wade Rain
	16 Tower Low Pressure	Valmont 4271	Electric	20730	N/A	Valley
		<u>Panel Model</u>	<u>Power</u>	<u>Serial</u>	<u>Hours</u>	<u>Pivot Manufacturer</u>
#3 - 2000 Footer	9 Tower Low Pressure	Valley 1260	Electric	11959	N/A	Valley
	8 Tower Low Pressure	N/A	Electric	N/A	N/A	Lockwood

#6 - Cove by Well	10 Tower Low Pressure	Valley	Electric	N/A	N/A	Valley
#7-A	6 Tower Low Pressure	Valmont Panel	Electric	32897	30999	Valmont
#7-B	5 Tower Low Pressure	M# 4171	Electric	28957	N/A	Valmont
#7-C	9 Tower Low Pressure	Panel TBI	Electric	N/A	N/A	Valley
#7-D	9 Tower Low Pressure	Circuit River Panel	Electric	NIBM	1866	Lockwood
#8-A	3 Tower Low Pressure	TBI	Electric	N/A	N/A	N/A
#8-B	3 Tower Low Pressure	TBI	Electric	N/A	N/A	N/A
#8-C	3 Tower Low Pressure	TBI	Electric	N/A	N/A	N/A
#9 - Little Pivot by Lake	4 Tower Low Pressure	Valley	Electric	N/A	N/A	N/A
#10 - Cove by Lake	9 Tower Low Pressure	Valley	Electric	3858	39,000+	Valley
#11	5 Tower Low Pressure	Valley Panel M#1260	Electric	11574	4978	Valmont
#12	3 Tower Low Pressure	Valley Panel	Electric		11018	Wade Rain
#13	5 Tower Low Pressure	Valley Panel	Electric		1552	Valley Pivot
	<u>Type</u>	<u>Panel Model</u>	<u>Power</u>	<u>Serial</u>	<u>Hours</u>	<u>Manufacturer</u>
#14	2 Tower Low Pressure		Electric	TBC		Valmont
#15	3 Tower Low Pressure	Valley Panel	Electric	17224	10230	Wade Rain
#16	6 Tower Low Pressure	Valmont M# 4871	Electric	31416		Valmont
#17 - Marshal	10 Tower Low Pressure	Valley M# 4071	Electric	23392	13,000+	Valley
#20 - Zimatic 1/2 pivot	19 Tower 1/2 Pivot	Unknown	Electric	N/A	N/A	Zimatic

#20-A	2 Tower Low Pressure	TBI	Electric	N/A	N/A	N/A
#21	2 Tower Low Pressure	TBI	Electric	N/A	N/A	Electrogator
#22 - Swan Lake	7 Tower Low Pressure	TBI	Electric	N/A	N/A	Valmont
#23	11 Tower Low Pressure	Valmont Panel M#4071	Electric	061	N/A	Valmont

Swan Lake Irrigation Equipment:

	<u>Type</u>	<u>Panel Model</u>	<u>Power</u>	<u>Serial</u>	<u>Hours</u>	<u>Pivot Manufacturer</u>
#21 New - Lone Rock Pivot	7 Tower Low Pressure	Valley	Electric	10615374	N/A	Valley
#22 New		Valley	Electric	N/A	N/A	Valley
#23 New			Electric	N/A	18,000+	Valley
#24	8 Tower Low Pressure	Valley 6000	Electric	70580	17,000+	Valmont
#25	11 Tower Low Pressure	Valley 6000	Electric	N/A	N/A	Valley
#26 - New Over Old Feedlot	4 Tower Low Pressure		Electric	N/A	N/A	Unkn
#27 - North Wheat Pasture	2 Tower Low Pressure		Electric	N/A	7404	Valley
#28 - Center Wheat Pasture	10 Tower Low Pressure	Valley 6000	Electric	10207606	24158	Valley
#29 - SW Wheat Pasture	2 Tower Low Pressure		Electric	10615376	N/A	Valley
#30 - Neck Pivot	4 Tower Low Pressure		Electric	N/A	N/A	Valley
#31 - Old Stiles Pivot			Electric	N/A	7751	Unkn
#32	6 Tower Low Pressure		Electric	71912	15828	Unkn
7 Tower Linear	Valley 6000	A6B5C1D1E5F101H3			15254	Valmont

827276 Diesel Deutz
Corp. KHD

F3L1011

Linear Mover Motor

Combined Holdings

Mainline:

Buried Edgewood and Rafter JJ
Holdings

Above Ground Rafter JJ Holdings

73,463 Feet

4,465 Feet

Wheelines:

6 1/4 mile self leveling wheelines
with 7.5 hp movers and 6' wheels

MANUFACTURED HOMES

Make/Model	Year Built	Vehicle Identification No.	Home ID Number	Plate Number
Howard Manor	1977	0S0567UX	210747	X141313
Starcraft	1967	60CK3TU591	216395	X148711

**EXHIBIT C
TO
MORTGAGE**

WATER RIGHT SUMMARY

Jespersen Edgewood, Inc
Klamath County

Main Tract

<u>Township/Range</u>	<u>Section</u>	<u>Source</u>	Primary		Supplemental		Priority	Application		Permit	Certificate	Permittee
			Water Right	Acres	Water Right	Acres		Number	Number			
T. 37 S. R. 10 E.	8	Well	0.00	0.00	38.80	0.00	12/24/1951	U453	U486	Albert R Devincenzi	29530	Albert R Devincenzi
T. 37 S. R. 10 E.	8	Edgewood Creek	130.80	0.00	0.00	0.00	12/31/1873	Swan Lake Decree	0	Albert R Devincenzi	20689	Albert R Devincenzi
T. 37 S. R. 10 E.	9	Edgewood Creek	5.00	0.00	0.00	0.00	12/31/1873	Decree	0	Albert R Devincenzi	20689	Albert R Devincenzi
T. 37 S. R. 10 E.	9	Well	96.00	5.00	5.00	5.00	12/24/1951	U453	U486	Albert R Devincenzi	29530	Albert R Devincenzi
T. 37 S. R. 10 E.	14	Well	7.90	0.00	0.00	0.00	03/03/1977	G7873	G7293	Jespersen-Edgewood Inc.	83121	Jespersen-Edgewood Inc.
T. 37 S. R. 10 E.	15	Well	73.53	0.00	0.00	0.00	03/04/1977	G7873	G7293	Jespersen-Edgewood Inc.	83121	Jespersen-Edgewood Inc.
T. 37 S. R. 10 E.	15	Well	88.40	0.00	0.00	0.00	12/24/1951	U453	U486	Albert R Devincenzi	29530	Albert R Devincenzi
T. 37 S. R. 10 E.	16	Edgewood Creek	173.00	0.00	0.00	0.00	12/31/1873	Swan Lake Decree	0	Albert R Devincenzi	20689	Albert R Devincenzi
T. 37 S. R. 10 E.	16	Well	87.40	173.00	173.00	0.00	12/24/1951	U453	U486	Albert R Devincenzi	29530	Albert R Devincenzi
T. 37 S. R. 10 E.	17	Edgewood Creek	319.30	0.00	0.00	0.00	12/31/1873	Swan Lake Decree	0	Albert R Devincenzi	20689	Albert R Devincenzi
T. 37 S. R. 10 E.	17	Well	209.60	319.30	319.30	0.00	12/24/1951	U453	U486	Albert R Devincenzi	29530	Albert R Devincenzi
T. 37 S. R. 10 E.	17	Well	27.90	0.00	0.00	0.00	03/03/1977	G7873	G7293	Jespersen-Edgewood Inc.	83121	Jespersen-Edgewood Inc.

<u>Township/Range</u>	<u>Section</u>	<u>Source</u>	<u>Primary</u> <u>Water Right</u> <u>Acres</u>	<u>Supplemental</u> <u>Water Right</u> <u>Acres</u>	<u>Priority</u> <u>Date</u>	<u>Application</u> <u>Number</u>	<u>Permit</u> <u>Number</u>	<u>Certificate</u> <u>Number</u>	<u>Permittee</u> <u>Name</u>
T. 37 S. R. 10 E.	17	Well/Anderson Creek	2.00	0.00	05/28/1952	U501	U585	30572	Mario Marengo
T. 37 S. R. 10 E.	18	Well/Anderson Creek	74.80	0.00	05/28/1952	U501	U585	30572	Mario Marengo
T. 37 S. R. 10 E.	18	Well/Anderson Creek	67.90	0.00	06/07/1971	G5538	G5422	46409	Paul T Golden
T. 37 S. R. 10 E.	19	Well/Anderson Creek	32.60	0.00	06/07/1971	G5538	G5422	46409	Paul T Golden
T. 37 S. R. 10 E.	20	Well	394.70	0.00	12/24/1951	U453	U486	29530	Albert R Devincenzi
T. 37 S. R. 10 E.	21	Well	240.00	0.00	06/28/1982	G10135	G10952	0	Jespersen-Edgewood Inc.
T. 37 S. R. 10 E.	21	Well	215.10	0.00	12/24/1951	U453	U486	29530	Albert R Devincenzi
T. 37 S. R. 10 E.	21	Well	78.10	0.00	03/03/1977	G7873	G7293	83121	Jespersen-Edgewood Inc.
T. 37 S. R. 10 E.	22	Well	240.00	0.00	06/28/1982	G10135	G10952	0	Jespersen-Edgewood Inc.
T. 37 S. R. 10 E.	22	Well	57.90	0.00	12/24/1951	U453	U486	29530	Albert R Devincenzi
T. 37 S. R. 10 E.	22	Well	273.70	0.00	03/03/1977	G7873	G7293	83121	Jespersen-Edgewood Inc.
T. 37 S. R. 10 E.	23	Well	272.80	0.00	03/05/1977	G7873	G7293	83121	Jespersen-Edgewood Inc.
T. 37 S. R. 10 E.	23	Well	13.80	0.00	07/19/1949	U319	0	50381	Nevin Cattle Co.
T. 37 S. R. 10 E.	25	Well	120.20	0.00	07/19/1949	U319	0	50381	Nevin Cattle Co.
T. 37 S. R. 10 E.	26	Well	8.40	0.00	03/05/1977	G7873	G7293	83121	Jespersen-Edgewood Inc.
T. 37 S. R. 10 E.	26	Well	28.60	0.00	07/19/1949	U319	0	50381	Nevin Cattle Co.
T. 37 S. R. 10 E.	27	Well	160.00	0.00	06/28/1982	G10135	G10952	0	Jespersen-Edgewood Inc.
T. 37 S. R. 10 E.	27	Well	6.40	0.00	03/03/1977	G7873	G7293	83121	Jespersen-Edgewood Inc.
T. 37 S. R. 10 E.	27	Waste Water	160.00	0.00	05/20/1971	S48241	S36225	0	Dorothy Collman
T. 37 S. R. 10 E.	28	Well	160.00	0.00	06/28/1982	G10135	G10952	0	Jespersen-Edgewood Inc.
T. 37 S. R. 10 E.	28	Waste Water	160.00	0.00	05/20/1971	S48241	S36225	0	Dorothy Collman
T. 37 S. R. 10 E.	28	Well	247.20	0.00	03/03/1977	G7873	G7293	83121	Jespersen-Edgewood Inc.
T. 37 S. R. 10 E.	29	Well	160.00	0.00	06/28/1982	G10135	G10952	0	Jespersen-Edgewood Inc.
			Primary	Supplemental					

<u>Township/Range</u>	<u>Section</u>	<u>Source</u>	<u>Water Right</u>		<u>Priority</u>	<u>Application</u>	<u>Permit</u>	<u>Certificate</u>	<u>Permittee</u>
			<u>Acres</u>	<u>Acres</u>	<u>Date</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Name</u>
T. 37 S. R. 10 E.	29	Well	123.10	0.00	03/03/1977	G7873	G7293	83121	Jespersen-Edgewood Inc.
T. 37 S. R. 10 E.	32	Well	160.00	0.00	06/28/1982	G10135	G10952	0	Jespersen-Edgewood Inc.
T. 37 S. R. 10 E.	36	Waste Water	240.40	0.00	07/29/1965	S41159	S30684	44402	No-name
T. 37 S. R. 10 E.	36	Well	175.50	0.00	07/19/1949	U319	0	50381	Nevin Cattle Co.
T. 38 S. R. 10 E.	12	Well	60.40	29.60	07/19/1949	U319	U343	T-3486	CW Biaggi
T. 38 S. R. 10 E.	12	Well	170.00	0.00	01/04/1971	G5390	G5191	0	Nevin Cattle Co.
T. 38 S. R. 10 E.	12	Well	29.60	0.00	07/19/1949	U319	0	50381	Nevin Cattle Co.
T. 38 S. R. 11.5 E.	6	Well	99.50	0.00	07/19/1949	U319	0	50381	Nevin Cattle Co.
T. 38 S. R. 11.5 E.	7	Well	35.00	0.00	07/19/1949	U319	U343	T-3486	CW Biaggi
T. 38 S. R. 11.5 E.	7	Well	120.00	0.00	07/19/1949	U319	0	50381	Nevin Cattle Co.
T. 38 S. R. 11.5 E.	7	Well	245.20	0.00	09/30/1976	G7396	G6835	66457	CW Biaggi
T. 38 S. R. 11.5 E.	8	Well	29.10	0.00	09/30/1976	G7396	G6835	66457	CW Biaggi
T. 38 S. R. 11.5 E.	18	Well	78.80	0.00	07/19/1949	U319	U343	T-3486	CW Biaggi
T. 38 S. R. 11.5 E.	18	Well	89.90	0.00	07/19/1949	U319	0	50381	Nevin Cattle Co.
T. 38 S. R. 11.5 E.	20	Well	80.00	21.90	06/11/1997	G14546	G13320	0	Swan Lake Ranch; Sites, Will
T. 38 S. R. 11.5 E.	20	Thomas Well	21.90	0.00	11/16/1968	G4673	G4401	38246	Nevin Cattle Co.
T. 38 S. R. 11.5 E.	29	Well	200.10	0.00	07/19/1949	U318	U402	29619	Lloyd L Hawkins
T. 38 S. R. 11.5 E.	29	Thomas Well	38.70	0.00	11/16/1968	G4673	G4401	38246	Nevin Cattle Co.
T. 38 S. R. 11.5 E.	29	Well	0.00	57.20	06/11/1997	G14546	G13320	0	Swan Lake Ranch; Sites, Will
T. 38 S. R. 11.5 E.	32	Well	29.60	0.00	07/19/1949	U318	U402	29619	Lloyd L Hawkins

Total Acres 6,419.83 644.80

**EXHIBIT D
TO
MORTGAGE**

Grazing Permit Summary

Jespersen Edgewood, Inc

Klamath County

BLM Permits

Burea of Land Management Klamath Falls RA
2795 Anderson BLD 25 Klamath Falls OR.
97603

Allotment Name	Allot. #	# of Hd.	Type	Grazing Period	AUM's
Swan Lake Rim	00858	150	Cattle	May 1 to June 30	301
Total AUMs:					301