

WTC 90837-KR

2011-010051

Klamath County, Oregon



00106896201100100510210214

09/02/2011 11:21:57 AM

Fee: \$152.00

RECORDING REQUEST BY AND WHEN
RECORDED RETURN TO:

Metropolitan Life Insurance Company
205 E. River Park Circle, Suite 330
Fresno, CA 93720
Attn: Manager

(space above reserved for recorder's use)

**DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT
AND FIXTURE FILING**

DATED: August 31, 2011

FROM: RLF RUNNING Y RANCH, LLC,
a Colorado limited liability company
c/o Resource Land Holdings
619 N. Cascade Ave – Suite 200
Colorado Springs, CO 80903

GRANTOR

TO: AMERITITLE

TRUSTEE

FOR THE METROPOLITAN LIFE INSURANCE COMPANY
BENEFIT OF: a New York corporation
10801 Mastin Blvd., Suite 930
Overland Park, KS 66210

BENEFICIARY

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

Beneficiary has loaned or agreed to loan to Grantor, SIX MILLION AND NO/100 DOLLARS (\$6,000,000.00) on certain terms and conditions. Such amount will be repayable with interest according to the terms of a promissory note given to evidence such indebtedness, dated the same as this Deed of Trust, under which the final payment of principal and interest will be due on July 5, 2021. The promissory note, and any note or notes given in renewal, modification, substitution or addition to the promissory note originally issued, is referred to as the "Note." The Note provides that the interest rate thereon is subject to adjustment. The loan is subject to those terms and conditions contained in a Loan Agreement of even date hereof between Grantor and Beneficiary (the "Agreement").

The term "Indebtedness" as used in this Deed of Trust shall mean (a) the principal, interest, and fees payable under the Note, (b) any future amounts that Beneficiary may in its discretion loan to Grantor, with interest thereon, (c) any amounts expended or advanced by Beneficiary to discharge obligations of Grantor or expenses incurred by Beneficiary to protect the lien of this Deed of Trust or to enforce or

Loan No. 194980
70844840.7 0049689-00454

152A

discharge obligations of Grantor hereunder with interest thereon as provided below, and (d) any amount, with interest thereon as provided in Section 13.4 below, payable by Grantor to Beneficiary under the provisions of Section 4 of the Agreement, to the extent Beneficiary specifically elects by written notice to Grantor to include such amounts in the Indebtedness.

To secure payment of the Indebtedness and performance of all obligations of Grantor under this Deed of Trust and the Agreement, Grantor mortgages, conveys and assigns to Trustee, its successors and assigns, in trust, with POWER OF SALE and the right of entry and possession, for the benefit of Beneficiary, all of Grantor's present and future estate, right, title and interest in and to the following:

A. The real property described on the attached **Exhibit A**, with all appurtenances and existing or future improvements (the "Real Property");

B. All buildings, structures and improvements of every nature whatsoever now or hereafter situated on the Real Property, including, without limitation, (i) houses, barns, sheds, warehouses, pumphouses, bunkhouses, mobile homes, modular homes, hothouses and all other buildings, (ii) grain bins, storage bins, metal sheds and buildings, water towers, and windmills, (iii) all towers, fences, gates and posts, (iv) all electric, water and gas lines, wiring, pipe and equipment together with meters, transformers, switch boxes, fuse panels, circuit breakers, timing devices, thermostats and control valves, (v) air conditioning and heating equipment including coils, compressors, ducts and heaters, (vi) all wall-to-wall carpet, refrigerators, stoves and other built-in equipment, and (vii) all additions, substitutions and replacements thereof now or hereafter owned by Grantor and located in, on or about, or used or intended to be used with or in connection with the use, operation or enjoyment of the Real Property, all of which are hereby declared and shall be deemed to be fixtures and accessions to the Real Property as between the parties hereto and all persons claiming by, through or under them, and which shall be deemed to be a portion of the security for the indebtedness herein described and to be secured by this Deed of Trust;

C. All easements, rights-of-way, strips and gores of land, vaults, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, shrubs, trees and timber now or hereafter located on the Real Property or under or above the same or any part or parcel thereof, and all estates, rights, titles, interests, minerals, royalties, easements, privileges, liberties, tenements, hereditaments and appurtenances, reversion and reversions, remainder and remainders whatsoever, in any way belonging, relating or appertaining to the Real Property or any part thereof, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by Grantor;

D. All present and future income, rents, issues, profits and revenues of the Real Property from time to time accruing (including, without limitation, all payments under leases or tenancies, unearned premiums on any insurance policy carried by Grantor for the benefit of Beneficiary and/or the Real Property, tenant security deposits, escrow funds and all awards or payments, including interest thereon and the right to receive same, growing out of or as a result of any exercise of the right of eminent domain, including the taking of any part or all of the Real Property or payment for alteration of the grade of any road upon which said Real Property abuts, or any other injury to, taking of or decrease in the value of said Real Property to the extent of all amounts which may be owing on the indebtedness secured by this Deed of Trust at the date of receipt of any such award or payment by Grantor, and the reasonable attorneys' fees, costs and disbursements incurred by Lender in connection with the collection of such award or payment), and all the estate, right, title, interest, property, possession, claim and demand whatsoever at law or in equity, of Grantor of, in and to the same (the "Income"); reserving only the right

to Grantor to collect the same as long as no default or event of default as defined in Section 11 below shall have occurred;

E. All (i) furnishings, fixtures (including trade fixtures), supplies, equipment and inventory now or hereafter used for the production of water on the Real Property, or for the irrigation or drainage thereof, (ii) livestock handling equipment now or hereafter located on the Real Property, including but not limited to all corrals, scales, chutes, and fences, and (iii) all substitutions for, or replacements of, the foregoing; including, without limitation, the items described on attached **Exhibit B** (but not including tractors, farm implements, or hand or shop tools);

F. All water, water rights, ditches and ditch rights, and any permits, licenses, certificates or shares of stock evidencing any such water or ditch rights, and all water delivery contracts, and any such rights acquired in the future, which entitle Grantor to use water for any purpose upon the Real Property, including but not limited to all rights of Grantor or the Real Property in, and rights of Grantor or the Real Property to obtain water from, the Wocus Irrigation District, and the water rights listed on attached **Exhibit C**;

G. All of Grantor's right, title and interest in all leases of or pertaining to the Real Property;

H. All accessions, parts, or additions to and all replacements of and substitution for any of the property described in the preceding clauses; and

I. All products of any of the property described on the preceding subparagraphs and all proceeds (including insurance proceeds) from the sale or other disposition of any of the property described in the preceding clauses; provided, that by accepting a security interest in proceeds Beneficiary does not consent to sale or other disposition of any of the foregoing.

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

Grantor hereby grants Beneficiary a security interest in the Income, and all of the Property that constitutes personal property or fixtures (collectively, the "Personal Property") provided that Beneficiary's security interest shall not include personal property owned by Tenants.

This Deed of Trust is given and accepted on the following terms and conditions which Grantor will promptly and faithfully observe and perform:

1. PAYMENT AND PERFORMANCE. Grantor shall pay to, or cause to be paid to, Beneficiary promptly when due all amounts payment of which is secured by this Deed of Trust and shall strictly perform all obligations imposed upon Grantor by this Deed of Trust, the Agreement, and the Note.

2. POSSESSION AND MAINTENANCE OF THE PROPERTY.

2.1 Possession. Until in default, Grantor 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. Grantor shall maintain the Property in good condition at all times 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 and ranching operations shall be

conducted in such manner as to prevent deterioration of the Property, except for reasonable wear and tear from proper use. Without limiting the foregoing, Grantor shall operate and maintain the Property in accordance with good farm and ranch practice prevailing in the Klamath Basin of Oregon.

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

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

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

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

2.7 Duty to Protect. Grantor shall do all other acts, in addition to those set forth in this Deed of Trust, that are reasonably necessary to protect and preserve the security based upon the existing character and use of the Property.

2.8 Water Rights. All existing water rights benefiting the Property shall be maintained by Grantor and applied to beneficial use so as to maintain the validity and priority of such rights. Grantor shall fully comply with, and not permit a default to occur under, any water delivery contracts used to provide water to the Real Property, and shall timely exercise all renewal or extension rights in such contracts.

3. TAXES, ASSESSMENTS AND LIENS.

3.1 Payment. Grantor shall pay when due all taxes and assessments levied against or on account of the Property, and all dues and assessments upon water or ditch rights or shares of stock evidencing any such right, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of any liens having priority over or equal to the interest of Beneficiary under this Deed of Trust, except for the lien of taxes and assessments not due, except as otherwise provided in Section 3.2.

3.2 Right to Contest. Grantor may withhold payment of any tax, assessment or claim in connection with a good faith dispute over obligation to pay, so long as Beneficiary's interest in the Property is not jeopardized. If the Property is subjected to a lien which is not discharged within 15 days, Grantor shall upon demand by Beneficiary deposit with Beneficiary cash, a sufficient corporate surety

bond or other security satisfactory to Beneficiary 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, Grantor will defend itself and Beneficiary and will name Beneficiary as an additional obligee under any surety bond, and Grantor shall satisfy any final adverse judgment before enforcement against the Property.

3.3 Evidence of Payment. Grantor shall promptly furnish evidence of payment of taxes and assessments to Beneficiary promptly after each payment. Grantor shall authorize the appropriate county or district official to deliver to Beneficiary 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 Beneficiary.

3.4 Notice of Construction. Grantor shall notify Beneficiary 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. On Beneficiary's request, Grantor will promptly furnish advance assurances satisfactory to Beneficiary that Grantor can and will pay the cost of such improvements.

3.5 Farm or Forest Classification. Grantor agrees to maintain the farm use or forest lands classification of the Property on the tax roll, and not to allow any act or omission which would disqualify the Property for assessment as farm use or forest lands. Grantor may seek to rezone Real Property in connection with a release of Real Property in compliance with the Agreement, provided that such rezoning does not cause disqualification for any relevant special assessment.

4. PROPERTY DAMAGE INSURANCE

4.1 Maintenance of Insurance. Grantor shall carry such insurance as the Beneficiary may reasonably require, provided that Grantor shall require insurance in amounts no greater than that required for loans originating in Beneficiary's Western Regional Office on properties of a similar nature. This shall include policies of fire and tornado insurance covering all improvements on the Property for at least their insurable value, in an amount sufficient to avoid application of any coinsurance clause and with loss payable to Beneficiary and insurance against such other risks as may be specified by the Beneficiary. Policies shall be written in amounts, in form, on terms and with companies reasonably acceptable to Beneficiary. Grantor shall deliver to Beneficiary 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 Beneficiary.

4.2 Application of Proceeds. Grantor shall promptly notify Beneficiary of any loss or damage to the Property. Beneficiary may make proof of loss if Grantor fails to do so within 15 days of the casualty. Proceeds shall be paid directly to the Beneficiary. The proceeds of any insurance on the Property shall be used first to pay the cost of collecting such proceeds, if any, and then to prepay first accrued interest and then principal of Grantor's Indebtedness, or, at the election of the Beneficiary, such proceeds may be used to repair or replace the damaged or destroyed improvements in a manner satisfactory to Beneficiary.

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 Deed of Trust at any foreclosure sale of the Property.

5. WARRANTIES OF GRANTOR

5.1 Title. Grantor warrants that it holds merchantable title to the Property in fee simple free of all encumbrances other than those set forth in title insurance policy issued to Beneficiary in connection with the closing of the loan evidenced by the Note (the "Permitted Encumbrances").

5.2 Defense of Title. Subject to the exceptions in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Beneficiary under this Deed of Trust, Grantor shall defend the action at its expense, utilizing, if necessary, title insurance Grantor maintains on the Property. If any Permitted Encumbrance is a lien, Grantor shall pay any sums and do any other acts necessary to prevent a default or prevent any action or condition which, with the lapse of time, the giving of notice or any other action of a creditor, would be a default or enable any creditor to declare a default or foreclose any Permitted Encumbrance which is a lien.

5.3 Other Agreements. Grantor represents and warrants that the borrowing evidenced by the Note and the execution and delivery of the Note, and Agreement and this Deed of Trust will not contravene any provision of law or of the articles of incorporation or bylaws, articles of organization or operating agreement of the Grantor or any other agreement binding upon Grantor.

5.4 No Litigation. Grantor represents and warrants that there is no litigation pending or, to the best of knowledge of its officers, threatened against Grantor which will substantially adversely affect the ability of Grantor to perform its obligations hereunder, nor will the execution or performance of this Deed of Trust and the Note violate the terms of any order of any court. If such litigation is filed, Grantor agrees to notify Beneficiary promptly by providing Beneficiary with a copy of the summons and complaint.

5.5 Non-Residential Deed of Trust. Grantor covenants, represents, and warrants to Beneficiary that this Deed of Trust is not, and will not at any time, constitute a "residential trust deed" as that term is defined in ORS 86.705(3).

6. CONDEMNATION.

6.1 Application of Net Proceeds. If all or any part of the Property is condemned, Beneficiary 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 Grantor and Beneficiary 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, Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Beneficiary 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 Grantor may be entitled.

7. IMPOSITION OF TAX BY STATE. The following shall constitute state taxes to which this section applies:

7.1 A specific tax upon mortgage deeds, trust deeds, or upon all or any part of the indebtedness secured by a mortgage or deed of trust.

7.2 A specific tax on Grantor which the taxpayer is authorized or required to deduct from payments on the indebtedness secured by a mortgage or deed of trust.

7.3 A tax on a mortgage or deed of trust chargeable against the Beneficiary or the holder of the note secured.

7.4 A specific tax on all or any portion of the indebtedness or on payments of principal and interest made by a Grantor.

If any state tax to which this section applies is enacted subsequent to the date of this Deed of Trust, this shall have the same effect as a default, and Beneficiary may exercise any or all of the remedies available to it in the event of a default unless the following conditions are met:

- (a) Grantor may lawfully pay tax or charge imposed by the state tax, and
- (b) Grantor pays the tax or charge within 30 days after notice from Beneficiary that the tax law has been enacted.

8. TRANSFER BY GRANTOR.

8.1 Prohibition of Transfer Without Consent. Except as expressly permitted by the Agreement (including Exhibit A Paragraph 5) or this Deed of Trust (including Section 9.4), Grantor shall not sell, lease, assign, convey, subcontract, encumber or otherwise transfer any part or all of the Property or any interest in the Property without the prior written consent of Beneficiary, which may be withheld in Beneficiary's sole discretion. If Grantor or a prospective transferee applies to Beneficiary for consent to a transfer, Beneficiary may require such information as may be reasonably necessary for Beneficiary to assess the prospective transferee's prior business experience, reputation and financial ability to perform Grantor's obligation under this Deed of Trust. For the purpose of this Section 8.1, and without limiting the generality of the foregoing, the occurrence at any time of any of the following events, without Beneficiary's prior written consent, shall be deemed to be a transfer of title to the Property:

- (a) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in all or any part of the legal or equitable title to the Property;
- (b) Any lease of the Property, or a portion thereof, with a term greater than two years;
- (c) 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, receivers or estate administrators or executors, or by or through a bankruptcy court; or
- (d) A sale, assignment or transfer in any manner of the membership interests in RLF RUNNING Y RANCH, LLC, a Colorado limited liability company ("RLF") which results in ten or more

percent of the membership interests in RLF being held by individuals or entities which are not, on the date hereof, members of RLF.

8.2 Condition to Consent. As a condition of its consent to any transfer where consent is required under Section 8.1 above, Beneficiary may in its discretion impose a service charge and may increase the interest rate of the Indebtedness to such rate as Beneficiary may then determine to be its current rate on comparable new agricultural loans in the State of Oregon. Beneficiary 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.

8.3 Effect of Consent. Consent by Beneficiary to one transfer shall not constitute a consent to other transfers or a waiver of this section. No transfer by Grantor shall relieve Grantor of liability for payment of the Indebtedness. Following a transfer, Beneficiary may agree to any extension of time for payment or modification of the terms of this Deed of Trust or the Note or waive any right or remedy under this Deed of Trust or the Note without relieving Grantor from liability. Grantor waives notice, presentment and protest with respect to the Indebtedness.

9. SECURITY AGREEMENT; SECURITY INTEREST; ASSIGNMENT OF LEASES.

9.1 Security Agreement. This instrument shall constitute a security agreement with respect to the Personal Property, with Grantor as debtor, and Beneficiary as secured party.

9.2 Security Interest. Grantor hereby authorizes Beneficiary to prepare and file all such UCC-1 financing statements and amendments thereto and continuations thereof, and take whatever other action as Beneficiary deems appropriate to perfect and continue Beneficiary's security interest in the Personal Property. Grantor hereby appoints Beneficiary as Grantor's attorney in fact for the purpose of executing any documents necessary to perfect or continue the security interest granted therein, and authorizes Beneficiary to file such financing statements as Beneficiary deems appropriate to perfect its security interest in the Personal Property. Beneficiary may file copies or reproductions of this deed as a financing statement at any time without further authorization from Grantor. Grantor will reimburse Beneficiary for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall assemble the personal property and make it available to Beneficiary within three days after receipt of written demand from Beneficiary.

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

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

Metropolitan Life Insurance Company
Agricultural Investments
Western Regional Office
205 E. River Park Circle, Suite 330
Fresno, CA 93720

Mailing address of Grantor (Debtor):

RLF RUNNING Y RANCH, LLC,
a Colorado limited liability company
c/o Resource Land Holdings
619 N. Cascade Ave – Suite 200
Colorado Springs, CO 80903

Additional information regarding RLF RUNNING Y RANCH, LLC:

State of Organization: Colorado

Entity Identification Number: 20111282421

Type of Entity: limited liability company

9.4 Assignment of Leases.

(a) As additional collateral and to further secure the Indebtedness and other obligations of Grantor, Grantor does hereby absolutely, presently and irrevocably assign, grant, transfer, and convey to Beneficiary, its successors and assigns, all of Grantor's right, title, and interest in, to, and under all leases, subleases, tenant contracts, rental agreements, franchise agreements, management contracts, construction contracts and other contracts, licenses and permits, map approvals and conditional use permits, whether written or oral, now or hereafter affecting all or any part of the Property, and any agreement for the use or occupancy of all or any part of said Property which may have been made heretofore or which may be made hereafter, including any and all extensions, renewals, and modifications of the foregoing and all extensions, renewals, and modifications of the foregoing and guaranties of the performance or obligations of any tenants thereunder, and all other arrangements of any sort resulting in the payment of money to Grantor or in Grantor becoming entitled to the payment of money for the use of the Property or any part thereof whether such user or occupier is tenant, invitee, or licensee (all of the foregoing hereafter referred to collectively as the "Leases" and individually as a "Lease", and said tenants, invitees, and licensees are hereafter referred to collectively as "Tenants" and individually as "Tenant" as the context requires), which Leases cover all or portions of the Property; together with all of Grantor's right, title, and interest in and to all income, rents, issues, royalties, profits, rights and benefits and all Tenants' security and other similar deposits derived with respect to the Leases and with respect to the Property, including, without limitation, all base and minimum rents, percentage rents, additional rents, payments in lieu of rent, expense contributions, and other similar such payments and the right to collect the same as they become due, it being the intention of the parties hereto to establish an absolute transfer and assignment of all of the Leases and the Income to Beneficiary, and not just to create a security interest.

(b) Grantor hereby represents, warrants, and agrees as follows:

(i) Grantor is the sole holder of the landlord's interest under the Leases, is entitled to receive the Income under the Leases and from the Property, and has the full right to sell, assign, transfer, and set over the same and to grant to and confer upon Beneficiary the rights, interests, powers and authorities herein granted and conferred;

(ii) Grantor has made no pledge or assignment of the Leases or Income, other than to Beneficiary, and Grantor shall not, after the date hereof, make or permit any such pledge or assignment.

(c) Grantor shall authorize and direct, and does hereby authorize and direct, each and every present and future Tenant of the whole or any part of the Property to pay all rental to Beneficiary from and after the date of receipt of written demand from Beneficiary to do so.

(d) Although this Deed of Trust constitutes as absolute, present and current assignment of all Income, as long as no event of default as described in Section 11 on the part of the Grantor shall have occurred, Beneficiary shall not demand that such Income be paid directly to Beneficiary, and Grantor shall have a license to collect, but not more than one (1) month prior to the due date thereof all such Income from the Property (including, without limitation, all rental payments under the Leases).

(e) Grantor shall have the right to enter into Leases, and to extend, modify, or alter the terms of any Leases, in the ordinary course of Grantor's business and on terms and conditions acceptable to Grantor, in its reasonable judgment. Grantor shall not enter into any Leases with a term in excess of two (2) years, or for farm rent (or expected crop share income) of less than \$200.00 per irrigated acre per year, without Beneficiary's prior written consent.

10. RELEASE ON FULL PERFORMANCE. If all of the Indebtedness is paid when due and Grantor otherwise performs all the obligations imposed upon Grantor under this Deed of Trust, Beneficiary shall, if requested, execute and deliver to Trustee a suitable request for reconveyance of this Deed of Trust and suitable statements of termination of any financing statement on file.

11. DEFAULT. The following shall constitute events of default:

11.1 Failure of Grantor to pay, or cause to be paid, any portion of the Indebtedness when it is due (or within any applicable notice period as provided in the Note).

11.2 Failure of Grantor within the time required by this Deed of Trust to make any payment for taxes, assessments, insurance, or any other payment necessary to prevent filing or discharge of any lien.

11.3 Transfer or agreement to transfer any part or interest in the Property except in accordance with Section 8 above.

11.4 Dissolution, termination of existence, insolvency on a balance sheet basis or business failure of Grantor; the commencement by Grantor 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 Grantor in an involuntary case under federal or state law relating to insolvency or debtor's relief; the appointment or the consent by Grantor to the appointment of a receiver, trustee or custodian of Grantor or of any of Grantor's property; an assignment for the benefit of creditors by Grantor; the making or suffering by Grantor of a fraudulent transfer under applicable federal or state law; concealment by Grantor of any of its property in fraud of creditors; the making or suffering by Grantor 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 Grantor which is not discharged or bonded in the

manner permitted by Section 3.2 above; or Grantor's failure generally to pay its debts as such debts become due. The events of default in this paragraph shall apply and refer to Grantor and to each of the individuals or entities which are collectively referred to as "Grantor."

11.5 Failure of Grantor to perform any other obligation under this Deed of Trust or the Agreement within 10 days after receipt of written notice from Beneficiary specifying the nature of the default or, if the default cannot be cured within 10 days, failure within such time to commence and pursue curative action with reasonable diligence. No notice of default and no opportunity to cure shall be required if during the prior 12 months Beneficiary has already sent a notice to Grantor concerning default in performance of the same obligation.

11.6 Any representation or warranty of Grantor contained herein or in the Agreement proving to be untrue or misleading in any material respect.

12. RIGHTS AND REMEDIES ON DEFAULT.

12.1 Remedies. Upon the occurrence of any event of default and at any time thereafter, Beneficiary may exercise any one or more of the following rights and remedies:

- (a) Beneficiary may declare the entire Indebtedness immediately due and payable.
- (b) The Trustee shall have the right to foreclose by notice and sale, and Beneficiary shall have the right to foreclose by judicial foreclosure, in either case in accordance with applicable law.
- (c) If this Trust Deed is foreclosed by judicial procedure, Beneficiary will be entitled to a judgment which will provide that if the foreclosure sale proceeds are insufficient to satisfy the judgment, execution may issue for any amount by which the unpaid balance of the obligations secured by this Deed of Trust exceeds the net sale proceeds payable to Beneficiary.
- (d) Beneficiary shall have the right, following 10 days written notice to Grantor, to take possession of the Property and apply any proceeds of the Property, over and above Beneficiary's costs, against the Indebtedness. In furtherance of this right, Beneficiary may require any tenant or other user or occupant to make payments of rent or use fees directly to Beneficiary. If such proceeds are collected by Beneficiary, then Grantor irrevocably designates Beneficiary as Grantor's attorney-in-fact to endorse instruments received by payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Beneficiary in response to Beneficiary's demand shall satisfy the obligation for which the payments are made whether or not any proper grounds for the demand existed. Beneficiary may exercise its rights under this Section either in person, by agent or through receiver.
- (e) With respect to all or any part of the Property that constitutes personalty, Beneficiary may exercise the rights and remedies of a secured party under the Uniform Commercial Code. Beneficiary shall have the option of proceeding as to the Real Property and all or some of the Personal Property in accordance with the unified sale procedures set forth in the Uniform Commercial Code as adopted in Oregon.
- (f) Beneficiary shall have the right, following 10 days written notice to Grantor, to take possession of the Property and collect the Income, including amounts past due and unpaid, and apply

the net proceeds, over and above Beneficiary's costs, against the Indebtedness. In furtherance of this right, Beneficiary may require any tenant or other user to make payments of rent or use fees directly to Beneficiary. If the Income is collected by Beneficiary, then Grantor irrevocably designates Beneficiary as Grantor's attorney in fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Beneficiary in response to Beneficiary's demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed. Beneficiary may exercise its rights under this paragraph either in person, by agent or through a receiver.

(g) Beneficiary 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. Beneficiary'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 Beneficiary shall not disqualify a person from serving as a receiver.

(h) In the event Grantor remains in possession of the Property after the Property is sold as provided above or Beneficiary otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at will of Beneficiary or the purchaser of the Property and shall pay a reasonable rental for use of the Property while in Grantor's possession.

(i) Beneficiary shall have any other right or remedy provided in this Deed of Trust, the Note, the Agreement, or any other instrument delivered by Grantor in connection therewith, or available at law, in equity or otherwise.

12.2 Rights of Receiver or Beneficiary-in-Possession. Upon taking possession of all or any part of the Property, the receiver or Beneficiary 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 Beneficiary'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 Beneficiary deems appropriate; and

(d) Cancel or terminate any lease or agreement for any cause for which Grantor would be entitled to cancel the same, elect to disaffirm any lease or agreement subordinate to the lien of this Deed of Trust and extend or modify any lease and make any new leases on any portion of the Property.

If the revenues produced by the Property are insufficient to pay expenses, the receiver may borrow, from Beneficiary (if Beneficiary, in its sole discretion, agrees to lend) or otherwise, or Beneficiary may borrow or advance such sums as the receiver or Beneficiary 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 13.4 below. Such sums shall become a part of the Indebtedness secured by this Deed of Trust and shall be payable by Grantor on demand.

12.3 Sale of the Property. In exercising its rights and remedies, Beneficiary 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. Beneficiary may bid at any public sale on all or any portion of the property.

12.4 Notice of Sale. Beneficiary shall give Grantor 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.

12.5 Waiver; Election of Remedies. A waiver by either party of a breach of a provision of this Deed of Trust 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 Beneficiary to pursue any remedy shall not exclude pursuit of any other remedy, and all remedies of Beneficiary under this Deed of Trust are cumulative and not exclusive. An election to make expenditures or to take action to perform an obligation of Grantor shall not affect Beneficiary's right to declare a default and exercise its remedies under this Deed of Trust.

12.6 Attorneys' Fees; Expenses. In the event suit or action is instituted to enforce any of the terms of this Deed of Trust, the prevailing party shall be entitled to recover its reasonable attorneys' fees in exercising any of its remedies hereunder, including nonjudicial foreclosure or requested relief from the automatic stay in bankruptcy proceedings, otherwise 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 Beneficiary that are necessary at any time in Beneficiary'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 13.4 below. Expenses covered by this paragraph include (without limitation) the cost of searching records and obtaining title reports, appraisals, environmental assessments, surveyors' reports, attorneys' fees and title insurance. Any expenses covered by this section shall be a lien on the Property prior to any right, title or interest in or claim upon the Property attaching or accruing subsequent to the lien of this Deed of Trust, and shall be added to the principal amount intended to be secured hereby.

12.7 Application of Proceeds from Property. All proceeds realized from the exercise of Beneficiary's rights and remedies shall be applied as follows:

(a) To pay the costs of exercising such rights and remedies, including the costs of any sale, the costs and expenses of any receiver or Beneficiary-in-possession and the costs and expenses provided for in Section 12.6;

(b) To pay all amounts owed by Grantor payment of which is secured by this Deed of Trust;

(c) The surplus, if any, shall be paid to the clerk of the court in the case of a foreclosure by a judicial proceeding, otherwise to the person or persons legally entitled thereto.

13. MISCELLANEOUS.

13.1 Time of Essence. Time is of the essence of this Deed of Trust.

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

13.3 Security Agreement. In construing this Deed of Trust, the term "Deed of Trust" shall encompass the term "security agreement" when the instrument is being construed with respect to any personal property.

13.4 Expenditure by Beneficiary. If an event of default occurs and is continuing, Beneficiary may elect to take the required action on Grantor's behalf, and any amount that Beneficiary 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 Interest Rate (as specified in the Note), but not in any event at a rate higher than the maximum rate permitted at law. Such action by Beneficiary shall not constitute a cure or waiver of the default or any other right or remedy which Beneficiary may have on account of Grantor's default.

13.5 Notices. Any notice under this Deed of Trust 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 Deed of Trust. Any party may change its address for notices by written notice to the other.

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

13.7 Changes in Writing. This Deed of Trust 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 Grantor or Beneficiary relating to this Deed of Trust shall be superior to the rights of the holder of any intervening lien or encumbrance.

13.8 Applicable Law. This Deed of Trust has been executed and delivered to Beneficiary in the State of Oregon. The law of the State of Oregon shall be applicable for the purpose of construing and determining the validity of this Deed of Trust 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 Beneficiary on default.

13.9 Joint and Several Liability. If Grantor consist of more than one person or entity, the obligations imposed upon Grantor under this Deed of Trust shall be joint and several.

13.10 Assignment of Oil, Gas and Mineral Income. Grantor hereby presently assigns and transfers to Beneficiary the Income and all sums payable to them under any and all oil, gas and mineral leases relating to the Real Property now negotiated or to be negotiated. However, these assigned payments shall continue to be paid to Grantor unless and until the Beneficiary gives written notice of a default by the Grantor under the terms of this Deed of Trust or the Note of even date herewith. Once this

written notice has been given by the Beneficiary, the Beneficiary is entitled to receive any such payments. If any such default is timely cured, all assigned payments shall continue to be paid to the Grantor.

13.11 Exhibits. The following exhibits are attached hereto and made a part hereof as fully as if set forth herein:

Exhibit A	Legal Description
Exhibit B	Equipment
Exhibit C	Water Rights

13.12 Powers and Obligations of Trustee.

(a) Powers of Trustee. In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Real Property upon the request of Beneficiary and Grantor:

(i) Join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights in the public.

(ii) Join in granting any easement or creating any restriction on the Real Property.

(iii) Join in any subordination or other agreement affecting this Deed of Trust or the interest of Beneficiary under this Deed of Trust.

(iv) Reconvey, without warranty, all or any part of the Real Property.

(b) Obligations to Notify. Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Beneficiary or Trustee shall be a party, unless the action or proceeding is brought by Trustee.

13.13 Counterparts. This Deed of Trust may be executed in any number of counterparts, each of which, when so executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same instrument.

WARNING: UNLESS YOU (GRANTOR) PROVIDE US (BENEFICIARY) 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.

IN WITNESS WHEREOF, Grantor has caused this Deed of Trust to be duly executed as of the day and year first written above.

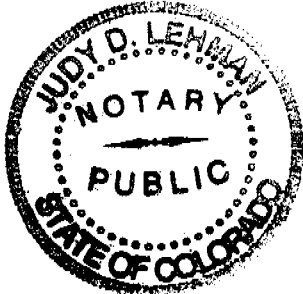
RLF RUNNING Y RANCH, LLC
a Colorado limited liability company

By: RESOURCE LAND FUND IV, LLC
a Colorado limited liability company, Managing Member

By: James W. Geisz
James W. Geisz, Authorized Representative

STATE OF COLORADO)
COUNTY OF El Paso)ss.

This instrument was acknowledged before me on August 31, 2011, by James W. Geisz as Authorized Representative of Resource Land Fund IV, LLC, a Colorado limited liability company, Managing Member of RLF Running Y Ranch, LLC, a Colorado limited liability company.



Judy D. Lehman
Notary Public
My commission expires: 11-15-2012
Commission No.: 20004033927

**EXHIBIT A
TO
DEED OF TRUST**

Legal Description

TRACT 1:

Tract 1 Parcel A: (Account 3808-00600-00300 & 3808-00700-00400)

A tract of land situated in Sections 6 and 7, Township 38 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at a point on the Northerly boundary of State Highway 140 West 658 feet North (610 feet on Klamath County Survey 4035) of the East-West centerline of said Section 7; thence following the Caledonia-Wocus division line South 88° 04' 41" West to the Southerly boundary of said highway which is the True Point of Beginning, then continuing to follow the Caledonia-Wocus division line South 88° 04' 41" West to a stone marked with across, mentioned as the "place of beginning" in Deed Volume 47, page 331, Deed Records of Klamath County, Oregon, located at the Easterly end of the cross-dike between the Caledonia and Wocus Tracts, which point is 2621 feet West of the section line common to sections 7 and 8, Township 38 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon; thence North 24° East 100 feet; thence North 66° West 1050 feet, more or less, to the centerline of the Caledonia Canal in the SE1/4 of the NW1/4 of Section 7, Township 38 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon; thence Northerly along the centerline of said Caledonia Canal to the intersection of said centerline with the Southerly boundary of State Highway 140 West; thence Southeasterly along the Southerly boundary of said highway to the true point of beginning.

Tract 1 Parcel B: (Account 3808-00000-00900, 001000, 001200, 01900, 02100, 02200 (por), 02300, 02500, 3808-00800-00300, 00500, 00700, 3808-00900-00900, 3808-01500-00300 (por), 3808-01600-00200, 3808-03400-00100, 3808-03500-00200, 00300 & 3808-03600-00500)

Township 38 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.

Section 8: All that portion of said section lying South and West of the Orindale Draw State Highway.

Section 9: That portion of the S1/2 lying Southerly of the South Right of way line of Lake of the Woods Highway 140

Section 15: that portion of the SW1/4 SW1/4 lying Westerly of the Lake of the Woods State Hwy 140

Section 16: lying Westerly of the West Right of way line of Lake of the Woods Highway 140

Section 17: E1/2, NW1/4, N1/2 SW1/4, SE1/4 SW1/4 and Lot 2

Section 18: SE1/4 SE1/4; N1/2 NE1/4, SE1/4 NE1/4 all those portions of the N1/2 SE1/4, SW1/4 NE1/4, NE1/4 NW1/4, SE1/4 NW1/4 lying North and East of Government Meander line.

Section 20: The NE1/4; that portion of the SE1/4 North of Government Meander line and that portion of W1/2 North and East of Government Meander line.

Section 21: All

(Legal Description Continued)

Section 27: All, except that portion thereof in State Highway 140 and that portion lying Northeasterly of State Highway 140

Section 28: SE1/4 SE1/4, N1/2 SE1/4, E1/2 NW1/4, and the portion of W1/2 NW1/4 North of Government Meander line through said Section 28; NE1/4

Section 29: The portion of NE1/4 NE1/4 North of Government Meander line through Section 29.

Section 34: SE1/4, E1/2 SW1/4, NW1/4, N1/2 NE1/4, SW1/4 NE1/4

Section 35: All that portion of said section lying South and West of the Orindale Draw State Highway.

Section 36: All that portion of said section lying South and West of the Orindale Draw State Highway.

Tract 1 Parcel C: (Account 3808-00600-00400, 3808-00700-00200 & 3808-00700-00600)

Those portions of Sections 6 and 7, Township 38 South Range 8 East of the Willamette Meridian, within the following described boundaries:

Beginning at the section corner common to Sections 7, 8, 17 and 18; thence North along the section line common to Sections 7 and 8 to Southerly boundary of the Klamath Lake Highway; thence Northwesterly along the Southerly boundary of the Klamath Lake Highway to its intersection with a line parallel to the East-West center line of Section 7 and North 658 feet of said line (said line being the division line between the Caledonia and Wocus Tracts); thence following said Caledonia-Wocus division line Westerly to a point on the Easterly end of the crossdike between the Caledonia and Wocus Tracts, which point is 2621 feet West of the Section line common to Sections 7 and 8; thence South 24° West 100 feet; thence North 66° West 1000 feet, more or less, to the Westerly end of the crossdike; thence North 24° East 200 feet; thence North 66° West 50 feet to the center of the Caledonia Canal in the SE1/4 NW1/4 of Section 7; thence Northerly along the center line of said Caledonia Canal to intersection of said center line with the West boundary of Lot 3, Section 6, Township 38 South, Range 8 East of the Willamette Meridian; thence South along the West boundary of Lot 3, continuing South along the West boundary of Lot 4 in said Section 6; thence continuing South along the West boundaries of Lots 4 and 5 in Section 7, Township 38 South, Range 8 East of the Willamette Meridian, to the intersection of the West boundary of Lot 5 with the Easterly boundary of the Old State Highway #421 in S1/2 NW1/4 of Section 7; thence Southwesterly along said Easterly boundary of the old State Highway #421 to its intersection in Lot 6 with the East line of the W1/2 NW1/4 SW1/4 of Section 7; thence South 0° 16' West 973 feet, more or less, to the South line of NW1/4 SW1/4 of Section 7, which point is 660 feet East of the Southwest corner of Lot 6; thence South 14° 58' East 403.9 feet to a meander point in Lot 7, Section 7; thence following the Government Meander line Southerly and Easterly to the intersection of said Meander Line with the South line of Section 7; thence East along the South line of Section 7 to the point of beginning.

SAVING AND EXCEPTING from any of the above described real property any portions lying within the boundaries of the State Highway.

ALSO SAVING AND EXCEPTING that portion conveyed to State of Oregon, by and thru its State Highway Commission by Deed recorded September 12, 1967 in Volume M67 at page 7067, Microfilm Records of Klamath County, Oregon.

Tract 1 Parcel D: (Account 3808-00700-00500)

A parcel of land located in Section 7, Township 38 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the quarter section corner on the East line of Section 7, Township 38 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon; thence North 658 feet thence West 2621 feet to a stone marked with a cross which stone is the place of beginning; thence South 24° West 100 feet; thence North 66° West 1000 feet; thence North 24° East 200 feet; thence South 66° East 1000 feet; thence South 24° West 100 feet to the place of beginning.

Tract 1 Parcel E: (Account 3908-00200-00100, 00200 & 00300)

Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.

Section 2: N1/2 NE1/4 and SW1/4 NE1/4

**EXHIBIT B
TO
DEED OF TRUST**

Equipment

Item	Manufacturer	Serial Number	Further Description
Center Pivot	Valley		11 Towers 1/4 mile complete with mover
6 - wheel lines	Wade Rain		
Motor	GE	60057189	60 HP
Pump			
Motor	US	L0230140997	60 HP
Pump			
Motor	Marathon	364TCZ	60 HP
Pump	Cornell	4850213	
Motor			60 HP
Pump	Cornell	4721813	
Motor			60 HP
Pump	Cornell	4721913	
Motor	GE	5K6247XH6A	40 HP
Pump		EC0J510416	
Motor	US Electric	H0125526L6	? HP
		H0641078486 -	
Pump	Goulds	005R	
Motor	US Electric	H075S2B26	75 HP
Pump	Goulds	FR52300Z	
Motor	Marathon	7#326TTDP822BD2	60 HP
Pump	Berkley	G150800	
32 sections aluminum hand line			40' x 3"
11 sections aluminum main line			30' x 10"
14 sections aluminum main line			30' x 8"
Truck scale			

**EXHIBIT C
TO
DEED OF TRUST**

Water Rights

All of Grantor's right title and interest in and to the following Oregon water rights:

1. Klamath Basin Adjudication Claim 144
2. Klamath Basin Adjudication Claim 142
3. Klamath Basin Adjudication Claim 293
4. Certificate 27810
5. Certificate 64154
6. Permit G-15326
7. Permit G-15785
8. Application P-81877
9. Application G-16545