

*John McQuarrie*

2012-003184

Klamath County, Oregon



00115850201200031840150156

After Recording Return To:

American AgCredit, PCA  
P.O. Box 550  
Alturas, California 96101

03/27/2012 01:05:15 PM

Fee: \$117.00

**Deed of Trust, Fixture Filing and  
Assignment of Rents**

THIS DEED OF TRUST IS ALSO INTENDED TO BE A FIXTURE FILING.

On February 28, 2012, Leslie E. Northcutt and Norma V. Northcutt, husband and wife, hereinafter called Grantor, whose address is P.O. Box 479, Malin, Oregon 97632, grant, convey, warrant, transfer and assign together with the right of entry and possession to AmeriTitle, hereinafter called Trustee, whose address is 300 Klamath Avenue, Klamath Falls, Oregon 97601, in trust with power of sale for the benefit of American AgCredit, FLCA, a corporation organized under the Farm Credit Act of 1971, as amended, hereinafter called Beneficiary, whose address is P.O. Box 550, Alturas, California 96101, property in Klamath County, State of Oregon, the following described real property more particularly described in Exhibit "A," attached hereto and incorporated herein, including but not limited to, trees, vines and shrubs, and improvements of every kind and description now or hereafter constructed or placed thereon; all standing timber and timber to be cut located thereon; all pumping plants, electrical generators, wind machines, and fencing and storage tanks, now or hereafter used in connection with the property, all of which are hereby declared to be fixtures; all grazing rights, leases, permits and licenses; all oil, gas, and mineral leases, permits and rights used with the property; and all tenements, hereditaments, easement, rights-of-way and appurtenances to the property (including without limitation private roads, grazing privileges, ditches and conduits and rights of way therefor, all plumbing, lighting, heating, cooling, ventilating, elevating, and irrigating apparatus and other equipment and fixtures, now or hereafter belonging to or used in connection therewith), all rents, issues, profits, buildings and improvements thereon and in all tenements, hereditaments, rights, privileges, easements, rights of way and appurtenances and all Water Assets as more fully described below, all of which shall hereinafter be called "Property."

Water Assets: The Property shall also include all right, title, and interest at any time of Grantor (or any of its bailers, agents, or instrumentalities), whether now existing or hereafter arising or acquired, whether direct or indirect, whether owned legally, of record, equitably or beneficially, whether constituting real or personal property (or subject to any other characterizations), whether created or authorized under existing or future laws or regulations, and however arising in, including without limitation, the following, which shall collectively be called "Water Assets":

1. All water (including any water inventory in storage), water rights and entitlements, other rights to water and other rights to receive water or water rights of every kind or nature whatsoever including (i) the groundwater on, under, pumped from or otherwise available to the Property, whether as the result of groundwater rights, contractual rights or otherwise, (ii) Grantor's right to remove and extract any such groundwater including any permits, rights or licenses granted by

any governmental authority or agency or any rights granted or created by any use, easement, covenant, agreement, or contract with any person or entity, (iii) any rights to which the Property is entitled with respect to surface water, whether such right is appropriative, riparian, prescriptive, decreed or otherwise and whether or not pursuant to permit or other governmental authorization, or the right to store any such water, (iv) any water, water right, water allocation, distribution right, delivery right, water storage right, or other water-related entitlement appurtenant or otherwise applicable to the Property by virtue of the Property being situated within the boundaries of any district, agency, or other governmental entity or within the boundaries of any private water company, mutual water company, or other non-governmental entity;

2. All stock, interest or rights (including any water allocations, voting or decision rights) in any entity, together with any and all rights from any entity or other person to acquire, receive, exchange, sell, lease, or otherwise transfer any Water Assets, to store, deposit or otherwise create water credits in a water bank or similar or other arrangement for allocating water, to transport or deliver water, or otherwise to deal with any Water Asset;
3. All licenses, permits, approvals, contracts, decrees, rights and interests to acquire or appropriate any Water Assets, water bank or other credits evidencing any right to Water Assets, to store, carry, transport or deliver Water Assets, to sell, lease, exchange, or otherwise transfer any Water Asset, or to change the point for diversion of water, the location of any Water Asset, the place of use of any Water Asset, or the purpose of the use of any Water Asset;
4. All rights, claims, causes of action, judgments, awards, and other judicial, arbiter or administrative relief in any way relating to any Water Asset;
5. All storage and treatment rights for any Water Asset, whether on or off the Property or other property of Grantor, together with all storage tanks, and other equipment used or usable in connection with such storage and any water bank deposit credits, deposit accounts or other rights arising on account of the storage or nonuse of any Water Asset;
6. All rights to transport, carry, allocate or otherwise deliver Water Assets by any means wherever located;
7. All irrigation and watering equipment and all systems, ditches, laterals, conduits, and rights-of-way used to convey such water or to drain the Property;
8. All guaranties, warranties, marketing, management or service contracts, indemnity agreements, and water right agreements, other water related contracts and water reallocation rights, all insurance policies regarding or relating to any Water Asset;
9. All rents, issues, profits, proceeds and other accounts, instruments, chattel paper, contract rights, general intangibles, deposit accounts, and other rights to payment arising from or on account of any use, nonuse, sale, lease, transfer or other disposition of any Water Asset.

References to "water" and "water rights" are used herein in the broadest and most comprehensive sense of the term(s). The term "water" includes water rights and rights to water or whatever rights to money, proceeds, property or other benefits are exchanged or received for or on account of any Water Assets or

any conservation or other nonuse of water, including whatever rights are achieved by depositing one's share of any Water Assets in any water bank or with any water authority, or any other water reallocation rights.

GRANTOR ABSOLUTELY AND UNCONDITIONALLY ASSIGNS, transfers, conveys and sets over to Beneficiary all the rents, royalties, issues, profits, revenue, income and other benefits of the Property arising from the use or enjoyment of all or any portion thereof, including those set forth above, or from any lease, mineral lease, or agreement pertaining to the Property (collectively the "Rents"); SUBJECT, HOWEVER, to the right, power and authority given to and conferred upon Grantor by Paragraph 20 hereof. This Assignment shall be perfected automatically without appointment of a receiver or Beneficiary becoming a mortgagee in possession.

The following described note(s), Membership Agreement, security documents and any other documents or instruments signed in connection with the note(s) and security documents and any amendments thereto are collectively called the "Loan Documents." This conveyance is intended to secure performance of the covenants and agreements contained herein, and in any of the Loan Documents, and payment of indebtedness under the terms of the note(s) made by Grantors to the order of Beneficiary, with interest and advances as provided therein and in the Loan Documents, and any extensions, modifications or renewals thereof:

DATE OF NOTE	PRINCIPAL AMOUNT	FINAL INSTALLMENT DATE
February 28, 2012	\$505,000.00	November 1, 2014

The terms of the note(s) and Loan Documents described above provide that the interest rate, payment terms or amounts due may be indexed, adjusted, renewed or renegotiated.

Grantors and each of them REPRESENT, WARRANT, COVENANT and AGREE:

1. That they have title to the Property free from encumbrances, except as described in Exhibit "A"; they have good right and lawful authority to convey and encumber the same; they will warrant and defend the same forever against the lawful claims and demands of all persons whomsoever; and they agree this covenant shall not be extinguished by foreclosure or other transfers.
2. That this deed of trust also constitutes a Security Agreement granting Beneficiary a security interest in any and all personal property described in Exhibit "A."
3. To keep the Property in good condition, working order and repair; care for the Property in accordance with standards of good husbandry and to keep all trees, vines and crops on said land properly cultivated, irrigated, fertilized, sprayed, and fumigated; not to sell, transfer, assign, encumber or convey any water or water right from the Property, or to enter into an agreement for the nonuse of water, without the prior written consent of Beneficiary, not to remove, destroy or suffer the removal or destruction of any building, fence, canal, well or other improvements or fixtures thereon; not to remove, replace or alter any horticultural or viticultural tree, vine or shrub planted thereon without the prior written consent of Beneficiary, except in the ordinary course of business; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon; to comply with all laws, covenants and restrictions affecting the Property; not to commit or permit waste thereof; not to commit, suffer or permit any act upon the Property in violation of law; to do all other acts which from the character or use of the Property may be reasonably necessary, the specific enumerations

herein not excluding the general; to observe and perform all obligations of Grantor under any lease of the Property.

4. To maintain casualty insurance, naming Beneficiary as loss payee, on all buildings and improvements, against loss or damage by fire or other risks; to maintain liability insurance; to obtain flood insurance at any time it is determined that any building or improvement is located, in whole or in part, within a special flood hazard area; to pay all premiums and charges on all such insurance when due; and to provide Beneficiary satisfactory evidence of such insurance upon request. All such insurance shall be in such form(s), with such company(ies) and in such amount(s) as shall be satisfactory to Beneficiary.

At least thirty (30) days prior to the expiration of any such policy of insurance, Grantor will deliver a policy renewing or extending such expiring insurance and written evidence demonstrating payment of the premium for such insurance. If any such policy and evidence of payment (or copies of same, if originals cannot be delivered to Beneficiary) are not so delivered to Beneficiary, without notice to or demand upon Grantor and without releasing Grantor from any obligation under this Deed of Trust, Beneficiary may (but is not obligated to), at Grantor's expense, obtain insurance in such types, on such terms and in such amounts as Beneficiary in its sole discretion shall decide, through or from any insurance agency or company acceptable to it. Any insurance obtained by Beneficiary shall be for its sole benefit and to protect the security of this Deed of Trust. The expense and cost of such insurance shall, at Beneficiary's sole option, be payable on demand or added to the indebtedness as provided herein. Neither Trustee nor Beneficiary shall be chargeable with or responsible for the procurement or maintenance of any such insurance, the collection of any proceeds from such insurance, or the insolvency of any insurance company or underwriter.

5. To appear in and litigate any action or proceeding purporting to affect the security hereof, the title to the Property, or the rights or powers of Beneficiary or Trustee. Beneficiary or Trustee may appear in and litigate any such action or proceedings, including any bankruptcy, partition or condemnation proceeding, affecting the Property, or Beneficiary's interest therein, in which event Grantor agrees to pay all costs and expenses thereof, including attorney's fees and costs of securing evidence of title.
6. To pay all debts and money, secured hereby, when due; to pay, when due, all taxes, assessments, rents and other charges upon the Property and to suffer no other encumbrance, charge or lien on the Property, which would be superior to this deed of trust, except as stated above.
7. To pay on or before the due date all taxes and assessments affecting the Property, including all assessments upon water company stock and all rents, assessments and charges for water, appurtenant to or user in connection with the Property; to pay, when due, all encumbrances, charges, and liens, on the Property or any part thereof, which at any time appear to be prior or superior hereto.
8. To specifically assign and deliver to Beneficiary all rents, royalties, damages and payments of every kind, including without limitation insurance reimbursements and condemnation awards, at any time accruing, for any transfer, loss or seizure of the Property, any portion thereof or any rights therein; Beneficiary may, at its option, apply such amounts in any proportion to any of the indebtedness hereby secured; and application or release of such amounts shall not cure or waive any default or notice of default or invalidate any act done pursuant to such notice; and Beneficiary shall have the right to enter upon the Property to make full inspection of the Property.



9. In the event that Beneficiary utilizes the services of attorneys, accountants, appraisers, consultants, or other professional or outside assistance, including the services of in-house counsel or any other attorney or professional who is a direct employee of Beneficiary, the reasonable amount of expenses incurred by Beneficiary to utilize such persons in connection with the following shall be payable on demand and Beneficiary may, at its option, add the amount of such expenses to any portion of the Indebtedness, and charge interest on such amount at the interest rate applicable to such portion of the Indebtedness:

- (a) The preparation or modification of this Deed of Trust, or any other agreement or document incident to the Indebtedness;
- (b) Advising Beneficiary concerning its legal rights and obligations with regard to the Deed of Trust, the other agreements incident to the Indebtedness, or the Property, including advising Beneficiary with regard to the extent of Grantor's rights, if any, under the provisions of the Farm Credit Act, any policy or program of Beneficiary, or any state or federal law;
- (c) Any litigation, dispute, proceeding, or action, whether instituted by Beneficiary, Grantor or any other person, relating to the Indebtedness, the Property or Grantor's affairs;
- (d) The furtherance of Beneficiary's interest in any bankruptcy, insolvency, or reorganization case or proceeding instituted by or against Grantor, including any steps to (i) modify or terminate the automatic stay, (ii) prohibit or condition Grantor's use or cash collateral, (iii) object to any disclosure statement or plan, (iv) propose or confirm a plan, and (v) prosecute or defend adversary proceedings or contested matters, and take or defend examinations or discovery, whether or not related to any adversary proceeding or contested matter;
- (e) The inspection, verification, protection, collection, processing, sale, liquidation, or disposition of the Property, and
- (f) Any of the type of expenses referred to in (a) through (e) above incurred by Beneficiary in connection with any guaranty of the Indebtedness.

The fees and costs described herein and elsewhere in this Deed of Trust shall be in addition to those set forth in the loan agreement or any other written agreement between Grantor and Beneficiary.

10. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property and its use, including without limitation all environmental laws; not to use or permit the use of the Property for any unlawful or objectionable purpose or for any purpose that poses an unreasonable risk of harm, or that impairs or may impair the value of the Property, or any part thereof; not to apply residue from wastewater treatment facilities to the Property without prior written notice to Beneficiary; to remedy any environmental contamination or violation of environmental laws that may occur or be discovered in the future; to allow Beneficiary access to the Property to inspect its condition and to test and monitor for compliance with applicable laws (any inspections or tests made by Beneficiary shall be for Beneficiary's purposes only and shall not be construed to create any responsibility or liability on the part of Beneficiary to Grantors or to any other person); to forward copies of any notices received from any environmental agencies to Beneficiary; to provide Beneficiary copies of any independent test or inspection reports on the environmental status of the Property; and to indemnify and hold Beneficiary, its directors, employees, agents and its successors and assigns, harmless from and against any environmental

claims of any kind, and all costs and expenses incurred in connection therewith, including, without limitation attorney's fees.

11. Grantor shall furnish Beneficiary as soon as possible, but in no event later than 120 days after each fiscal year end, financial reports for each of the undersigned, including a balance sheet and a profit and loss statement.
12. That neither Grantors nor, to the best of Grantors' knowledge, any prior owner has created or permitted conditions on the Property, which may give rise to environmental liability; no enforcement actions are pending or threatened; no underground tanks are located on the Property except as already disclosed; any such underground tanks currently or previously located on the Property do not now and never have leaked and no contaminated soil is located on the Property; and Grantor's representations, warranties, covenants and indemnities herein and in the Loan Documents shall survive satisfaction of the note(s) and Loan Documents, foreclosure of this deed of trust, acceptance of a deed in lieu of foreclosure or any transfer or abandonment of the Property.
13. To perform all terms and conditions of each water or other contract, described in Exhibit "A," if any, and to promptly pay all sums due or to become due under each contract so that no delinquency or default will occur under such contract(s); not to apply or enter into any federal, state or local program which limits or restricts the use of the Property, in any way without prior written consent of Beneficiary; to perform all acts necessary to perfect and maintain any water permit, certificate, license or other water interest, however designated, described in or used in conjunction with the real property described in Exhibit "A"; any assignment of any such interest, during the term of this deed of trust, naming Beneficiary as an assignee shall be for security purposes and shall not alter Grantors' obligations hereunder; and any failure of Grantors to perform any such obligation shall constitute an event of default.
14. That if the Property is within an irrigation block and/or subject to water service contract(s) governed by the provisions of "Federal reclamation law," and the regulations issued thereunder, Grantors shall comply with the terms and provisions of said laws, regulations and contracts; Grantors, and each of them, for themselves, their heirs, successors and assigns, hereby appoint Beneficiary their attorney-in-fact to select and designate the portion of the Property to be subject to a recordable contract, in the event Grantors become subject to the excess land limitation; if Grantors fail to comply with the terms of said law, regulations or contracts, or if the delivery of water for the irrigation of the Property is discontinued in whole or in part, Grantors shall be in default; in the event the Bureau of Reclamation determines that continued drainage maintenance on the Property is no longer feasible, and Grantors purchase other lands offered as a preference purchase right (as an adjustment for wetlands), Grantors shall execute a supplemental deed of trust on such lands in favor of the Beneficiary; and failure to execute such deed of trust on demand, shall constitute an event of default.
15. That in the event of default in any of the covenants or agreements herein, or in any of the Loan Documents, Beneficiary may, at its option perform the same, in whole or in part; any advances, attorney fees or costs paid or incurred by Beneficiary to protect or enforce its rights under the Loan Documents, in bankruptcy, appellate proceedings or otherwise, shall be payable on demand and shall become a part of the obligation secured by this deed of trust.
16. That the indebtedness and obligations secured by this deed of trust are personal to the Grantors and are not assignable by Grantors; Beneficiary relied upon the credit of Grantors, the interest of Grantors in the Property and the financial market conditions then existing when making this loan; if Grantors sell, transfer or convey or contract to sell, transfer or convey the Property, or any

portion thereof, or if the ownership of any corporation or partnership, owning all or any portion of the Property shall be changed either by voluntary or involuntary sale or transfer or by operation of law, without prior written consent of Beneficiary, or if Grantors default in the payment of the indebtedness, or with respect to any warranty, covenant or agreement in the Loan Documents or if a receiver or trustee for any part of the Property is appointed, or if any proceeding under the bankruptcy or insolvency laws is commenced by or against Grantors, or if Grantors become insolvent, or if any action is commenced to foreclose or enforce a lien on any portion of the Property, then, Grantors shall be in default hereunder.

17. If the indebtedness is subject to a guarantee from Farm Service Agency, that Grantors shall be in default under this deed of trust, the above note(s) and Loan Documents should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce or to make possible the production of an agricultural commodity, as further explained in 7 CFR Part 1940, Subpart G, Exhibit M.
18. That time is of the essence and in the event of default, at Beneficiary's option, the entire indebtedness secured hereby shall forthwith become due and payable and bear interest at the rate set forth in the Loan Documents for delinquent payments; Beneficiary shall have the right to foreclose the lien of this deed of trust or to direct Trustee, in writing, to foreclose this deed of trust by notice and sale, to have a receiver appointed in any court proceeding, to collect any rents, issues and profits from the Property and to deliver them to Beneficiary to be applied as provided above and to exercise any rights and remedies available under the Uniform Commercial Code for the state in which the Property is located; and reasonable notice if required by such Code shall be five (5) days.
19. That Beneficiary may from time to time, in writing and without further notice or consent, release any person from liability for payment of any of the indebtedness or extend the time or otherwise alter the terms of payment of any of the indebtedness; and Trustee may, with written consent of Beneficiary, at any time and from time to time, and without affecting the liability of any person:
  - (a) Join in any subordination or other agreement affecting this deed of trust or lien or charge thereof.
  - (b) Reconvey, without warranty, any or all of the Property.
20. Prior to any default by Grantor in the payment, observance, performance and discharge of any condition, obligation, covenant, or agreement of Grantor contained herein, Grantor may, as the agent and fiduciary representative of Beneficiary for collection and distribution purposes only, collect and receive the Rents as they come due and payable; the Rents are to be applied by Grantor to the payment of the principal and interest and all other sums due or payable on any promissory note or guaranty secured by this Deed of Trust and to the payment of all other sums payable under this Deed of Trust and, thereafter, so long as aforesaid has occurred, the balance shall be distributed to the account of Grantor. However, Beneficiary shall have the right before or after the occurrence of any default to notify any account debtor to pay all amounts owing with respect to Rents directly to Beneficiary. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the Indebtedness, enter upon and take possession of the Property or any part thereof in his own name, sue for or otherwise collect such Rents, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any Indebtedness, and in such order as Beneficiary may determine; also perform such acts of repair, cultivation, irrigation or protection, as may be necessary or proper to conserve the value of the Property; also lease the same or any

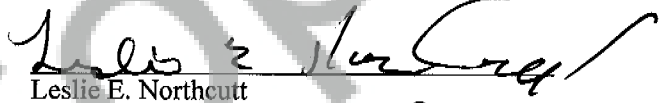
part thereof for such rental, term, and upon such conditions as its judgment may dictate; also prepare for harvest, remove, and sell any crops that may be growing upon the Property, and apply the proceeds thereof upon the Indebtedness.

21. The entering upon and taking possession of the Property, the collection of such Rents, or the proceeds of fire and other insurance policies, or compensation or awards for any taking of or damage to the Property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default thereunder or invalidate any act done pursuant to such notice.
22. That after all sums secured hereby have been paid, upon receipt of the deed of trust and note(s) and payment of its fees, Trustee shall reconvey without warranty the Property, as provided by law. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."
23. That, in the event of foreclosure of this deed of trust by notice and sale, the power of sale shall be exercised by the Trustee according to and under the authority of the law pertaining to deeds of trust then in effect in the state in which the Property is situated; Trustee shall deliver to purchaser its deed, without warranty, containing recitals demonstrating compliance with the requirements of such law.
24. To surrender possession of such premises within the time period provided by law; in the event Beneficiary is purchaser of the Property and possession is not delivered, as provided by law, to pay Beneficiary the costs and the expenses, including reasonable attorney fees, incurred in any suit or action by Beneficiary to obtain possession of the premises.
25. Beneficiary may, from time to time or at any time, substitute a Trustee or Trustees to execute the trust hereby created and when any such substitution has been filed for record in the office of the Recorder of the county in which the Property herein described is situated, it shall be conclusive evidence of the appointment of such Trustee or Trustees, and such new Trustee or Trustees, and such new Trustee or Trustees shall succeed to all of the powers and duties of the Trustee or Trustees named herein.
26. If Grantor is an entity other than a natural person (such as a corporation or other organization), then all Indebtedness, irrespective of the maturity date, at the option of Beneficiary, and without demand or notice, shall become immediately due and payable if: (a) a beneficial interest in Grantor is sold or transferred; (b) there is a change in either the identity or number of the managing members or managers of Grantor if Grantor is a partnership or similar entity; or (c) there is a change in ownership of more than 25% of the voting stock of Grantor if Grantor is a corporation or similar entity.
27. In the event any one or more of the provisions contained in this Deed of Trust or in any promissory note or guaranty hereby secured shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Deed of Trust or said promissory note or guaranty, but this Deed of Trust and said promissory notes or guaranties shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

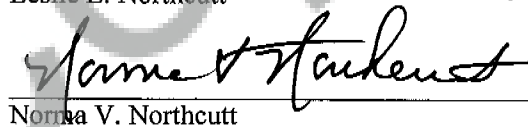


28. That Trustee accepts this trust when this deed, duly executed and acknowledged, is recorded as provided by law; any Trustee lawfully appointed by Beneficiary as a substitute or successor Trustee shall succeed to all the powers and duties of the Trustee named herein; Trustee is not obligated to notify any party hereto of the pending sale under any other deed of trust or any action or proceeding in which Grantors, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by Trustee.
29. That as used herein, the term "deed of trust" shall be synonymous with the terms "trust indenture" and "trust deed"; the term "Grantors" shall be synonymous with the term "Grantors" as used in any of the laws of the state in which the Property is situated; the term "Beneficiary" shall mean the holder and owner of any note secured hereby, or if any note(s) has been pledged, the pledgee thereof.
30. That the failure of Beneficiary to exercise any right or option provided herein, at any time shall not preclude Beneficiary from exercising any of such rights at any other time; the covenants and agreements contained herein shall be binding on and inure to the benefit of the parties and their respective heirs, successors and assigns; all rights conferred on Beneficiary or on Trustee are cumulative and additional to any rights conferred by law; and if any provision is found to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof and the deed of trust shall be construed as though such provision had been omitted.
31. That Grantors and each of them join in this instrument for the purpose of subjecting each of their right, title and interest, if any, in the Property, whether of record or otherwise and including any right to possession, to the lien of this deed of trust.
32. That Grantors warrant that Grantors' chief executive office is located in the State of Oregon; Grantors' state of formation is the State of Oregon; Grantors' state of residence is the State of Oregon; and Grantors' exact legal name is as set forth in the first paragraph of this Deed of Trust.
33. See Addendum attached hereto for additional terms, covenants, conditions and provisions.

P.O. Box 479  
Malin, Oregon 97632

  
Leslie E. Northcutt

P.O. Box 479  
Malin, Oregon 97632

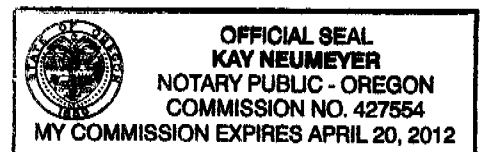
  
Norma V. Northcutt

State of Oregon  
County of Klamath

This instrument was acknowledged before me on  
March 2, 2012, by Leslie E Northcutt and  
Norma V Northcutt, personally known to me.

Kay Neumeier  
Public Notary

My Commission Expires:  
April 20, 2012



**EXHIBIT "A"**

- A. Legal Description:** the land described herein is located in the County of Klamath, State of Oregon:

Parcel 2 of Land Partition 18-00 situated in the E1/2 of Section 21, Township 41 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon.

TOGETHER WITH any and/or all water and water rights, all ditch and ditch rights appurtenant to the above described property, including but not limited to 32.73 acres, more or less, under the Klamath Irrigation District, Account No. 2646.

- B. Personal Property:** All irrigation equipment now owned ore hereafter acquired, including but not limited to:

Two (2) 1,400-foot wheel lines with movers

1,000 feet of aluminum mainline

**ADDENDUM TO DEED OF TRUST,  
FIXTURE FILING AND ASSIGNMENT OF RENTS  
(OREGON)**

This Addendum, consisting of five (5) pages is attached to and incorporated into the Deed of Trust, Fixture Filing and Assignment of Rents (“**Deed of Trust**”) executed as of February 28, 2012, by Leslie E. Northcutt and Norma V. Northcutt, husband and wife (together, “**Grantor**”) for the benefit of American AgCredit, PCA (“**Beneficiary**”). In the event of any conflict or inconsistency between the terms, covenants, conditions and provisions of the Deed of Trust and the terms, covenants, conditions and provisions of this Addendum, the terms, covenants, conditions and provisions of this Addendum shall control.

**1. NOTE TERMS**

The note secured by the Deed of Trust evidences a loan in the principal amount of Five Hundred Five Thousand and no/100 Dollars (\$505,000.00 U.S.). The note may subsequently be amended without affecting the priority of the lien created by this Deed of Trust as provided in the Deed of Trust. The Loan Documents contain the following provisions relating to the following matters, among others:

- (a) Payment of interest on the principal balance outstanding from time to time;
- (b) Payment of the entire outstanding principal together with all accrued interest and other sums due on November 1, 2014;
- (c) Payment of the outstanding balance of the note upon (i) transfer of title or ownership of all, or a portion of, the Property not approved by Beneficiary, (ii) refinancing or subordinate financing not approved by Beneficiary, (iii) default, and/or (iv) maturity, whether by acceleration or otherwise;
- (d) Late charges;
- (e) The relationship between the parties being intended and declared to be restricted to that of creditor and debtor;
- (f) Limitations on liability and recourse; and

**2. ADDITIONAL REMEDIES UPON DEFAULT**

In addition to the remedies set forth in the Deed of Trust and as otherwise provided for in law and in equity, Beneficiary shall have the following rights or remedies:

- (a) Foreclosure and Sale of Property
  - (i) **Judicial Foreclosure.** Beneficiary may commence an appropriate action or proceeding in any court of competent jurisdiction to foreclose the lien of this Deed of Trust as a mortgage or to enforce specifically any of the covenants and agreements contained in the Deed of Trust or in any other Loan Document.

(ii) Power of Sale Foreclosure. Beneficiary may deliver to Trustee, or any successor trustee, a notice (in the form required by applicable law) of election and demand for the sale of the Property pursuant to the power of sale granted to Trustee pursuant to terms of this Deed of Trust and Beneficiary shall deposit the Deed of Trust with Trustee. Immediately upon receipt of such notice from Beneficiary, Trustee shall promptly notify Grantor and all interested parties, advertise the Property for sale, conduct the sale of the Property, distribute the proceeds of sale and issue a deed to the Property to the purchaser without any covenant or warranty, express or implied, all in strict compliance and in accordance with the provisions required by applicable governmental laws, rules and regulations. The recitals in such deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Grantor, Trustee or Beneficiary, may purchase at such sale and Grantor hereby covenants to warrant and defend the title of such purchaser or purchasers. Beneficiary may credit bid at any such sale all obligations secured hereby, including, without limitation, all principal, interest and accrued interest due under the note.

(iii) Property Subject to UCC. Should Beneficiary elect to cause the sale of the Property as provided above, all personal and other property subject to the Uniform Commercial Code in the state in which the Property is located (the "UCC") may be sold in any manner permitted under the UCC or other applicable law, including, without limitation, in a unified sale by Trustee with the real property subject to this Deed of Trust as provided by the UCC.

(iv) Application of Sale Proceeds. The purchase money, proceeds or avails of any foreclosure sale made under or by virtue of this Deed of Trust together with all other sums which then may be held by Trustee or Beneficiary hereunder shall be applied as follows:

(A) Costs and Expenses of Sale. First, to the payment of the costs and expenses of sale, including all reasonable fees, charges, costs of conducting the sale and advertising the Property and attorneys' fees as herein provided, and also including reasonable compensation to Trustee and Beneficiary, their agents and counsel and of any judicial proceeding wherein the same may be made and payment of all expenses, liabilities and advances made or incurred by Beneficiary or Trustee under this Deed of Trust, together with interest at a rate equal to the lesser of the rates stated in the note or the maximum rate permitted to be charged hereunder by the laws of the state in which the Property is located, and all taxes or assessments, except for any taxes, assessments or other charges not yet due and payable, and further including all costs of publishing, recording, mailing and posting notice, the costs of revenue stamps on any deed or instrument of conveyance, and any appraisers' fees, environmental audit and/or inspection, outlays for documentary and expert evidence, stenographers' charges, publication costs, and costs (which may be estimated as to items to be expended after foreclosure sale or entry of the decree) of procuring all such abstracts of title, title searches and examinations, trustee's sale guarantees, title insurance policies, and similar data and assurances with respect to title as Beneficiary may deem reasonably necessary either to prosecute such suit or trustee's sale or to evidence to



bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Property.

(B) Advances Under Deed of Trust. Second, to the payment of any and all sums expended under the terms hereof, not then repaid, and all other sums required to be paid by Grantor pursuant to any provisions of this Deed of Trust or the note or any instrument, agreement or assignment securing the note, including all expenses, liabilities and advances made or incurred by Beneficiary under this Deed of Trust or in connection with the enforcement thereof, together with interest thereon at a rate equal to the lesser of the rates stated in the note or the maximum rate permitted to be charged hereunder by the laws of the state in which the Property is located.

(C) Payment of Notes. Third, to the payment of the whole amount then due, owing or unpaid upon the secured indebtedness including, but not limited to, principal, interest, late charges, and prepayment premium, if any, due under the note, this Deed of Trust and/or any other Loan Document and any other sums advanced by Beneficiary to Grantor secured hereby.

(D) Balance. Fourth, the remainder, if any, to the person or persons legally entitled thereto, as provided by applicable law in the state in which the Property is located.

### 3. MODIFICATION OF CERTAIN LOAN DOCUMENT PROVISIONS

(a) ORS 82.150 Statement. Grantor covenants, represents and warrants to Beneficiary that the loan secured by the Deed of Trust and Security Agreement is not a loan of money that is primarily for personal, family or household use within the meaning of ORS 86.150.

(b) 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 at ORS 86.705(3).

(c) ORS 93.040(A) DISCLOSURE:

**THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.**

(d) ORS 41.580 DISCLOSURE.

**UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND**

**COMMITMENTS MADE BY A LENDER AFTER OCTOBER 3, 1989, CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY THE LENDER TO BE ENFORCEABLE.**

**(e) ORS 746.201(2) WARNING.**

**WARNING**

**AS REQUIRED BY ORS 746.201(2), NOTICE IS GIVEN THAT:**

**UNLESS THE BORROWER(S)/GRANTOR(S) (AKA "YOU" AND "YOUR") PROVIDE THE LENDER (AKA "US" AND "WE") 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 RESPONSIBL FOR THE COST OF ANY INSURANCE PURCHASED BY US. THE COST OF THIS INSURANCE MAY BE ADDED TO YOUR CONTRACT OR LOAN BALANCE. IF THE COST IS ADDED TO YOUR CONTRACT OR LOAN BALANCE, THE INTEREST RATE ON THE UNDERLYING CONTRACT OR LOAN WILL APPLY TO THIS ADDED AMOUNT. THE EFFECTIVE DATE OF COVERAGE MAY BE THE DATE YOUR PRIOR COVERAGE LAPSED OR THE DATE YOU FAILED TO PROVIDE PROOF OF COVERAGE.**

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

**GRANTOR ACKNOWLEDGES RECEIPT OF THESE ORS 93.040, ORS 41.580 AND ORS 746.201(2) DISCLOSURES.**

GRANTOR:

*Leslie E. Northcutt*  
LESLIE E. NORTH CUTT

*Norma V. Northcutt*  
NORMA V. NORTH CUTT

State of Oregon  
County of Klamath

This instrument was acknowledged before me  
on March 2, 2012 by Leslie E. Northcutt and  
Norma V Northcutt, personally know to me.

Kay Neumeier  
Public Notary  
My Commission  
Expires: April 20, 2012

