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07/01/2011 02:34:36 PM

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SEVERANCE AGREEMENT

WHEREAS, Edward T. Bair, same person as Edward Thomas Bair and Virginia L. Bair, same person as Virginia Lee Bair, a married couple and Joseph J. Bair and Mary Ellen Bair, a married couple, ("Grantor"), holds certain interests in the below described real property; and

WHEREAS, Bair Farms, LLC, a limited liability company ("Borrower"), has entered into a loan with Northwest Farm Credit Services, PCA ("Lender") to be secured in part by the following described equipment ("Equipment"):

YEAR: 2011
 DESCRIPTION: Valley Model 8000 Pivot
 SIZE: 950'

SERIAL #:
 QUANTITY:

10827115
1

located on real property more particularly described as follows ("Property"):

The NE1/4NW1/4 and NW1/4NW1/4 of Section 35, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

LESS AND EXCEPT that portions lying Northeast of the Modoc Northern Railway and the portions deeded to the United States of America in Deed dated January 1, 1912 in Volume 35, page 457, Deed Records of Klamath County, Oregon for the Lost River Diversion Channel.

<u>Tax Account No.</u>	<u>Key No.</u>	<u>Code No.</u>
3909-03500-00300-000	587369	164;

NOW, THEREFORE, in consideration of the mutual benefits to the parties hereto for the making of such loan to Borrower, the undersigned hereby agree as follows:

1. That the above-described Equipment shall remain severed from the above-described Property.
2. Even if attached to the Property, the Equipment shall retain its personal character, shall be removable from the Property, shall be treated as personal property with respect to the rights of the parties, and shall not become a fixture nor a part of the Property.
3. Title and ownership of the Equipment shall remain with the Borrower.
4. The Equipment shall not be subject to the lien of any secured transaction or instrument heretofore or hereafter arising against the Property and created by Grantor.
5. Lender shall have full access upon the Property to inspect, repair, rebuild, disassemble, or remove the Equipment without further notice to, or further permission of, charge for, or obligation to the undersigned, and in the event of default by Borrower in the payment or performance of any of Borrower's obligations to Lender, Lender may remove the Equipment or any part thereof from the Property without objection, delay, hindrance or interference by the undersigned, and in such case the undersigned will make no claim or demand whatsoever against the Equipment. In the event of such removal, Lender shall restore the Property on which the Equipment is located to its original state to the extent that all holes caused by removal will be filled in and leveled. In the event of any such default by Borrower, at Lender's option, the Equipment may remain upon the Property free of rent or any charge for use and occupancy for a period not to exceed three (3) months after receipt by Lender of written notice from the Grantor directing removal.

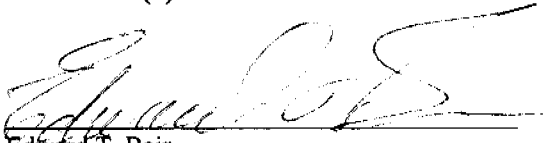
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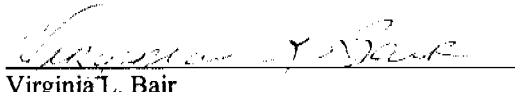
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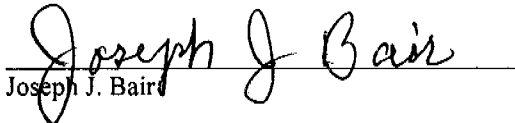
6. In the event an action is instituted by Lender to realize on the above-described Equipment, Lender shall give the Grantor written notice thereof.
7. Lender may, without affecting the validity of this Agreement, extend, amend or in any way modify the terms of the obligation owed by Borrower to Lender without the consent of and without giving notice thereof to the Grantor.
8. This Agreement binds all of the undersigned, their heirs, personal representatives, successors and assigns and shall inure to the benefit of their successors and assigns.

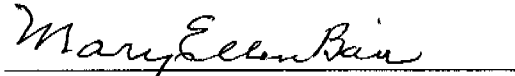
Date: 6/30/2011

GRANTOR(S):


Edward T. Bair

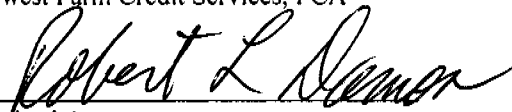

Virginia L. Bair


Joseph J. Bair


Mary Ellen Bair

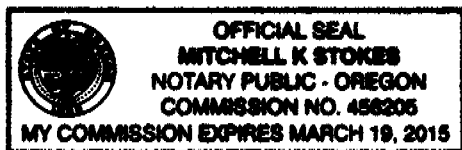
LENDER:

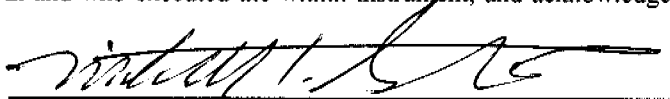
Northwest Farm Credit Services, PCA

By: 
Authorized Agent

STATE OF Oregon)
)ss.
County of Klamath)

On this 30 day of June, 2011, before me personally appeared Mary Ellen Bair, known to me to be the person(s) described in and who executed the within instrument, and acknowledged that she executed the same as her free act and deed.

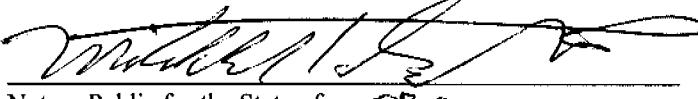



Notary Public for the State of Oregon
Residing at KIAMATH FALLS
My commission expires 3-19-2015
Printed Name Mitchell K Stokes

STATE OF Oregon)
)ss.
County of Klamath)

On this 30 day of June, 2011, before me personally appeared Robert L Damon, known to me to be an authorized agent of Northwest Farm Credit Services, PCA, that executed the within instrument, and acknowledged to me that such corporation executed the same as its free act and deed; and on oath stated that he/she was authorized to execute said instrument.




Notary Public for the State of Oregon
Residing at KIAMATH FALLS
My commission expires 3-19-2015
Printed Name Mitchell K Stokes

STATE OF Oregon)
)ss.
County of Klamath)

On this 30th day of June, 2011, before me personally appeared Edward T. Bair, known to me to be the person(s) described in and who executed the within instrument, and acknowledged that he executed the same as his free act and deed.



Notary Public for the State of OREGON
Residing at KIAMATH FALLS
My commission expires 3-19-2015
Printed Name MITCHELL K STOKES

STATE OF Oregon)
)ss.
County of Klamath)

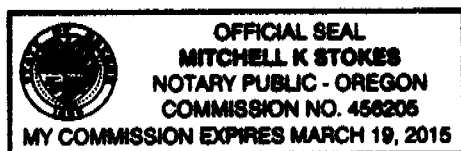
On this 30th day of June, 2011, before me personally appeared Virginia L. Bair, known to me to be the person(s) described in and who executed the within instrument, and acknowledged that she executed the same as her free act and deed.



Notary Public for the State of OREGON
Residing at KIAMATH FALLS
My commission expires 3-19-2015
Printed Name MITCHELL K STOKES

STATE OF Oregon)
)ss.
County of Klamath)

On this 30th day of June, 2011, before me personally appeared Joseph J. Bair, known to me to be the person(s) described in and who executed the within instrument, and acknowledged that he executed the same as his free act and deed.



Notary Public for the State of OREGON
Residing at KIAMATH FALLS
My commission expires 3-19-2015
Printed Name MITCHELL K STOKES