

MAC 100272

RECORDING COVER SHEET (Please print or type)

This cover sheet was prepared by the person presenting the instrument for recording. The information on this sheet is a reflection of the attached instrument and was added for the purpose of meeting first page recording requirements in the State of Oregon, and does NOT affect the instrument.

2014-001870

Klamath County, Oregon

03/04/2014 03:50:20 PM

Fee: \$87.00

After recording return to:

Northwest FCS – Klamath Falls

300 Klamath Avenue, Suite 200

PO Box 148

Klamath Falls, OR 97601

*This space reserved for use by
Recording Office*

1. Title(s) of the transaction(s)

Ag Equity Line of Credit Deed of Trust and Fixture Filing

2. Direct Party / Grantor(s)

McFarland, Danny D. – PO Box 5263, Klamath Falls, OR 97601

3. Indirect Party / Grantee(s)

Northwest Farm Credit Services, FLCA

4. True and actual consideration:

\$ 200,000.00

5. Previously recorded document reference:

6. If this instrument is being re-recorded complete the following statement:

Rerecorded at the request of

to correct

previously recorded in book _____ and page _____, or as fee number _____.

\$82.00

**Ag Equity Line of Credit Deed of Trust
and Fixture Filing**

NOTICE: THIS DEED OF TRUST IS A LINE OF CREDIT INSTRUMENT. THE MAXIMUM PRINCIPAL AMOUNT TO BE ADVANCED UNDER THE LOAN DOCUMENTS (AS DEFINED HEREIN) IS \$200,000.00 IN ADDITION, THIS DEED OF TRUST SECURES ALL OTHER INDEBTEDNESS EVIDENCED BY THE LOAN DOCUMENTS OR OTHERWISE CREATED IN CONNECTION WITH THIS DEED OF TRUST, WHICH INDEBTEDNESS IS POTENTIALLY UNLIMITED. THE LOAN DOCUMENTS PROVIDE FOR LOAN MATURITY DATES AS LATE AS 03/01/2024 (EXCLUSIVE OF THE OPTION TO RENEW OR EXTEND).

On February 28, 2014, Danny D. McFarland, same person as Dan McFarland, a single person, hereinafter called Grantors, whose address is

P. O. Box 5263
Klamath Falls, OR 97601

grant, convey, warrant, transfer and assign to AmeriTitle, a corporation, hereinafter called Trustee, whose address is 300 Klamath Avenue, PO Box 5017, Klamath Falls, OR 97601, in trust with power of sale for the benefit of Northwest Farm Credit Services, FLCA, a corporation organized under the Farm Credit Act of 1971, as amended, hereinafter called Beneficiary, whose address is 1700 South Assembly Street, P.O. Box 2515, Spokane, Washington 99220-2515, property in Klamath County(ies), State of Oregon, more particularly described as follows (the "Land"):

The following described real property situate in Klamath County, Oregon:

A parcel of land situate in the NW1/4 of Section 19, Township 39 South, Range 10, East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the Southwest corner of the NW1/4 of Section 19, said Township and Range; thence North along the Section line to the Northwest corner of Section 19; thence East to the United States Government Irrigation "A" Canal; thence Southeasterly along said canal to the East line of said NW1/4; thence South along the East line of the NW1/4 to the Southeast corner of said NW1/4; thence West to the place of beginning.

EXCEPTING AND RESERVING THEREFROM A parcel of land in the Southwest corner of said premises as described in Deed Volume 129, page 359, Records of Klamath County, Oregon.

ALSO EXCEPTING THEREFROM those portions lying within the limits of the Klamath Falls-Merrill Highway and the Crystal Springs Road.

AND ALSO EXCEPTING THEREFROM those parcels recorded in Book 100 at page 270 and Book 136 at page 149, Klamath County Deed Records.

AND FURTHER EXCEPTING, Beginning at a point where the North line of a U. S. Bureau of Reclamation canal intersects the East line of the Klamath Falls-Merrill Highway and from said point the Southwest corner of said NW1/4 bears South 06°37'03" West, 286.70 feet; thence North 00°86'45" East on said East line, 870.60 feet; thence North 86°42'52" East, 158.29 feet; thence North 88°59'57" East, 194.71 feet to the West line of the A-7-N Canal; thence Southerly on said West line the following courses and distances: South 13°43' West, 22.24 feet; thence on a 522.00 foot radius curve to the left, 148.81 feet; thence South 02°37' East, 146.90 feet; thence on a 210.50 foot

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radius curve to the right, 118.18 feet; thence South 29°33' West, 324.35 feet; thence on a 450.20 foot radius curve to the left, 147.98 feet; thence South 10°43' West, 34.43 feet to the intersection of the West line of said A-7-N Canal with the North line of first mentioned U. S. Bureau of Reclamation Canal; thence North 89°37' 22" West on said North line 104.86 feet to the Point of Beginning.

ALSO EXCEPTING THEREFROM that portion of land described in the Stipulated General Judgment recorded August 11, 2006 in Volume 2006-016152, Records of Klamath County, Oregon.

Map Tax Lot:
3910-019B0-00601-000

Property ID:
863248

Code No.
170;

All irrigation equipment, now owned and used, in whole or in part, to irrigate the mortgaged property, together with all similar goods which may be acquired at any time, any additions, replacements, substitutions and accessions;

and including all buildings, structures, wells and other improvements now or hereafter located on the Land, including, but not limited to the fixtures (as described below), and all other equipment, machinery, appliances, goods and other articles attached to such buildings and other improvements; all fixtures (including without limitation, goods that are or become so related to the Land that an interest in them arises under the real estate law) and any additions or replacements now or hereafter located on, attached to, installed in or used in connection with the Land; all personal property, appliances, equipment and goods now or hereafter owned or possessed by Grantors located upon, in, or about or used in connection with the Land or improvements; all rights, rights-of-way, easements, licenses, profits, claims, demands, privileges, grazing privileges, leases, rents, issues, tenements, hereditaments, and appurtenances now owned or hereafter acquired by Grantors and used in connection with the Land and the improvements or as a means of access to either or both, (including without limitation all rights over the property of third persons which are related thereto, private roads, water rights and entitlements, other rights to water and other rights to receive water or water rights of every kind or nature whatsoever and howsoever evidenced, ditches and conduits and rights of way therefor, all plumbing, lighting, heating, cooling, ventilating, elevating and irrigating apparatus, now or hereafter belonging to or used in connection therewith), all of which is hereinafter called the "Property."

The following described Note(s), Membership Agreements, 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." "Advances" shall include any amounts provided under the terms of the Loan Documents and any amounts expended by Beneficiary to protect the Property or enforce its rights under the Loan Documents. This conveyance is intended to secure performance of the covenants and agreements contained herein, and in any Loan Documents, and payment of the indebtedness under the terms of the Note(s) made to the order of Beneficiary, with interest and charges 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, 2014	\$200,000.00	March 1, 2024

In addition, this Deed of Trust is intended to secure future loans and advances made by Beneficiary, no matter how evidenced. The continuing validity and priority of this Deed of Trust for future loans and advances shall not be impaired by the fact that at certain times no outstanding indebtedness to Beneficiary nor commitment from Beneficiary to make future loans exist.

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:

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1. That they have title to the Property free from encumbrances, except as otherwise previously disclosed, 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. Grantors authorize Beneficiary to file a financing statement and any continuations thereof, describing any personal property or fixtures described herein, without further signature by Grantor.
2. That this Deed of Trust also constitutes a Security Agreement granting Beneficiary a security interest in any and all personal property described above.
3. To keep all buildings and other improvements, now or hereafter existing, in good repair; not to remove or demolish or permit the removal or demolition of any building or other improvement; to restore promptly in a good and workmanlike manner, any building or improvement, which may be damaged or destroyed; to maintain and cultivate the Property in a good and husbandlike manner; not to change or permit change in the use of the Property; and not to do anything which would reduce the value of the Property; and Beneficiary shall have the right to enter upon the Property to make full inspection 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.
5. 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.
6. 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.
7. 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 waste water 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.
8. 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

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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.

9. To perform all terms and conditions of each water or other contract, described above, 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 above; 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.
10. That the term "Grazing Rights," as hereinafter used refers to that portion of the Property, if any, consisting of grazing leases, permits, licenses, privileges, and preferences, or any of them, which have or will be assigned, conveyed or waived to Trustee or Beneficiary, together with any additions, renewals, replacements or substitutions thereof; if any portion of the Grazing Rights is a leasehold interest in state lands, such leasehold shall be considered to be real property; such leasehold and all other real property portions of the Property constitute a single operating unit; and in the event of foreclosure, Beneficiary shall have the right to have such leasehold and the other real property sold as a unit and not in parcels; any statements and representations in any applications for Grazing Rights are true and correct; Grantors have received no notice that the Grazing Rights have or are to be terminated, cancelled or modified; and any termination or cancellation of any of the Grazing Rights shall constitute an event of default under this Deed of Trust.
11. To execute any instrument deemed necessary by the Beneficiary to assign, convey or waive such Grazing Rights to the Trustee; to pay all fees and charges, and to perform all acts and things necessary to preserve and keep in good standing the Grazing Rights; to take no action which would adversely affect the Grazing Rights; to procure renewals of the Grazing Rights upon or prior to their expiration date; to operate the lands covered by the Grazing Rights in conjunction with the other real estate portion of the Property and not to convey or attempt to convey either separately; to forward to Beneficiary copies of any notices received by Grantors regarding the Grazing Rights; and in the event of foreclosure of this Deed of Trust, to waive all claims for preference in the Grazing Rights upon demand from the purchaser of the Property at Trustee's or foreclosure sale, or from any successor to such purchaser.
12. 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.
13. 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

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proceedings or otherwise, shall be payable on demand and shall become a part of the obligation secured by this Deed of Trust.

14. 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 proceedings 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.
15. 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.
16. 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.
17. That after all sums secured hereby have been paid, upon receipt of the Deed of Trust and note 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."
18. 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.
19. 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.
20. 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.
21. 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 "Trustors" as used in any of the laws of the state

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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.

22. 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.
23. 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. All Exhibits hereto, if applicable, are incorporated herein and made a part of this Deed of Trust.
24. That Grantors warrant that 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.
25. This Deed of Trust is intended to serve as a Fixture filing pursuant to the terms of the applicable Uniform Commercial Code. This Deed of Trust is to be recorded in the real estate records of each County in which the Land is located. In that regard, Grantor is Debtor and Beneficiary is Secured Party.
26. The following disclosure is made by Beneficiary and Trustee to Grantor pursuant to ORS 746.201:

WARNING

Unless you provide us with evidence of the insurance coverage as required by this Deed of Trust and the other Loan Documents, Beneficiary or Trustee may purchase insurance at your expense to protect its interest. This insurance may, but may not also protect your interest. If the collateral becomes damaged, the coverage Beneficiary or Trustee purchases may not pay any claim you make or any claim made against you. You may later request that Beneficiary cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

You are responsible for the cost of any insurance purchased by Beneficiary or Trustee. 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 Beneficiary or Trustee purchases may be considerably more expensive than 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.

Trustee shall reconvey the Property, without warrant, to the person or persons legally entitled to it upon (a) written request of Beneficiary stating that all indebtedness has been paid and fully performed, which shall be in substantially the form of Exhibit A attached hereto and incorporated herein, (b) surrender by Beneficiary of this Deed of Trust, and (c) payment by Grantor of Trustee's fees and the costs and expenses of executing and recording any requested reconveyance. The grantee in any such reconveyance may be described as "the person or persons legally entitled thereto."

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

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Dan McFarland
Danny D. McFarland

STATE OF Oregon)
County of Klamath)ss.

On this 4th day of March, 2014, before me personally appeared Danny D. McFarland, known to me to be the Individual described in and who executed the within instrument, and acknowledged that he/she executed the same as his/her free act and deed.



Lori A. Fernlund
Printed name Lori A. Fernlund
Notary Public for the State of Oregon
Residing at Klamath County
My commission expires May 16, 2016

Exhibit A

EXAMPLE
REQUEST FOR FULL RECONVEYANCE

THE PROMISSORY NOTE OR NOTES, AND ANY EVIDENCES
OF FURTHER AND/OR ADDITIONAL ADVANCES
MUST BE PRESENTED WITH THIS REQUEST

TO THE TRUSTEE: [Insert Name]

The undersigned hereby certifies that it is the legal owner and holder of the Note[s] and all other indebtedness secured by the Deed of Trust dated [date] between [Grantor name], Grantor, [Trustee name], Trustee, and [Beneficiary Name], Beneficiary, recorded [date], as Instrument No. [instrument no.], to secure an indebtedness in the amount of \$[amount], records of [County], [State]. Said indebtedness has been fully paid and satisfied, and you are hereby requested and directed to cancel said Note[s] above-mentioned and all other evidences of indebtedness secured by said Deed of Trust, and to reconvey without warranty all the estate now held by you thereunder.

Dated: [insert date]

[BENEFICIARY NAME]

[BENEFICIARY SIGNATURE BLOCK]

[ACKNOWLEDGEMENT]