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Klamath County, Oregon



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RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Thomas L. Palotas
Pepple Cantu Schmidt PLLC
1501 Western Avenue, Suite 600
Seattle, WA 98101

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Loan Nos. 717610377, 717609389, 717609874
717610459 & 717610461

MODIFICATION OF DEED OF TRUST

(2008 Ranch Loan, Klamath County, Oregon)

THIS MODIFICATION OF DEED OF TRUST (this "*DOT Modification*") dated March 29, 2012, is made by MICHAEL V. LaGRANDE and KRISTINE A. LaGRANDE, husband and wife, as Co-Trustees of The LaGrande Family Trust dated December 28, 2011, as grantors, ("*Borrower*") having a street address at 2005 Husted Road, Williams, California 95987 and a mailing address at P.O. Box 1030, Williams, California 95987, and THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation, as beneficiary, ("*Lender*") having offices at 2998 Douglas Blvd, Suite 260 Roseville, California 95661, and modifies the Trust Deed, Security Agreement, and Fixture Filing with Assignment of Rents and Proceeds, Leases and Agreements dated July 2, 2008, executed by Borrower individually in favor of Lender and recorded in Klamath County, Oregon, on July 10, 2008, under no. 2008-009967, and re-recorded on July 23, 2008, under no. 2008-010504, (the "*Original Deed of Trust*", which, as amended to date and together with this DOT Modification, is referred to as this "*Deed of Trust*"). This Deed of Trust encumbers the real property legally described on the attached Exhibit A (the "*Land*").

The Original Deed of Trust, as previously amended, is modified as follows:

1. **Definitions.** All capitalized terms not otherwise defined in this Agreement have the meanings defined in the Original Deed of Trust, as previously amended. In addition to the definitions in the Recitals of this DOT Modification, the following terms have the following meanings or their meanings modified for all references in this Deed of Trust:

"*2005 Ranch Deed of Trust*" means the Trust Deed, Security Agreement, and Fixture Filing with Assignment of Rents and Proceeds, Leases and Agreements dated February 17, 2005, executed by Borrower individually in favor of Lender and recorded March 4, 2005, in Volume M05 at page 14624, Microfilm Records of Klamath County, Oregon, and the Deed of Trust, Security Agreement, and Fixture Filing with Assignment of Rents and Proceeds, Leases and Agreements dated February 17, 2005, executed by

T. Palotas

Borrower individually in favor of Lender and recorded March 4, 2005, under Recorder's Serial No. 2005-0001375, records of Colusa County, California, as amended to date.

"2007 Farm Deed of Trust" means the Deed of Trust, Security Agreement, and Fixture Filing with Assignment of Rents and Proceeds, Leases and Agreements dated August 31, 2007, executed by Borrower individually and Kenneth & Julie individually favor of Lender and recorded August 31, 2007, under Recorder's Serial No. 2007-4716, records of Colusa County, California, as amended to date.

"2012 Ranch Deed of Trust" means the Deed of Trust, Security Agreement, and Fixture Filing with Assignment of Rents and Proceeds, Leases and Agreements dated the same as this DOT Modification, executed by Borrower in favor of Lender, and recorded in Tehama County and Glenn County, California, on or about the same date as the recording of this DOT Modification.

"Borrower", for all references to MICHAEL V. LaGRANDE and KRISTINE A. LaGRANDE, husband and wife, in the Loan Documents other than as trustors under this Deed of Trust and the Other Deeds of Trust means them individually and as Co-Trustees of The LaGrande Family Trust dated December 28, 2011

"Kenneth & Julie" means KENNETH M. LAGRANDE, and JULIE LAGRANDE, husband and wife, individually and as Co-Trustees of The LaGrande Family Trust dated August 29, 2011

"Loan Documents" means the "Loan Documents" as defined in the Original Deed of Trust, each of the Notes, and all other "Loan Documents" as defined in the Loan Modification Agreement, which other Loan Documents include the Other Deeds of Trust, but excluding each Hazardous Materials Agreement executed in favor of Lender in connection with any property encumbered by this Deed of Trust or the Other Deeds of Trust.

"Loan Modification Agreement" means the Loan Modification Agreement dated the same as this DOT Modification and entered into between Borrower under this Deed of Trust and Kenneth & Julie together as Borrowers and Lender with regard to Loan Nos. 717610377, 717609389, 717609874, 717610459 & 717610461.

"Other Deeds of Trust" means the 2005 Ranch Deed of Trust, the 2007 Farm Deed of Trust, and the 2012 Ranch Deed of Trust, individually and together.

"Note" or **"Notes"** is a collective reference to the following Promissory Notes, each individually and together:

- (a) The Promissory Note dated February 17, 2005, (Loan No. 717609389, sometimes referred to as the "2005 Ranch Note" in the other Loan Documents) in the original principal amount of \$3,000,000, executed by Borrower individually and payable to Lender or its order, and all modifications, renewals or extensions thereof.
- (b) The Promissory Note dated August 31, 2007, (Loan No. 717609874, sometimes referred to as the "2007 Farm Note" in the other Loan Documents) in the original principal amount of \$1,300,000, executed by Borrower and Kenneth & Julie

LaGrande, individually, and payable to Lender or its order, and all modifications, renewals or extensions thereof.

- (c) The Amended & Restated Promissory Note dated July 1, 2011, (Loan No. 717610377, sometimes referred to as the "2008/2011 Ranch Note" in the other Loan Documents) in the original principal amount of \$3,000,000, executed by Borrower individually and payable to Lender or its order, and all modifications, renewals or extensions thereof.
- (d) The Promissory Note (Note 1, Loan No. 717610459, sometimes referred to as the 2012 Ranch Note 1) dated the same as this Deed of Trust in the original principal amount of TWO MILLION and no/100 DOLLARS (\$2,000,000.00), executed by Borrower individually and payable to Lender or its order, and all modifications, renewals or extensions thereof.
- (e) The Promissory Note (Note 2, Loan No. 717610461, sometimes referred to as the 2012 Ranch Note 2) dated the same as this Deed of Trust in the original principal amount of TWO MILLION and no/100 DOLLARS (\$2,000,000.00), executed by Borrower individually and payable to Lender or its order, and all modifications, renewals or extensions thereof.

2. **Transfer of Property to Trust.** Lender hereby consents to the Transfer of the Property by Borrower individually to themselves as Co-Trustees. Borrower understands and agrees that the foregoing Transfer without Lender's prior written approval is a prohibited Transfer under this Deed of Trust. Borrower further agrees that Lender's consent to this Transfer does not constitute a waiver of Section 4.2 of Original Deed of Trust and that all further sales, conveyances, encumbrances and other Transfer of the Property is subject to Section 4.2 of the Original Deed of Trust.

3. **Notes; Amount Secured.** This Deed of Trust secures each of the Notes. The current, aggregate principal balance of the Notes is TEN MILLION EIGHT HUNDRED SEVENTY-EIGHT THOUSAND and no/100 DOLLARS (\$10,878,000.00).

4. **Other Deeds of Trust.**

- (a) **Foreclosure with Other Deeds of Trust; Venue.** This Deed of Trust and the Other Deeds of Trust together encumber properties located in Klamath County, Oregon, Colusa County, California, Tehama County, California, and Glenn County, California. At Lender's option, in its sole and absolute discretion, Lender may cause a foreclosure sale or file an action to enforce any right or remedy under this Deed of Trust and the Other Deeds of Trust, or any of them, in any County in which property is located that is encumbered by this Deed of Trust or the Other Deeds of Trust, as to all of such properties or any of them, whether located in one or more of Klamath County, Colusa County, Tehama County, or Glenn County. Borrower consents to venue and jurisdiction in any state and county, at Lender's sole and absolute discretion, in which any property is located that is encumbered by this Deed of Trust or the Other Deeds of Trust.
- (b) **Lender Can Sell as Whole or Separate Lots.** In connection with any foreclosure (non-judicial or judicial) of this Deed of Trust, Borrower agrees that Lender may,

in its sole and absolute discretion, designate the order in which the Property or any other property encumbered by the Other Deeds of Trust shall be offered for sale or sold through a single sale or through two or more successive sales, or in any other manner Lender deems to be in its best interests. Borrower hereby waives any right or interest it may have to (i) have the Property or any other property encumbered by the Other Deeds of Trust sold as a whole or in separate lots and/or (ii) dictate the order or priority of sale of any Property or any other property encumbered by the Other Deeds of Trust.

- (c) Waiver of Order of Sale and Marshaling. Lender, in its sole and absolute discretion, has the right to determine the order in which any or all portions of the Obligations are satisfied from the proceeds realized upon the exercise of any remedies provided herein. To the fullest extent permitted by law, Borrower, any party who consents to this Deed of Trust, and any party who now or hereafter acquires a security interest in the Property and who has actual or constructive notice hereof, hereby waives any and all right to require marshaling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein, or to direct the order in which any of the Property, or any other property encumbered by the Other Deeds of Trust, will be sold in the event of any sale under this Deed of Trust.

5. General Terms.

- (a) Borrower warrants and represents to Lender that it has full right, power and authority to enter into this DOT Modification and to perform all its obligations hereunder, and that all information and materials submitted to Lender in connection with the request for this modification contain no material misstatement or misrepresentation nor omit to state any material fact or circumstance.
- (b) Each person who executes this DOT Modification in the capacity of trustee of a trust as to which such person holds any power of revocation shall have personal liability under this Deed of Trust to the same extent as if such person had executed this Deed of Trust in an individual capacity, and recourse may be had against all assets of such person, whether held in an individual capacity or in trust, to satisfy such personal liability. The provisions of California Probate Code Section 18000 or any successor statute shall not in any way limit such personal liability or recourse.
- (c) This document and the Loan Documents referred to in this DOT Modification constitute the entire agreement between the parties with respect to the modification of the Loan and shall not be amended, modified or terminated except by a writing signed by the party to be charged therewith.
- (d) Except as modified herein, the terms and conditions of the Loan Documents and the Hazardous Substance Agreement remain in full force and effect and are hereby affirmed and ratified. This Agreement is not intended to and shall not be construed to impair the validity, priority or enforceability of the Deed of Trust or any of the other Loan Documents.

- (e) This DOT Modification may be executed in any number of counterparts, each of which shall be effective upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, for the same effect as if all parties hereto had signed the same signature page. Any signature page of this DOT Modification may be detached from any counterpart of this DOT Modification without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this DOT Modification identical in form hereto but having attached to it one or more additional signature pages.

The rest of this page is left blank intentionally. Signatures are on the following page.

DATED the year and day first above written.

"Borrower"

Michael V. LaGrande
MICHAEL V. LaGRANDE, Co-Trustee of The
LaGrande Family Trust dated December 28, 2011

Kristine A. LaGrande
KRISTINE A. LaGRANDE, Co-Trustee of The
LaGrande Family Trust dated December 28, 2011

STATE OF CALIFORNIA)

COUNTY OF Colusa)

) ss.

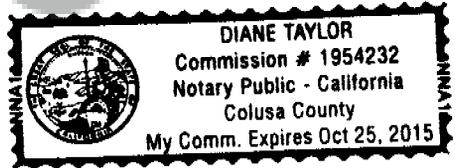
On ~~March~~ ^{03 April} 2, 2012, before me, Diane Taylor, a Notary Public, personally appeared MICHAEL V. LaGRANDE and KRISTINE A. LaGRANDE, husband and wife, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacity, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

(notary stamp or seal)

WITNESS my hand and official seal.

Diane Taylor
Notary Public



**EXHIBIT A
TO
MODIFICATION OF DEED OF TRUST**

The Land is located in Klamath County, Oregon, and is legally described as follows:

Township 36 South, Range 11 East, W.M., Klamath County, Oregon:

Section 20: The East half

Section 21: All

Section 31: Government Lots 5 and 6, the NW quarter of the SE quarter,
and the NE quarter of the SW quarter

Township 37 South, Range 11 East, W.M., Klamath County, Oregon:

Section 5: The West half of the SW quarter

Section 6: Government Lot 2, the South half of Government Lot 1, the South
half of the NE quarter, the SE quarter

Section 7: The NE quarter

Section 8: the West half of the NW quarter