AFTER RECORDING RETURN TO:

AmeriTitle
MTC

2014-002827
Klamath County, Oregon
04/01/2014 02:25:33 PM
Fee: $187.00

Anna Helton
Schwabe Williamson & Wyatt
1211 S.W. Fifth Avenue, Suite 1900
Portland, Oregon 97204

LINE OF CREDIT INSTRUMENT

Maximum principal amount to be advanced: $1,930,372.25; however, such maximum principal amount may be exceeded by principal advances made pursuant to ORS 86.155.

Maturity date: June 30, 2016, exclusive of options to renew or extend, if any.

COMMERCIAL DEED OF TRUST AND SECURITY AGREEMENT WITH

ASSIGNMENT OF RENTS

Dated April 1, 2014

Grantor: DROST LAND COMPANY, LLC, a Texas limited liability company

Trustee: AMERITITLE, an Oregon corporation

Beneficiary: NELSON PROPERTIES, A LIMITED LIABILITY COMPANY, a Nevada limited liability company

ADDITIONAL STATUTORY NOTICES:

A. The address of the entity holding a lien or other interest created by this instrument is:

Nelson Properties, A Limited Liability Company
Attn: Lloyd and Patricia Nelson
1180 Paddock Lane
Reno, NV 89521

B. The tax account numbers for the property subject to the lien or in which the interest is created are:

R103710, R804482, R883814, R104005, R885783, R872835, R104167, R804838 , R103505, M48754, R805169, M813739, R103453, R804507, R738893, M782031, R804829, M883248, R103587, R103578, R103658, R103596, R103603, R103630, R603911, M38658, R103612, R769877, R104201, R104229

C. Type of transaction: Creation of deed of trust lien and security interests encumbering the properties described herein.

187 amt

COMMERCIAL DEED OF TRUST AND SECURITY AGREEMENT WITH ASSIGNMENT OF RENTS

THIS DOCUMENT CONSTITUTES A FIXTURE FILING IN ACCORDANCE WITH THE UNIFORM COMMERCIAL CODE

This Deed of Trust is made and executed this 1st day of April, 2014, by and among DROST LAND COMPANY, LLC, a Texas limited liability company, as grantor and debtor ("Grantor"), whose address is P.O. Box 410, Hartley, TX 79044, AMERITITLE, an Oregon corporation, as trustee ("Trustee"), whose address is 300 Klamath Avenue, Klamath Falls, Oregon, and NELSON PROPERTIES, A LIMITED LIABILITY COMPANY, a Nevada limited liability company, as beneficiary and secured party ("Beneficiary"), whose address is Attn: Lloyd and Patricia Nelson, 1180 Paddock Lane, Reno, Nevada, 89521.

Recitals

Grantor is the owner of fee simple title to the real property described on Exhibit A attached hereto. This Deed of Trust is given to secure payment and performance of a promissory note of even date herewith (the "Note") made by Grantor and payable to Beneficiary in the principal sum of $1,930,372.25, together with interest as set forth therein. The final payment of principal and accrued interest under the Note is due and payable on June 30, 2016, subject to any extension privileges, if any, set forth in the Note.

This Deed of Trust is further given to secure: (i) payment and performance of any renewals, extensions, substitutions and modifications of the Note and future advances under the Note; and (ii) payment and performance of any other indebtedness or obligation of Grantor to Beneficiary now or hereafter arising under the terms hereof, the terms of the Note or the terms of any other agreement constituting additional security for the Note, including future advances.

Agreement

Therefore, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. **Grant and Conveyance**. For the purposes set forth in the Recitals, Grantor irrevocably grants, conveys, bargains and sells to Trustee, in trust, with power of sale, all of Grantor's right, title and interest, whether now owned or hereafter acquired, in and to the following described properties, and all income, revenues and profits derived from such items of property (all sometimes referred to herein collectively as the "Premises"):

1.1 **The Real Property**. The real property described on Exhibit A attached hereto, together with all rights, interests and hereditaments appurtenant thereto (the "Real Property");

1.2 **The Improvements**. All buildings, structures, fixtures and other improvements of every kind and nature now or hereafter located on or about the Real Property, together with all renewals, replacements, substitutions, accessions, additions and products thereof (the "Improvements");

1.3 **The Personal Property**. All personal property (the "Personal Property") of every kind now owned or hereafter acquired and situated upon or used in connection with the operation, ownership, use or maintenance of the Real Property and Improvements, including (without limitation) the following: (a) all stoves, refrigerators, building materials, fixtures, equipment, farm equipment, irrigation equipment, component parts of work in progress, furnishings, furniture, machinery, tools, washers, dryers and window coverings, together with all renewals, replacements, substitutions, revenues, accessions and additions to the foregoing; (b) all leases, sales contracts, warranties, plans, drawings, licenses, agreements, contracts, and permits related to the Real Property and/or Improvements; and (c) all rents, income, accounts, contract rights, profits, royalties, general intangibles, legal and equitable claims, judgments, and awards now or hereafter accruing to the benefit of the Premises or the owner thereof;

1.4 **The Tenant Leases**. All of Grantor's right, title and interest in and to all lease, occupancy and rental agreements for occupants, tenants and lessees of the Real Property or Improvements, whether now or hereafter existing (the "Tenant Leases"); and

1.5 **Proceeds**. All insurance and condemnation proceeds and awards (including title insurance proceeds) related to the Premises or any interest in the Premises, regardless of form or generation and regardless of the source of payment, and all proceeds (of any generation) of any of the items of property included in the Premises (the "Proceeds").

This Deed of Trust constitutes a security agreement within the meaning of the Uniform Commercial Code as adopted in the State of Oregon and Grantor grants Beneficiary a security interest in all elements or constituent parts of the Premises which are, or are deemed to be, fixtures or personal property. The parties intend that Beneficiary shall have a security interest in all of the operating revenues of the Premises, whether those revenues are deemed to be derived from or related to the Real Property, the Improvements, the Personal Property or any other source.

2. **Grantor's Covenants and Warranties**. Grantor warrants, covenants and agrees with and to Trustee and Beneficiary as follows:

2.1 **Title**. Grantor warrants that Grantor is the absolute legal and equitable owner of, and has good and marketable title to, the Real Property. This Deed of Trust is and shall remain a valid and enforceable first lien on the Premises free of all liens, claims, security interests, encumbrances, easements and restrictions except the special exceptions set forth in the mortgagee's policy of title insurance issued to and approved by Beneficiary in connection with this transaction (the "Permitted Exceptions"). Grantor has full power and authority to convey the Premises in the manner and form herein conveyed. Grantor and its successors and assigns shall warrant and defend such title to the Premises forever against all claims and shall promptly perform all of the obligations to be performed hereunder and under the Permitted Exceptions. Grantor shall furnish to Beneficiary written notice of any litigation, lien, or notice of default affecting the Premises when received. Grantor shall, at its cost, do all further acts, and shall execute and deliver all further documents as Beneficiary shall from time to time require to perfect, continue, assure, convey and confirm the Premises to the Trustee or Beneficiary.

2.2 **Payment and Performance.**

(a) Payment of Secured Obligations. The Note and all other obligations set forth in the Recitals, including all obligations and duties of Grantor hereunder, are collectively referred to as the "Secured Obligations." Grantor shall pay and perform as and when due all of the Secured Obligations without offset and without prior notice or demand.

(b) Permitted Exceptions. Grantor shall pay and perform, as and when due, all obligations set forth in or evidenced or secured by the Permitted Exceptions, and keep the same free from default.

(c) Payment of Taxes. Grantor shall pay, when first due and prior to accrual of interest or penalties, all Taxes (as defined below) with respect to the Premises. Upon demand, Grantor shall provide Beneficiary with evidence, satisfactory to Beneficiary, that such payments have been made. "Taxes" shall mean and include, without limitation, all personal and real property taxes, assessments and impositions, whether public or private, of any kind, levied, assessed or imposed upon the Premises or any portion thereof. In the event of default by Grantor under any instrument evidencing or securing payment of the Secured Obligations, Beneficiary, at its option, may require Grantor to maintain reserves for payment of Taxes or premiums on insurance required hereunder, or both. The reserve shall be created by initial payment and subsequent monthly payment to Beneficiary of an amount determined by Beneficiary to be sufficient to produce, at least thirty (30) days before they are due, amounts equal to or in excess of the Taxes or insurance renewal premiums to be paid. If, at the time payments are to be made, the reserve is insufficient or would be rendered insufficient, Grantor shall upon demand pay such additional sum as Beneficiary shall determine to be necessary. Beneficiary shall not be required to pay any interest with respect to any reserves and shall be entitled to commingle such reserves with other funds of Beneficiary, to the extent permitted to do so by applicable law.

2.3 **Construction, Maintenance and Repair**. Without limiting Grantor's obligations under any other agreement executed in favor of Beneficiary, Grantor shall keep the Real Property, Improvements and Personal Property in good operating order, repair and condition, ordinary wear and tear excepted, and shall not commit or permit any waste thereof. Grantor, at its cost, shall make all repairs necessary to the Real Property, Improvements and Personal Property and shall complete and restore promptly and in good and workmanlike manner any portion of the same which may be damaged or destroyed, and pay, when due, all costs incurred in connection therewith regardless of whether sufficient proceeds are available to pay such costs; the same shall be restored and repaired so as to be at least equal in value and of substantially the same character as existed prior to such damage or destruction. Grantor shall not remove from the Real Property or demolish any of the Improvements or Personal Property.

2.4 **Compliance with Laws**. Grantor shall comply with all laws, ordinances, regulations, easements, agreements, covenants, conditions and restrictions now or hereafter affecting the Premises or the use or operation thereof. Grantor shall not cause, permit or suffer any violation of any of the foregoing and shall pay all fees or charges of any kind in connection therewith. Grantor shall indemnify and hold Beneficiary, its officers, directors, employees, members and agents ("Beneficiary Parties"), and the Premises, harmless from any claim, cost, damage or expense, including attorney fees and penalties, with respect to any breach or alleged

breach of the covenants set forth in this Section. Grantor warrants and covenants to Beneficiary that, to the best knowledge and belief of Grantor and based on due and diligent inquiry by Grantor, (a) there are no Hazardous Materials (as that term is defined below) in, upon, or buried on or beneath the Real Property or the Improvements, nor have any Hazardous Materials been emitted or released therefrom in violation of any Environmental Laws, and (b) there are not now, nor have there been, any underground storage tanks located on the Real Property, including any tanks used for the storage of Hazardous Materials. In no event shall Grantor bring onto, store upon, bury, use upon, emit or release from, nor allow to be brought onto, stored upon, buried, used upon, or emitted or released from, the Real Property or the Improvements, any Hazardous Materials in violation of any Environmental Laws, nor cause or permit any underground tanks to be installed on the Real Property. Grantor shall indemnify and hold Beneficiary, Beneficiary Parties and the Premises, harmless from any claim, cost, damage or expense, including attorney fees, monitoring costs, response costs and penalties, with respect to any breach or alleged breach of these warranties and covenants. These warranties and covenants shall survive the exercise of any remedies by Beneficiary, including (without limitation) foreclosure of the lien of this Deed of Trust or obtaining title to the Premises in lieu of foreclosure. For purposes hereof, the phrase "Hazardous Materials" shall mean and include any oil, petroleum, hazardous substance, pollutant, contaminant, hazardous waste, hazardous material, dangerous waste, extremely hazardous waste, toxic waste, asbestos, urea formaldehyde, radon or air pollution, as any such term or similar term is now or hereafter defined, regulated, used or understood in or under any Federal, state, county, city or other governmental statute, law, code, rule, regulation, ordinance, order or decree which (x) is applicable to the Premises and (y) relates in any way to the protection of any aspect of human health or the environment, animal habitats, environmentally sensitive areas, or the use, quality or condition of air, soil, water, shorelines or wetlands ("Environmental Laws").

2.5 **Insurance.**

(a) Obligation to Insure. Grantor shall provide, maintain and keep in force, at its own cost and expense, the following policies of insurance, and such other insurance (including, without limitation, flood and earthquake insurance) as Beneficiary reasonably may require from time to time against the same or other hazards:

(i) Property Insurance. Property insurance against loss or damage to the Real Property, the Improvements and the Personal Property by fire and any and all of the risks covered by insurance of the type known as of the date hereof as "special form," in an amount not less than one hundred percent (100%) of the full replacement cost of the Improvements and Personal Property, as determined from time to time by Beneficiary, without deduction for depreciation. The amount deductible from the loss payable for any casualty shall be approved by Beneficiary and such deductible shall be the obligation of Grantor. Such policy of insurance shall be maintained for and name Grantor and Beneficiary as insureds, as their respective interests may appear, and shall contain the "replacement cost endorsement," and a lender's loss payable endorsement in favor of Beneficiary in form reasonably acceptable to Beneficiary.

(ii) Liability Insurance. Comprehensive commercial general liability insurance, including Products and Completed Operations coverage, on an "occurrence

basis" insuring against claims for bodily injury, death or property damage occurring in, on or about the Real Property and Improvements and adjoining streets, sidewalks and passageways arising out of or in any way connected with the use, occupancy, possession, ownership or condition of the same. The limits of such coverage shall be no less than $2,000,000 per occurrence. Such policy shall insure performance of Grantor's indemnity obligations under this Deed of Trust and shall name Beneficiary as an additional insured, providing coverage for Beneficiary regardless of whether the asserted claim is also asserted against Grantor.

(iii) Builder's Risk Insurance. During the course of any construction or repair at the Premises, builder's risk insurance against all risks of physical loss, on a completed value basis, including collapse and transit coverage, with a deductible approved by Beneficiary, covering the total value of work performed and equipment, supplies and materials furnished, and containing the "permission to occupy upon completion of work" endorsement.

(b) Exculpation; General Provisions Related to All Policies. Neither Trustee nor Beneficiary shall be obligated to obtain insurance, nor be responsible for the collection of any insurance monies or for any insolvency of any insurer or insurance underwriter. All policies of insurance required by this Deed of Trust (i) shall contain an endorsement or an agreement of the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act of negligence of Grantor or Beneficiary which might otherwise result in forfeiture of said insurance and further waiving all rights of setoff, subrogation, counterclaim or deductions against Beneficiary; (ii) shall be issued in amounts no less than those specified in this section and shall be issued by companies acceptable to Beneficiary; and (iii) shall contain a provision that such policies will not be cancelled or amended, or be subject to any reduction in the scope or limits of coverage, without at least thirty (30) days prior written notice to Beneficiary.

(c) Delivery of Insurance Policies, Payment of Premiums. Grantor shall furnish Beneficiary with a copy of each policy of insurance required hereunder and a certificate of each policy of insurance required hereunder evidencing the required coverage, each such certificate setting forth the coverage, the limits of liability, the name of the carrier, the policy number and the expiration date. At least thirty (30) days prior to the expiration of each such policy, Grantor shall furnish Beneficiary evidence of the reissuance of such policy continuing insurance in force as required by this Deed of Trust. In the event any such insurance policy or evidence of payment of premium are not so delivered to Beneficiary as required hereunder, Grantor, by executing this Deed of Trust, specifically requests Beneficiary to obtain and pay for, and Beneficiary may obtain and pay for, such insurance for such risks covering Beneficiary's interest in the Premises (without notice to or demand upon Grantor and without releasing Grantor from any obligation hereunder), and Grantor shall pay all premiums thereon promptly upon demand by Beneficiary, and until such payment is made by Grantor the amount of all such premiums together with interest thereon at the Advance Rate (defined in Section 2.10) from the date of payment by Beneficiary shall be secured by this Deed of Trust.

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.

THE COVERAGE WE PURCHASE 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.

(d) Casualty Insurance Proceeds. If all or any part of the Premises is damaged or destroyed, then all proceeds of insurance shall be payable and paid to Beneficiary, and the net amount of the same (meaning all such proceeds received by Beneficiary less costs incurred by Beneficiary in the collection thereof, including, without limitation, attorney fees) shall be, at Beneficiary's election and in Beneficiary's sole and absolute discretion, either applied to the Secured Obligations or made available to Grantor to be used to restore the damaged property, as provided below.

(i) Application of Insurance Proceeds to Indebtedness. Any proceeds to be applied to the Secured Obligations shall be applied first against all amounts due hereunder or under the Note other than principal or interest, second against accrued, unpaid interest on the Note, and third against the principal balance of the Note. No such application shall excuse or reduce the amount of any regular payment required under the terms of any document related to the Secured Obligations. Grantor hereby authorizes and directs any affected insurance company to make payment of such insurance proceeds directly to Beneficiary. If the Premises are materially damaged by a casualty and Beneficiary elects to apply insurance proceeds to the Secured Obligations pursuant to the terms hereof, then Beneficiary, at its option, may elect to accelerate the Secured Obligations and declare the same to be due and payable.

(ii) Disbursement of Insurance Proceeds for Restoration. If Beneficiary elects to permit Grantor to use insurance proceeds to rebuild the Premises, the disbursement of such proceeds shall be made by Beneficiary incrementally as work is completed and subject to such conditions as Beneficiary may impose in its absolute discretion. The proceeds to be made available for restoration will be the net proceeds remaining after deducting all expenses of collection of the proceeds, including attorney fees. The determination of Beneficiary whether to permit restoration will include, among other matters, a determination by Beneficiary, in its sole discretion, that restoration is feasible with the proceeds available and that restoration will result in reconstructed Premises equal in quality and condition to the Premises in existence prior to the destruction and that the value of the Premises as restored will exceed the unpaid balance of the Secured Obligations.

(iii) No Limit on Grantor's Obligations. Nothing herein contained shall excuse Grantor from repairing or maintaining the Premises, as provided in Section 2.3 or restoring all damage or destruction to the same, regardless of the existence, payment or adequacy of insurance proceeds.

(iv) Proof of Loss; Right to Settle. Grantor shall give prompt written notice to Beneficiary of any casualty to all or part of the Real Property, Improvements or Personal Property. Beneficiary may make proof of loss if Grantor fails to do so within twenty (20) days of the casualty, but in all events Beneficiary may make proof of loss within the time period required to protect the rights of the insureds under any policy of insurance if Grantor fails to do so. Beneficiary is authorized at its option to either (A) settle and adjust any claim under such policies with the consent of Grantor (except that, after any event of default, no consent of Grantor shall be required), or (B) allow Grantor to agree with the insurance company or companies on the amount to be paid upon the loss; and in any case Beneficiary shall, and is authorized to, collect and receipt for any such insurance proceeds; and the reasonable expenses incurred by Beneficiary in the adjustment and collection of insurance proceeds shall be deducted from said proceeds and reimbursed to Beneficiary.

(e) Assignment of Insurance Policies Upon Foreclosure. Grantor assigns to Beneficiary all unearned premiums under all insurance policies required hereunder and agrees that in the event of foreclosure of this Deed of Trust or other transfer of title or assignment of the Premises in extinguishment, in whole or in part of the debt secured hereby, all right, title and interest of Grantor in and to all policies of insurance required hereunder shall inure to the benefit of and pass to the successor in interest to Grantor or the purchaser or grantee of the Premises.

(f) Waiver and Release. Grantor waives all claims against Beneficiary and the Beneficiary Parties for loss or damage to Grantor, the Premises, Grantor's property or the property of others from any cause whatsoever, regardless of whether now existing or insured against or required to be insured against pursuant to this Deed of Trust. All terms of the Secured Obligations shall be paid and performed without notice, demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction.

2.6 **Condemnation**. The Grantor, immediately upon obtaining knowledge of any contemplated condemnation of the Premises or any portion thereof, or of the institution of

any proceeding for the condemnation of the Premises or any portion thereof, shall notify Beneficiary of the pendency thereof. Grantor assigns, transfers and sets over to Beneficiary all compensation, rights of action, the entire proceeds of any award and any claim for damages for any of the Premises taken or damaged under the power of eminent domain or by condemnation or by sale in lieu thereof. Beneficiary may, at its option, commence, appear in and prosecute, in its own name, any action or proceeding, or make any compromise or settlement, in connection with such condemnation, taking under the power of eminent domain or sale in lieu thereof. After deducting therefrom all of its expenses, including attorney fees, the net proceeds of the award which have been paid to Beneficiary shall be applied to the payment of the indebtedness secured hereby, or, at the election of Beneficiary, in Beneficiary's sole and absolute discretion, may be made available to Grantor for restoration or rebuilding of the Premises if such restoration is feasible in such a way as to restore the Premises to the same use and at least the condition and quality as the Premises existed prior to the condemnation, the value of which shall exceed the sum of the then unpaid balance of the debt secured hereby. Any such condemnation proceeds made available to Grantor by Beneficiary shall be advanced to Grantor under a disbursement system designated by Beneficiary. To the extent that such proceeds are paid to Beneficiary but are either not made available to Grantor under the preceding sentence, or are not used by Grantor for such purpose within one hundred eighty (180) days, such proceeds shall be applied to the indebtedness and obligations secured hereby in the manner set forth in Section 2.5(d)(i). Beneficiary, at its option, may declare the Secured Obligations to be entirely due and payable if the condemnation materially affects the Premises or the use thereof and the proceeds are not made available to Grantor for rebuilding. Grantor agrees to execute such further assignments of any compensation, award, damages, right of action and proceeds as Beneficiary may require.

2.7 **Liens and Encumbrances**. Grantor shall pay, when due, all obligations, lawful claims or demands of any person which, if unpaid, might result in, or permit the creation of, a lien or encumbrance on the Premises or any portion thereof, including all claims of contractors, laborers, suppliers and others for work or labor performed or materials or supplies furnished or rented in connection with any work, alteration, improvement of or construction upon the Premises; provided, however, that in the event Grantor disputes the amount or validity of any claim which constitutes a lien or encumbrance on the Premises, Grantor may contest such claim provided (a) Grantor gives to Beneficiary prior written notice of such contest, (b) Grantor causes such lien to be removed, by bond or deposit as allowed by applicable law, from the Premises within fifteen (15) days of the filing of such lien or claim, (c) Beneficiary's interest in the Premises and/or the lien of this Deed of Trust are not, in Beneficiary's sole opinion, jeopardized thereby, and (d) Grantor promptly pays any amount ultimately determined to be due.

2.8 **Indemnification**. Grantor shall appear in and defend any suit, action or proceeding that, in the sole judgment of Beneficiary, may affect the value of the Premises, the title to the Premises or the rights and powers of Trustee or Beneficiary. Grantor shall indemnify Beneficiary, the Beneficiary Parties and Trustee from and against any claim, loss, cost, damage or expense (including attorney fees) arising out of or related to this Deed of Trust, the Premises or the condition (whether now existing or hereafter arising) thereof. The indemnity obligations of Grantor shall survive the reconveyance or foreclosure hereof.

2.9 **Sale of Premises**. In addition to any other right available hereunder, at law or in equity, Beneficiary may declare all sums secured hereby immediately due and payable

if, without Beneficiary's prior written consent: (a) Grantor sells, assigns, transfers, conveys, contracts or agrees to sell (as by execution of a land sale contract), enters into a complete lease, a master lease, or a ground lease with respect to, encumbers, mortgages, assigns for security purposes, or otherwise disposes of, hypothecates or alienates, voluntarily or involuntarily, all or any part of the Premises or any interest of Grantor therein, except as allowed under the terms hereof; (b) Grantor suffers title to or any interest in the Premises to be divested, whether voluntarily or involuntarily; (c) if any party comprising Grantor is a partnership (general or limited) or a joint venture and any portion of any general partnership interest of any general partner or joint venture interest of such party is sold, transferred, mortgaged or otherwise disposed; (d) if Grantor is any form of cotenancy and any portion of the interest of any cotenant is sold, transferred, mortgaged or otherwise disposed; (e) if Grantor or any general partner of Grantor or any cotenant of Grantor is a privately held corporation (*i.e.*, a corporation whose stock is not publicly traded on a stock exchange) or a limited liability company and twenty-five percent (25%) or more, in the aggregate, of the capital stock or ownership of any such corporation or limited liability company is sold, transferred, hypothecated or otherwise disposed; or (f) if any party comprising Grantor is a trust, and such trust is dissolved or liquidated or extraordinary distributions of the assets of such trust are made. The foregoing acts are herein referred to as a "Sale" and a Sale without the prior written consent of Beneficiary shall be an Event of Default hereunder. Beneficiary may withhold such consent in its sole and absolute discretion. Any consent by Beneficiary to one Sale shall not constitute a waiver of Beneficiary's rights hereunder with respect to any subsequent Sale. In the event of a Sale which is a conveyance without the prior written approval of Beneficiary, the Beneficiary may, without notice to the Grantor, deal with such successor or successors in interest with reference to this Deed of Trust and the Note in the same manner as with Grantor, without in any way releasing, discharging or otherwise affecting the liability of Grantor hereunder or under the Note or any other document evidencing or securing any Secured Obligation. No Sale shall affect Grantor's obligation to perform each term and provision hereof, nor release Grantor from any liability hereunder.

2.10 **Advances**. If Grantor shall fail to perform any of the covenants contained herein, in the Note, in any instrument constituting additional security for the Note, in any Permitted Exception, or in any document evidencing or securing any Secured Obligation, Beneficiary may, but without obligation to do so, make advances to perform same on behalf of Grantor, and all sums so advanced shall be secured by this Deed of Trust. Grantor shall repay on demand all sums so advanced in its behalf with interest at the rate of eighteen percent (18%) per annum or the highest rate permitted to be charged by applicable law, whichever is the lesser (the "Advance Rate"), from the date of expenditure until the date repaid. Nothing herein contained shall prevent any such failure to perform on the part of Grantor from constituting an Event of Default and no exercise by Beneficiary of any right hereunder shall constitute a waiver of such Event of Default.

2.11 **Time**. Grantor agrees that time is of the essence with respect to all obligations of Grantor under this Deed of Trust.

2.12 **Assignment of Rents, Leases and Income from Operations**. As additional security, Grantor assigns to Beneficiary all rents, income, revenues and profits arising from the Premises, and all of Grantor's right, title and interest in and to the Tenant Leases.

Specifically included in this additional security, but without limitation, are all income, revenues, profits, accounts, accounts receivable, contract rights and general intangibles derived from any operations conducted on the Premises, including rent or room rates, if any, which flow directly from the Premises and all income, revenues, profits, rents, room rates, accounts, accounts receivable, contract rights, and general intangibles derived from any operations on the Premises which constitute Personal Property. Grantor shall have the right to collect, retain and use rentals from the Premises prior to an Event of Default. This assignment shall not operate to place the responsibility for the control, care, management, or repair of the Premises upon Beneficiary. Upon an Event of Default, Beneficiary shall have the right, at its election, independently or through a receiver, to collect the rents, income and profits arising from the Premises, without impairing any other right of Beneficiary. Grantor covenants and agrees that it shall promptly and faithfully perform, or cause to be performed, all of the covenants, conditions and agreements contained in all Tenant Leases on the part of the lessor thereunder to be kept and performed. Beneficiary shall have no obligation to collect rents or any other items of income or to perform any obligation with respect to any Tenant Lease. Following the occurrence of any Event of Default, Beneficiary may require Grantor to hold all rents and any items of income described herein in trust for Beneficiary, without commingling, and deliver the same to Beneficiary. In the event Beneficiary or a receiver collects rents or such items of income, then Grantor irrevocably appoints Beneficiary as its attorney-in-fact, deemed coupled with an interest, to demand, collect, receive, receipt for, sue for and recover all rents and income, to negotiate checks in connection with the foregoing, and to settle or compromise claims related to the Tenant Leases.

2.13 **Additional Security Agreement Provision**. Grantor warrants that (a) no financing statement covering any of the Personal Property is on file in any public office; (b) Grantor owns the Personal Property, and each and every part thereof, and the same is and shall be free from any prior lien, security interest or encumbrance except that in favor of Beneficiary; (c) Grantor will defend title to the Personal Property against the claims and demands of all persons whomsoever; and (d) if Grantor is an entity, the state of organization of Grantor stipulated herein is true and correct. Grantor shall, upon request, execute and deliver such financing statements and other documents and agreements as Beneficiary may request to perfect and continue Beneficiary's security interest in the Personal Property, and Grantor authorizes Beneficiary to file any financing statements Beneficiary may deem necessary from time to time without the joinder or approval of Grantor. A carbon, photographic, or other reproduction of this Deed of Trust may be filed and suffice as a financing statement. Information pertaining to the security interest imposed hereby may be obtained from Grantor and Beneficiary at their respective addresses set forth herein.

2.14 **Inspections**. Beneficiary, and its agents, representatives and workmen, are authorized, but not obligated, to enter at any reasonable time upon or in any part of the Premises for the purpose of inspecting the same, and for the purpose of performing any of the acts it or Grantor is authorized to perform under the terms of this Deed of Trust.

2.15 **Imposition of Tax**. The enactment of any tax upon this Deed of Trust (whether chargeable against an owner, mortgagee or holder of an indebtedness) or upon all or any part of the Secured Obligations shall constitute an Event of Default, and Beneficiary may exercise any remedy available to it in the case of an Event of Default, unless Grantor (a) lawfully pays the tax or charge, or reimburses Beneficiary therefor, and (b) agrees, in writing, within

thirty (30) days after notice from Beneficiary that the tax law has been enacted, to pay the tax or charge or reimburse Beneficiary therefor.

2.16 **Land Use Matters**. Grantor warrants that (a) the Real Property and Improvements do and shall at all times comply with the applicable zoning ordinance and comprehensive plan (and any overlay zoning ordinances or other land use control laws and ordinances), and all applicable land use permits and approvals, and (b) the Improvements and uses thereof are and shall be uses permitted as of right. Grantor shall not cause any zone change or comprehensive plan change with respect to the Real Property or the Improvements, submit the Premises to any form of condominium or planned community ownership, cause or allow any subdivision or partition with respect to the Premises or consent to the inclusion of the Premises in a special or local improvement district, without in each instance, obtaining the prior written consent of Beneficiary, which may be withheld by Beneficiary in its sole and absolute discretion.

2.17 **Utilities**. Grantor shall pay or cause to be paid when due all utility charges which are incurred by Grantor or others for the benefit of or for service to the Premises or which may become a charge or lien against the Premises for gas, electricity, water, sewer or other utility services furnished to the Premises and all other assessments or charges of a similar nature, whether public or private, affecting the Premises or any portion thereof.

3. **DEFAULT**.

3.1.1 **Events of Default**. The following, in addition to all other acts, events, and conditions declared to be events of default herein, are events of default hereunder ("Events of Default"):

(a) The occurrence of any event of default with respect to the Note or any other instrument or agreement which evidences or secures any of the Secured Obligations other than this Deed of Trust.

(b) Failure by Grantor to make any payment to Beneficiary or to any third party when due in accordance with the terms of this Deed of Trust.

(c) Failure by Grantor to perform, when due, any of the terms, covenants and conditions set forth in this Deed of Trust other than the obligations mentioned in Sections 3.1(a) and (b); provided, however, that Grantor shall have a period of fifteen (15) days following notice from Beneficiary to cure any such Event of Default under this Deed of Trust if (i) Grantor promptly requests such cure period, in writing, and (ii) in Beneficiary's opinion (1) such Event of Default can be cured within such time period, and (2) the lapse of such time period would not jeopardize Beneficiary's interest in the Premises or Beneficiary's ability to collect all amounts secured hereby.

(d) Breach of any warranty or representation given by Grantor to Trustee or Beneficiary.

(e) Without implying consent of Beneficiary to the creation of any lien encumbering the Premises, institution of foreclosure or other proceedings (either judicial or

nonjudicial) to enforce any security interest or other lien or encumbrance (junior or senior) of any kind upon the Premises or any portion thereof or interest therein.

(f) Grantor, any cotenant or general partner of Grantor, any guarantor of any Secured Obligation, or any successor or assign thereof: (i) files a voluntary petition in bankruptcy or for an arrangement or reorganization pursuant to the Federal bankruptcy statutes, or any similar law, state or Federal ("Bankruptcy Proceeding"); (ii) is the object of any involuntary Bankruptcy Proceeding which is not stayed or dismissed within sixty (60) days of filing; (iii) is adjudicated a bankrupt or declared insolvent in any Bankruptcy Proceeding; (iv) has a trustee or receiver appointed for it or has any court take jurisdiction of any of its property in any reorganization, arrangement, dissolution or liquidation proceeding, unless such trustee or receiver is discharged or if such jurisdiction be relinquished or vacated within thirty (30) days of appointment or commencement; or (v) makes an assignment for the benefit of its creditors or consents to an appointment of a receiver or trustee of any of its property.

(g) The occurrence or existence of any default (after passage of any applicable cure period) under any Permitted Exception.

3.2 **Remedies**. In addition to any other rights and remedies provided herein, in the Note, in any document evidencing or securing the Secured Obligations, or available at law or in equity, Beneficiary shall have the following rights and remedies upon the occurrence of any Event of Default:

(a) Acceleration. Beneficiary, by written notice given to Grantor, may declare the entire principal of the Note then outstanding, and all accrued and unpaid interest thereon, and all other Secured Obligations, to be due and payable immediately.

(b) Possession and Receiver. The Trustee or Beneficiary, personally or by its agents or attorneys, or through a duly appointed receiver, may enter into and upon all or any part of the Premises, and each and every part thereof, and may exclude the Grantor and its agents wholly therefrom; and may possess, use, operate, manage, improve and control the Premises. Trustee or Beneficiary shall be entitled to collect and receive all earnings, revenues, issues, profits and income of the Premises whether or not Beneficiary, Trustee, or a receiver is then in possession of the Premises. Beneficiary shall be entitled to the appointment of a receiver as a matter of right, whether or not the apparent value of the Premises exceeds the indebtedness secured hereby, and any receiver appointed may serve without bond. Employment by Beneficiary shall not disqualify a person from serving as a receiver. The exercise of any right under this section shall not be deemed an election of remedies nor a "pending action" so as to preclude the exercise of any other right or remedy. Upon taking possession of all or any part of the Premises, the receiver may:

(i) Possess, manage, control, and conduct the business of the Premises and make expenditures for all maintenance and improvements as in its judgment are proper; and

(ii) Collect all revenues, income, issues, profits, contract rights, accounts, accounts receivable and general intangibles from the Premises and apply such sums or the proceeds thereof to the expenses of use, operation and management.

If the revenues produced by the Premises are insufficient to pay expenses, the receiver may borrow, from Beneficiary or otherwise, such sums as it deems necessary for the purposes stated herein and repayment of such sums shall be secured by the lien hereof. The amounts borrowed from or advanced by Beneficiary shall bear interest at the Advance Rate from the date of expenditure until repaid, and such amounts and interest shall be an indebtedness of Grantor secured hereby.

(c) Uniform Commercial Code. Beneficiary shall have all of the remedies of a secured party under the Uniform Commercial Code as adopted in the State of Oregon and any other applicable law. To the extent permitted by law, Grantor expressly waives any notice of sale or other disposition and notice of the exercise of any other right or remedy of Beneficiary arising by reason of an Event of Default hereunder, and to the extent any such notice is required and cannot be waived, Grantor agrees, for the purpose of this paragraph only, that if such notice is mailed, postage prepaid, to the Grantor at the above address at least five (5) days before the time of the sale or disposition, such notice shall be deemed reasonable and shall fully satisfy any requirement for giving of said notice.

(d) Sale. The Trustee may, and upon the written request of Beneficiary, shall, and the Beneficiary may to the extent permitted by law, with or without entry, personally or by its agents or attorneys insofar as applicable:

(i) Sell the Premises and otherwise exercise the power of sale granted herein as a nonjudicial foreclosure of this Deed of Trust in the manner provided by applicable laws pertaining to the foreclosure of deeds of trust;

(ii) Institute proceedings for the complete or partial judicial foreclosure of this Deed of Trust as a mortgage in the manner provided by applicable law; and/or

(iii) Apply to any court of competent jurisdiction for the appointment of a receiver for the Premises to operate the same and collect all the earnings, revenues, issues, profits and income therefrom.

(e) Proceeds. In the event of any judicial or nonjudicial foreclosure sale made under or by virtue of this section, the entire principal of and interest on the Note, if not previously due and payable, and all other sums secured hereby, immediately thereupon shall become due and payable. The proceeds of any sale made under or by virtue of this section, together with any other sums which then may be held by the Trustee or Beneficiary under this Deed of Trust shall be applied in the manner provided by law. Upon any judicial or nonjudicial sale made under or by virtue of this section, the Beneficiary may bid for and acquire the Premises or any part thereof and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the indebtedness of the Grantor secured by this Deed of Trust the net sales price after deducting therefrom the expenses of the sale and the cost of the action and any other sums which the Beneficiary is authorized to deduct under this Deed of Trust.

(f) Tenancy at Will. In the event Grantor remains in possession of the Premises after the same have been sold as provided herein or after Beneficiary otherwise becomes entitled to possession of the same, Grantor shall become a tenant at will of Beneficiary or the purchaser of the Real Property and shall pay, while in possession, a reasonable rental for use of the Real Property and Improvements.

(g) Remedies Not Exclusive. No remedy granted herein is intended to be exclusive of any other remedy provided herein or at law or in equity, but each shall be cumulative. Each such remedy may be exercised singly, collectively or seriatim, and as often as may be deemed expedient by Trustee or Beneficiary. If there exists additional security for the performance of the obligations secured hereby, Beneficiary, at its sole option and without limiting or affecting any rights or remedies hereunder, may exercise any of the rights and remedies to which it may be entitled hereunder either concurrently with whatever other rights it may have in connection with such other security or in such order as it may determine.

4. MISCELLANEOUS TERMS AND CONDITIONS.

4.1 **Acceptance of Trust; Notice**. The Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is recorded. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Grantor, Beneficiary or Trustee shall be a party unless Trustee brings such action.

4.2 **Powers of Trustee**. Trustee or Beneficiary may from time to time apply in any court of competent jurisdiction for aid and direction in the execution of the trusts hereunder and the enforcement of the rights and remedies available hereunder, and Trustee or Beneficiary may obtain orders or decrees directing or confirming acts in the execution of said trusts. Grantor shall pay to Trustee reasonable compensation and reimbursement for services and expenses in the administration of the trusts created hereunder, including reasonable attorney fees, but in no event more than allowed by any applicable statute. Grantor agrees to and does indemnify Trustee and Beneficiary against all losses, claims, demands and liabilities which either may incur, suffer or sustain in the execution of the trusts created hereunder or in the performance of any act required or permitted hereunder or by law.

4.3 **Substitution of Trustee**. By a writing signed and acknowledged by Beneficiary and filed for record in the office of the recorder of the county in which the Real Property is situated, Beneficiary from time to time may appoint another trustee to act in the place and stead of Trustee or any successor.

4.4 **Leases**. In the event Beneficiary shall institute judicial proceedings to foreclose the lien hereof, and shall be appointed as a mortgagee in possession of the Premises, Beneficiary, during such time as it shall be mortgagee in possession, shall have, and Grantor hereby gives and grants to Beneficiary, the right, power and authority to make and enter into leases of the Premises or any portion thereof for such rents and for such periods of occupancy and upon such conditions and provisions as such mortgagee in possession may deem desirable, and Grantor expressly acknowledges and agrees that the term of any such lease may extend beyond the date of any sale of the Premises hereunder, it being the intention of Grantor that, while Beneficiary is a mortgagee in possession of the Premises, Beneficiary shall be deemed to

be and shall be the attorney-in-fact of Grantor for the purpose of making and entering into leases of parts or portions of the Premises for the rents and upon the terms, conditions and provisions deemed desirable by Beneficiary. The power and authority hereby given and granted by Grantor to Beneficiary shall be deemed to be coupled with an interest and shall not be revocable by Grantor.

4.5 **Marshaling of Assets**. Grantor hereby expressly waives all rights to require a marshaling of assets by the Trustee or Beneficiary or to require Trustee or Beneficiary to first resort to the sale of any portion of the Premises which might have been retained by Grantor before foreclosing upon and selling any other portion thereof.

4.6 **Nonwaiver**. By accepting payment of any sum secured hereby after its due date or late performance of any obligation secured hereby, Beneficiary shall not waive its right against any person obligated directly or indirectly hereunder or on any indebtedness hereby secured either to require prompt payment or performance when due of all other sums and obligations so secured or to declare a default for failure to make such payment. No exercise of any right or remedy by Trustee or Beneficiary hereunder shall constitute a waiver of any other right or remedy allowed herein, in any other document evidencing or securing any Secured Obligation, or at law or in equity. No delay or omission of the Trustee or Beneficiary in the exercise of any right, power or remedy accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any default or acquiescence therein.

4.7 **Rules of Construction**. When the identity of the parties or the context of a provision makes it appropriate, the neuter gender shall include the feminine and masculine, and the singular shall include the plural. The headings of each section are for information and convenience only and shall not limit or affect the contents of any provisions hereof.

4.8 **Severability**. If any term of this Deed of Trust or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Deed of Trust shall not be affected thereby, and each term of this Deed of Trust shall be valid and enforceable to the fullest extent permitted by law.

4.9 **Successors in Interest; Joint and Several Liability**. Subject to the limitations set forth in Section 2.9, this Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, executors, administrators, successors and assigns. If Grantor is comprised of more than one person or entity, then all obligations of Grantor hereunder are joint and several and each party comprising Grantor agrees and promises to pay the Secured Obligations. The term "Beneficiary" shall mean the holder and owner, including pledgees, of the Note secured hereby, whether or not named as Beneficiary herein.

4.10 **Notices**. All notices to be given pursuant to this Deed of Trust shall be in writing and shall be sufficient if personally delivered or deposited in the United States Mail, postage prepaid, certified or registered mail, return receipt requested, addressed to the party to whom directed at its address shown above. Notices (as distinguished from payments) will be deemed received when personally delivered or two (2) days after deposit in the United States

Mail. Any party may change its address set forth herein by giving ten (10) days prior written notice thereof to all other parties.

4.11 **Modifications**. This Deed of Trust may not be amended, modified or changed except by a written instrument signed by the parties hereto.

4.12 **Attorney Fees**. If any litigation or arbitration is instituted to enforce or interpret any provision hereof, or to foreclose this Deed of Trust, the prevailing party shall be entitled to collect, in addition to all other amounts and relief, its court costs, title search costs, and other reasonable attorney fees, incurred both at and in preparation for trial and any appeal or review, such amount to be set by the court before which the matter is heard. Without limitation on and in addition to the foregoing, Grantor agrees to reimburse Beneficiary for all such costs and fees which Beneficiary may incur in connection with any bankruptcy or similar proceeding wherein the Grantor, or any guarantor, surety or accommodation party is the "debtor," including (without limitation) issues peculiar to Federal bankruptcy law. If Beneficiary is the prevailing party, such costs and attorney fees shall be secured by this Deed of Trust.

4.13 **Priority of Trust Deed**. The terms of the obligation secured hereby may provide that the interest rate, payment terms or balance due may be indexed, adjusted or renewed. The priority of this Deed of Trust shall not be affected by renegotiation or adjustment of the interest rate provided in the Note (which may increase or decrease the amount of periodic payments or extend or shorten the term of this Deed of Trust), any increase in the underlying obligation as a result of deferment of all or a portion of interest payments and the addition of such payments to the outstanding balance of the obligation, or the execution of new agreements which reflect such changes.

4.14 **Commercial Trust Deed**. This Deed of Trust is a commercial trust deed and is not a residential trust deed, as the phrase "residential trust deed" is defined in ORS 86.705, and the provisions of ORS 86.705 through 86.795 applicable to the foreclosure of commercial trust deeds shall apply to this Deed of Trust at the option of Beneficiary. Grantor warrants that the loan secured hereby is for commercial purposes and is not for residential, household, personal or consumer purposes.

4.15 **Mutual Negotiation**. Beneficiary and Grantor confirm that they have mutually negotiated this Deed of Trust and that none of the terms or provisions of this Deed of Trust shall be presumptively construed against either party.

4.16 **Report of Real Estate Transaction**. Grantor has made or provided for making, or will make or provide for making, on a timely basis, any reports or returns required under Section 6045(e) of the Internal Revenue Code of 1986 as amended (the "Code") (and any similar reports or returns required by state or local law) relating to the Premises, notwithstanding the fact that the primary reporting responsibility may fall on Beneficiary, counsel for Beneficiary, or another party. Grantor's obligations under this paragraph will be deemed to be satisfied if proper and timely reports and returns required under this paragraph are filed by a title company or real estate broker involved in the real estate transaction relating to the Premises, but nothing contained herein shall be construed to require such returns or reports to be filed by Beneficiary or counsel for Beneficiary.

4.17 **Assignment by Beneficiary**. Beneficiary may assign this Deed of Trust in whole or in part to any person and may grant participation in any of its rights under this Deed of Trust, without notice and without affecting Grantor's liability under this Deed of Trust. In connection with any proposed assignment, participation or similar arrangement, Beneficiary may make available to any person all credit and financial data furnished or to be furnished to Beneficiary by Grantor or any guarantor of the Note. Grantor agrees to provide to the person designated by Beneficiary any information as such person may reasonably require to form a decision regarding the proposed assignment, participation or other arrangement.

Executed as of the date first above written.

GRANTOR:

DROST LAND COMPANY, LLC, a Texas limited liability company

By: _____
Name: Lawrence Drost
Title: Manager

STATE OF Oregon)
)ss.
County of Klamath)

This instrument was acknowledged before me this 1 day of April, 2014, by Lawrence Drost as Manager of Drost Land Company, LLC, a Texas limited liability company, on behalf of the company.

Cherice F. Treasure
NOTARY PUBLIC FOR Oregon
My Commission Expires: 6/17/2016

Exhibits:
A – Legal Description

OFFICIAL SEAL
CHERICE F TREASURE
NOTARY PUBLIC- OREGON
COMMISSION NO. 468299
MY COMMISSION EXPIRES JUNE 17, 2016

EXHIBIT A

Legal Description

Real property in the County of Klamath, State of Oregon, described as follows:

GOVERNMENT LOTS 15, 16, 17 AND 18 OF SECTION 3, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, EXCEPT THAT PORTION CONVEYED TO THE UNITED STATES OF AMERICA BY DEED DATED JULY 02, 1912, RECORDED JULY 06, 1912 IN VOLUME 37 PAGE 416, DEED RECORDS OF KLAMATH COUNTY, OREGON.

THE SOUTHWEST QUARTER AND THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON.

A PORTION OF GOVERNMENT LOTS 19 AND 20, SECTION 3; TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF GOVERNMENT LOT 19, SECTION 3, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, WHICH IS 505 FEET WEST, MORE OR LESS, FROM THE SOUTHEAST CORNER OF SAID GOVERNMENT LOT 19 AND IN THE CENTER OF THE IRRIGATION DITCH WHICH INTERSECTS SAID SOUTH LINE OF SAID GOVERNMENT LOT 19; THENCE CONTINUING WEST ALONG THE SOUTH LINE OF SAID GOVERNMENT LOT 19 A DISTANCE OF 1492 FEET; THENCE NORTH PARALLEL TO THE EAST LINE OF SAID GOVERNMENT LOT 19 TO THE CENTER OF IRRIGATION DITCH; THENCE IN A NORTHEASTERLY AND SOUTHERLY DIRECTION TO THE POINT OF BEGINNING.

THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 4, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON.

THE EAST HALF OF THE NORTHEAST QUARTER AND THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER AND THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 10, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON.

NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 10, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON.

A TRACT OF LAND SITUATED IN THE SOUTHWEST QUARTER OF SECTION 2 AND IN THE NORTHWEST QUARTER OF SECTION 11, BOTH IN TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SECTION 11, THENCE SOUTH 00° 07' 33" WEST ON THE WEST LINE OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 11, 1320.29 FEET TO THE SOUTHWEST CORNER THEREOF; THENCE SOUTH 89° 05' 14" EAST ON THE SOUTH LINE OF SAID NORTHWEST QUARTER OF THE NORTHWEST QUARTER, 886.53 FEET; THENCE NORTH 24° 55' 46" EAST 1089.42 FEET TO A POINT ON THE SOUTH LINE OF SCHAUPP ROAD; THENCE NORTHWESTERLY ON THE SOUTH LINE OF SAID SCHAUPP ROAD, 1974.61 FEET TO ITS INTERSECTION WITH THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 2; THENCE SOUTH 00° 00' 30" WEST ON LAST SAID WEST LINE 1101.21 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

PARCEL 2:

LOTS 19 AND 20, AND NORTH HALF OF SOUTHWEST QUARTER IN SECTION 2, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, LESS PORTIONS DEEDED TO UNITED STATES OF AMERICA IN DEED 37 PAGE 628, AND IN DEED 38 PAGE 512, AND FURTHER EXCEPTING THAT PORTION DEEDED TO WOOD RIVER INVESTMENT CO., IN VOLUME 84 PAGE 216, DEED RECORDS OF KLAMATH COUNTY, OREGON.

LOTS 14 AND THE SOUTH HALF OF LOT 11, IN SECTION 2, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN.

ALSO, A PARCEL OF LAND SITUATED IN GOVERNMENT LOTS 5, 12 AND 13 IN SECTION 2, AND GOVERNMENT LOTS 8 AND 9, IN SECTION 3, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTH 1/16 CORNER COMMON TO SAID SECTIONS 2 AND 3; THENCE NORTH 1365.49 FEET TO A HALF INCH PIPE DESCRIBED IN VOLUME 2 PAGE 183, KLAMATH COUNTY ROAD RECORDS; THENCE NORTH 1350.00 FEET TO THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION; THENCE WEST 1367 FEET, MORE OR LESS, TO THE WEST LINE OF SAID GOVERNMENT LOT 8; THENCE SOUTHERLY, ALONG THE WESTERLY LINES OF SAID GOVERNMENT LOTS 8 AND 9, 1359.01 FEET TO A POINT IN THE CENTERLINE OF SCHAUPP ROAD; THENCE NORTH 89° 37' 20" EAST, 1360.07 FEET TO SAID HALF INCH PIPE; THENCE SOUTH 1365.49 FEET TO SAID NORTH 1/16 CORNER; THENCE SOUTH 89° 04' 32" EAST ALONG THE CENTERLINE OF BEDFIELD ROAD AS CONSTRUCTED, 1297.4 FEET, MORE OR LESS, TO THE EAST LINE OF GOVERNMENT LOT 13; THENCE NORTHERLY, ALONG THE EAST LINE OF SAID GOVERNMENT LOTS 13, 12 AND 5, 2736.50 FEET TO A POINT; THENCE WEST 1279.40 FEET TO THE TRUE POINT OF BEGINNING.

SAVING AND EXCEPTING ANY PORTION IN VOLUME M77 PAGE 3655, DEED RECORDS OF KLAMATH COUNTY, OREGON.

ALSO, BEGINNING AT THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 2, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN; THENCE SOUTHWESTERLY ALONG THE WEST LINE OF AN OLD FARM ROAD TO THE COUNTY ROAD OR HIGHWAY, 2027 FEET TO AN IRON PIN; THENCE NORTHWESTERLY ALONG THE NORTH LINE OF SAID HIGHWAY 2300 FEET, MORE OR LESS, TO THE SOUTHWEST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 2; THENCE EASTERLY ALONG THE SOUTH LINE OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 2, TO THE POINT OF BEGINNING.

A PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 15, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID SOUTHWEST QUARTER OF SOUTHEAST QUARTER AND RUNNING THENCE NORTH 360 FEET; THENCE WEST 800 FEET; THENCE SOUTH 350 FEET, MORE OR LESS TO THE SOUTH LINE OF SAID SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER, THENCE EASTERLY 800 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 10, AND THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 11, AND THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 14, AND THE EAST HALF OF THE EAST HALF OF SECTION 15, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON.

Tax Parcel Number: R103710 and R804482 and R883814 and R104005 and R885783 and R872835 and R104167 and R804838 and R103505 and M48754 and R805169 and M813739 and R103453 and R804507 and R738893 and M782031 and R804829 and M883248 and R103587 and R103578 and R103658 and R103596 and R103603 and R103630 and R603911 and M38658 and R103612 and R769877 and R104201 and R104229

UNCONDITIONAL PERSONAL GUARANTY

This Unconditional Personal Guaranty (this "**Guaranty**") is executed by LAWRENCE DROST (herein "**Guarantor**") for the benefit of NELSON PROPERTIES, A LIMITED LIABILITY COMPANY, a Nevada limited liability company (herein "**Lender**").

RECITALS

A. Lender has agreed to loan to Drost Land Company, LLC, a Texas limited liability company (herein "**Borrower**") the sum of $1,930,372.25 (the "**Loan**") as evidenced by a promissory note executed by Borrower contemporaneously herewith in the original principal amount of $1,930,372.25 (the "**Note**").

B. Borrower's obligations under the Note are secured by, among other instruments, a Trust Deed of even date herewith, executed by Borrower for the benefit of Lender, and encumbering real property located in Klamath County, Oregon (the "**Trust Deed**") as more particularly described in the attached **Exhibit A** (the "**Property**").

C. The Note, the Trust Deed, this Guaranty, and any other documents related to the Loan are sometimes referred to herein collectively as the "**Loan Documents**".

D. Guarantor is a principal of Borrower. Guarantor acknowledges that Lender has required execution of this Guaranty as a condition to making the Loan and that Lender would not agree to the terms of the Loan absent execution of this Guaranty.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, it is agreed as follows.

1. Guaranteed Obligations. Guarantor hereby irrevocably and unconditionally guarantees to Lender, as a primary obligor and not as a surety, without deduction by reason of setoff, defense or counterclaim, unless available to Borrower under the Loan, the full and prompt payment and performance, as and when due, of all obligations of Borrower under the Loan Documents including those obligations created or incurred after default and/or arising by acceleration. In the event Borrower fails to pay or perform any such obligation, Guarantor shall promptly pay and perform the same, upon demand. In the event the obligations of Borrower or the claims of Lender under or with respect to the Loan are limited or reduced in Bankruptcy, Guarantor shall pay (a) the limited or reduced amount, plus (b) the amount of the limitation or reduction, all to the end that all obligations set forth in the Loan and all claims of Lender under the Loan Documents shall be paid in full. The obligations guarantied and undertaken by Guarantor described in this Section 1 are the "**Guaranteed Obligations**".

2. Direct and Continuing Liability. The liability of Guarantor hereunder is direct and unconditional and may be enforced without requiring Lender first to exercise, enforce or exhaust any right or remedy against Borrower, against any other party liable for any of the Guaranteed Obligations, or against any collateral or security given with respect to any of the Guaranteed Obligations. Guarantor hereby waives and agrees not to assert or take advantage of: (a) any right to require Lender to proceed against Borrower, or any other guarantor or person or to pursue any other security or remedy before proceeding against Guarantor; (b) any defense

based upon the corporate authority of Borrower to enter into the Loan; (c) any right or defense that may arise by reason of the incapacity, lack of authority, death or disability of Borrower or any other person; and (d) any right or defense arising by reason of the absence, impairment, modification, limitation, destruction or cessation in bankruptcy of the liability of Borrower, of the subrogation rights of Guarantor or of the right of Guarantor to proceed against Borrower for reimbursement.

3. Subsequent Events. The liability of Guarantor shall not be diminished, released, or discharged to any extent by the occurrence of any one or more of the following events, with or without notice to Guarantor.

(a) The release or discharge of Borrower or anyone liable for the payment or performance of any of the Guaranteed Obligations, arising in bankruptcy or by operation of law.

(b) Any change in the terms of payment or performance of any of the Guaranteed Obligations.

(c) Any assignment of any of the Loan Documents, whether by agreement or by operation of law, and whether with or without the consent of Lender.

(d) Any amendment to the Loan Documents, any waiver of any right or remedy thereunder, in all cases whether or not evidenced by a written instrument signed by Lender.

(e) The grant by Lender of any consent, permission or approval under the Loan Documents.

(f) Borrower becoming a debtor in a bankruptcy proceeding, and/or any obligation of Borrower under the Loan Documents being limited, modified, reduced and/or discharged in bankruptcy or from the operation of any present or future provision of any federal or state bankruptcy or insolvency law or other statute or from the decision of any court.

(g) Any use, application, or realization upon, or any failure to use, apply or realize upon, any collateral given to secure performance of Borrower under the Loan Documents.

4. Waiver of Notices. All notices and demands of every kind and nature are hereby waived by Guarantor, so long as Guarantor is an affiliate of Borrower. Without limiting the generality of the foregoing, Guarantor waives notice of any of the events described in Section 3 above, so long as Guarantor is an affiliate of Borrower. If Lender shall desire to give any notice or make any demand upon Guarantor, such notice or demand may be given or made by a writing addressed to the Guarantor and mailed postage prepaid to the address of Guarantor shown below. No such notice shall operate to waive any rights of Lender nor to create a duty to give any other notice. Guarantor hereby also waives and agrees not to assert or take advantage of (a) any right or defense based on the absence of any or all presentments, demands (including demands for performance), notices (including notices of any adverse change in the financial status of Borrower, notices of any other facts which increase the risk to Guarantor, notices of non-performance and notices of acceptance of this Guaranty) and protests of each and every kind; (b) the defense of any statute of limitations in any action under or related to this Guaranty or the

Loan Documents; (c) any right or defense based on a lack of diligence or failure or delay by Lender in enforcing its rights under this Guaranty or the Loan Documents.

5. Waiver and Subordination of Claims. Guarantor waives any claim or other right now existing or hereinafter acquired against Borrower and/or against any other person who is liable for any of the Guaranteed Obligations (herein a "**Claim**"). The term "**Claim**" includes but is not limited to, any claim or cause of action which arises from the performance of Guarantor's obligations under this Guaranty (including, without limitation, any right of contribution, indemnity, subrogation, reimbursement, exoneration, and the right to participate in any claim or remedy against Borrower or any collateral which Guarantor now has or hereinafter acquires), whether such claim or cause of action arises under contract, law, or equity. In addition, Guarantor hereby subordinates any Claim to all claims, rights, remedies and causes of action of Lender against Borrower and/or against any other person who is liable for any of the Guaranteed Obligations. In the event of competing or conflicting claims or rights, Lender shall be paid in full from funds available prior to any payment to Guarantor. Any sums collected by Guarantor with respect to any Claim shall be held in trust for Lender and shall be paid over to Lender upon request.

6. Reinstatement. A Guaranteed Obligation shall be automatically reinstated if and to the extent that, for any reason, the payment or performance of the same received by Lender is rescinded or must be otherwise refunded, whether as a result of any proceeding in bankruptcy or reorganization or otherwise. Guarantor agrees that it will indemnify, defend and reimburse Lender for all reasonable expenses, including legal fees, incurred by Lender in connection with such rescission, refund or avoidance. The provisions of this Section 6 shall apply, without limiting the generality hereof, to claims to avoid payment made by a trustee in bankruptcy or debtor-in-possession pursuant to the preferential payment provisions of the Bankruptcy Code.

7. Insolvency Proceedings. Guarantor shall not, without the prior written consent of Lender, commence, or join with any other person in commencing, any bankruptcy, reorganization or insolvency proceeding against Borrower. Upon Lender's request, Guarantor shall file in any bankruptcy or other proceeding in which the filing of claims is required or permitted by law all claims which Guarantor may have against Borrower relating to any indebtedness of Borrower to Guarantor and will assign to Lender all rights of Guarantor thereunder. Lender shall have the sole right to accept or reject any plan proposed in such proceeding and to take any other action which a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to Lender the amount payable on such claim and, to the full extent necessary for that purpose, Guarantor hereby assigns to Lender all of Guarantor's rights to any such payments or distributions to which Guarantor would otherwise be entitled; provided, however, that Guarantor's obligations hereunder shall not be satisfied except to the extent that Lender receives cash by reason of any such payment or distribution. If Lender receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty.

8. Attorneys' Fees and Trial.

8.1 On the Guaranty. In the event that any party to this Guaranty institutes a suit, action, arbitration, or other legal proceeding of any nature whatsoever, relating to this Guaranty or to the rights or obligations of the parties with respect thereto, the prevailing party shall be entitled to recover from the losing party its reasonable attorney, paralegal, accountant, expert witness (whether or not called to testify at trial or other proceeding) and other professional fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith, including but not limited to deposition transcript and court reporter costs, as determined by the judge or arbitrator at trial or other proceeding, and including such fees, costs and expenses incurred in any appellate or review proceeding, or in collecting any judgment or award, or in enforcing any decree rendered with respect thereto, in addition to all other amounts provided for by law. This cost and attorneys fee provision shall apply with respect to any litigation or other proceedings in bankruptcy court, including litigation or proceedings related to issues unique to bankruptcy law.

8.2 Reimbursement. If Lender is successful in any action against Borrower to enforce the terms of the Loan Documents as evidenced by a final, unappealable order of a court of competent jurisdiction, Guarantor shall reimburse Lender, upon demand, for all costs and attorneys fees incurred to enforce the Loan Documents or to collect sums thereunder, including all such costs and fees incurred at and in preparation for discovery (including depositions) arbitration, trial and any appeal or review. This provision shall also extend to all litigation and other proceedings in the U.S. Bankruptcy Court, including litigation and proceedings involving matters unique to bankruptcy law.

8.3 Waiver of Jury Trial. GUARANTOR HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY AND FURTHER WAIVES AND AGREES NOT TO ASSERT OR TAKE ADVANTAGE OF ANY DEFENSE BASED ON ANY CLAIM THAT ANY ARBITRATION DECISION BINDING UPON LENDER AND BORROWER IS NOT BINDING UPON GUARANTOR.

9. Miscellaneous.

9.1 Successors. This Guaranty shall be binding upon Guarantor and its successors and assigns, and shall inure to the benefit of Lender and its successors and assigns. Lender shall have the unrestricted right to assign this Guaranty in connection with an assignment of the Loan Documents without the consent of or notice to Guarantor. Within ten (10) days after written demand from Lender, Guarantor shall (a) execute and deliver to Lender a statement in writing certifying that this Guaranty is unmodified and in full force and effect, and certifying such other matters related to this Guaranty as Lender may reasonably request, which statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Loan Documents, and (b) Guarantor shall deliver to Lender current financial statements of Guarantor certified to be true, correct and complete. Guarantor represents and warrants that all such financial statements shall be true and correct statements of Guarantor's financial condition.

9.2 No Waivers. This Guaranty may not be terminated or otherwise amended, changed or modified, nor a waiver by Lender proved, except by a written instrument signed by

Lender expressly stating the same. This Guaranty shall constitute the entire agreement between Guarantor and the Lender with respect to the subject matter hereof. The waiver or failure to enforce any provision of this Guaranty shall not operate as a waiver of any other breach of such provision or any other provisions hereof. No course of dealing between Lender and Borrower, or between Lender and Guarantor, shall alter or affect the enforceability of this Guaranty or Guarantor's obligations hereunder.

9.3 Law. This Guaranty shall be governed and construed in accordance with the laws of the State of Oregon. Guarantor consents to the jurisdiction and venue of the State and Federal courts sitting in the judicial district(s) of the State of Oregon and waives any claim that the same would be an inconvenient forum.

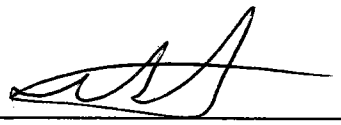
9.4 Joint and Several Liability. Guarantor is jointly and severally liable with Borrower and all other parties now or hereafter liable for any of the Guaranteed Obligations. If more than one person signs this Guaranty, each such person shall be deemed a guarantor and the obligation of all such guarantors shall be joint and several. When the context and construction so requires, all words used in the singular herein shall be deemed to have been used in the plural. The word "person" as used herein shall include an individual, company, firm, association, partnership, corporation, trust or other legal entity of any kind whatsoever. If Guarantor shall become bankrupt or insolvent, or any application shall be made to have Guarantor declared bankrupt or insolvent, or Guarantor shall make an assignment for the benefit of creditors, or Guarantor shall enter into a proceeding for the dissolution of marriage, or in the event of death of Guarantor, notice of such occurrence or event shall be promptly furnished to Lender by Guarantor or Guarantor's fiduciary. This Guaranty shall extend to and be binding upon Guarantor's successors and assigns, including, but not limited to, trustees in bankruptcy and Guarantor's estate.

9.5 Authority. If Guarantor is an entity, each individual executing this Guaranty on behalf of said entity represents and warrants that such signatory is duly authorized to execute and deliver this Guaranty on behalf of said entity, in accordance with the governing documents and resolutions of such entity, and that this Guaranty is binding upon said entity in accordance with its terms.

IN WITNESS WHEREOF, this Guaranty has been executed and delivered effective as of the 1st day of April, 2014.

[SIGNATURE IS ON FOLLOWING PAGE]

GUARANTOR:



Lawrence Drost

Address:

PO Box 410
Hartley, TX 79044

Attached:

Exhibit A – Description of the Property

EXHIBIT A

Description of the Property

Real property in the County of Klamath, State of Oregon, described as follows:

GOVERNMENT LOTS 15, 16, 17 AND 18 OF SECTION 3, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, EXCEPT THAT PORTION CONVEYED TO THE UNITED STATES OF AMERICA BY DEED DATED JULY 02, 1912, RECORDED JULY 06, 1912 IN VOLUME 37 PAGE 416, DEED RECORDS OF KLAMATH COUNTY, OREGON.

THE SOUTHWEST QUARTER AND THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON.

A PORTION OF GOVERNMENT LOTS 19 AND 20, SECTION 3; TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF GOVERNMENT LOT 19, SECTION 3, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, WHICH IS 505 FEET WEST, MORE OR LESS, FROM THE SOUTHEAST CORNER OF SAID GOVERNMENT LOT 19 AND IN THE CENTER OF THE IRRIGATION DITCH WHICH INTERSECTS SAID SOUTH LINE OF SAID GOVERNMENT LOT 19; THENCE CONTINUING WEST ALONG THE SOUTH LINE OF SAID GOVERNMENT LOT 19 A DISTANCE OF 1492 FEET; THENCE NORTH PARALLEL TO THE EAST LINE OF SAID GOVERNMENT LOT 19 TO THE CENTER OF IRRIGATION DITCH; THENCE IN A NORTHEASTERLY AND SOUTHERLY DIRECTION TO THE POINT OF BEGINNING.

THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 4, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON.

THE EAST HALF OF THE NORTHEAST QUARTER AND THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER AND THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 10, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON.

NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 10, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON.

A TRACT OF LAND SITUATED IN THE SOUTHWEST QUARTER OF SECTION 2 AND IN THE NORTHWEST QUARTER OF SECTION 11, BOTH IN TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SECTION 11, THENCE SOUTH 00° 07' 33" WEST ON THE WEST LINE OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 11, 1320.29 FEET TO THE SOUTHWEST CORNER THEREOF; THENCE SOUTH 89° 05' 14" EAST ON THE SOUTH LINE OF SAID NORTHWEST QUARTER OF THE NORTHWEST QUARTER, 886.53 FEET; THENCE NORTH 24° 55' 46" EAST 1089.42 FEET TO A POINT ON THE SOUTH LINE OF SCHAUPP ROAD; THENCE NORTHWESTERLY ON THE SOUTH LINE OF SAID SCHAUPP ROAD, 1974.61 FEET TO ITS INTERSECTION WITH THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 2; THENCE SOUTH 00° 00' 30" WEST ON LAST SAID WEST LINE 1101.21 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

PARCEL 2:

LOTS 19 AND 20, AND NORTH HALF OF SOUTHWEST QUARTER IN SECTION 2, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, LESS PORTIONS DEEDED TO UNITED STATES OF AMERICA IN DEED 37 PAGE 628, AND IN DEED 38 PAGE 512, AND FURTHER EXCEPTING THAT PORTION DEEDED TO WOOD RIVER INVESTMENT CO., IN VOLUME 84 PAGE 216, DEED RECORDS OF KLAMATH COUNTY, OREGON.

LOTS 14 AND THE SOUTH HALF OF LOT 11, IN SECTION 2, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN.

ALSO, A PARCEL OF LAND SITUATED IN GOVERNMENT LOTS 5, 12 AND 13 IN SECTION 2, AND GOVERNMENT LOTS 8 AND 9, IN SECTION 3, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTH 1/16 CORNER COMMON TO SAID SECTIONS 2 AND 3; THENCE NORTH 1365.49 FEET TO A HALF INCH PIPE DESCRIBED IN VOLUME 2 PAGE 183, KLAMATH COUNTY ROAD RECORDS; THENCE NORTH 1350.00 FEET TO THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION; THENCE WEST 1367 FEET, MORE OR LESS, TO THE WEST LINE OF SAID GOVERNMENT LOT 8; THENCE SOUTHERLY, ALONG THE WESTERLY LINES OF SAID GOVERNMENT LOTS 8 AND 9, 1359.01 FEET TO A POINT IN THE CENTERLINE OF SCHAUPP ROAD; THENCE NORTH 89° 37' 20" EAST, 1360.07 FEET TO SAID HALF INCH PIPE; THENCE SOUTH 1365.49 FEET TO SAID NORTH 1/16 CORNER; THENCE SOUTH 89° 04' 32" EAST ALONG THE CENTERLINE OF BEDFIELD ROAD AS CONSTRUCTED, 1297.4 FEET, MORE OR LESS, TO THE EAST LINE OF GOVERNMENT LOT 13; THENCE NORTHERLY, ALONG THE EAST LINE OF SAID GOVERNMENT LOTS 13, 12 AND 5, 2736.50 FEET TO A POINT; THENCE WEST 1279.40 FEET TO THE TRUE POINT OF BEGINNING.

SAVING AND EXCEPTING ANY PORTION IN VOLUME M77 PAGE 3655, DEED RECORDS OF KLAMATH COUNTY, OREGON.

ALSO, BEGINNING AT THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 2, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN; THENCE SOUTHWESTERLY ALONG THE WEST LINE OF AN OLD FARM ROAD TO THE COUNTY ROAD OR HIGHWAY, 2027 FEET TO AN IRON PIN; THENCE NORTHWESTERLY ALONG THE NORTH LINE OF SAID HIGHWAY 2300 FEET, MORE OR LESS, TO THE SOUTHWEST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 2; THENCE EASTERLY ALONG THE SOUTH LINE OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 2, TO THE POINT OF BEGINNING.

A PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 15, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID SOUTHWEST QUARTER OF SOUTHEAST QUARTER AND RUNNING THENCE NORTH 360 FEET; THENCE WEST 800 FEET; THENCE SOUTH 350 FEET, MORE OR LESS TO THE SOUTH LINE OF SAID SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER, THENCE EASTERLY 800 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 10, AND THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 11, AND THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 14, AND THE EAST HALF OF THE EAST HALF OF SECTION 15, TOWNSHIP 40 SOUTH, RANGE 11 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON.

Tax Parcel Number: R103710 and R804482 and R883814 and R104005 and R885783 and R872835 and R104167 and R804838 and R103505 and M48754 and R805169 and M813739 and R103453 and R804507 and R738893 and M782031 and R804829 and M883248 and R103587 and R103578 and R103658 and R103596 and R103603 and R103630 and R603911 and M38658 and R103612 and R769877 and R104201 and R104229