

AFTER RECORDING, RETURN TO:

David Gianelli  
Gianelli & Associates  
1014 16th Street  
Modesto, CA 95354

UNTIL A CHANGE IS REQUESTED,  
SEND ALL TAX STATEMENTS TO:

Delta Land and Cattle, LLC  
575 University Avenue, Suite 180  
Sacramento, CA 95825

**TRUST DEED AND FIXTURE FILING**

**DATE:** July 31, 2016

**GRANTOR:** **DELTA LAND AND CATTLE, LLC**, an Oregon limited liability company  
2033 SW Jackson Street  
Portland, OR 97201

**BENEFICIARY:** **4 MILE AND WEED RANCHES, L.P.**, a California Limited Partnership  
7650 South Hwy 1  
Lompoc, California 93436

**TRUSTEE:** **AMERITITLE**  
300 Klamath Avenue  
Klamath Falls, Oregon 97601

**MATURITY DATE:** December 31, 2018

1. **Conveyance.** Grantor irrevocably grants and conveys to Trustee in trust, with power of sale, all of Grantor's right, title and interest in and to the real property which is legally described on Exhibit A attached hereto, including all buildings, structures, improvements, fixtures and equipment located thereon (the "Property"), to be held as security for the payment and performance of the Obligations as defined below.

2. **Obligations Secured.** This Trust Deed is for the purpose of securing performance of each agreement of Grantor contained in this Trust Deed and in that Promissory Note in the original principal amount of \$750,000, as of even date hereof (the "Note"), and all renewals,

modifications and extensions of the Note. The obligations of Grantor, as set forth in this Trust Deed and in the Note, are hereinafter collectively referred to as "Obligations."

3. ***Taxes, Liens and Assessments.*** Grantor agrees to keep the Property free from construction liens and to pay and discharge all taxes, assessments, liens, charges or other encumbrances that may be levied or assessed upon or against the Property before any part of such taxes, assessments, liens, charges or other encumbrances become past due or delinquent and promptly deliver receipts therefor to Beneficiary. Should the Grantor fail to make payment of any taxes, assessments, insurance premiums, liens or other charges or encumbrances payable by Grantor, either by direct payment or by providing Beneficiary with funds with which to make such payment, Beneficiary may, at its option, make payment thereof, and the amount so paid, with interest at the rate set forth in the Note, shall be added to and become a part of the debt secured by this Trust Deed, without waiver of any rights arising from breach of any of the covenants hereof. For such payments, with interest as aforesaid, the Property hereinbefore described, as well as the Grantor, shall be bound to the same extent that they are bound for the payment of the Obligations herein described. All such payments to Beneficiary shall be due and payable within ten (10) days of written notice of nonpayment, and the nonpayment thereof shall, at the option of the Beneficiary, render all sums secured by this Trust Deed immediately due and payable and shall constitute a breach of this Trust Deed.

4. ***Right of Beneficiary or Trustee to Pay or Perform Obligations of Grantor.*** If Grantor fails or refuses to pay any sums due to be paid by Grantor under the provisions of this Trust Deed, or fails or refuses to take any action as herein provided, then Beneficiary or Trustee shall have the right to pay any such sum due to be paid by Grantor and to perform any act necessary to protect the Beneficiary's interest in the Property. The amount of such sums paid by Beneficiary or Trustee and the cost of any such action, together with interest thereon at the lesser rate of ten percent (10%) per annum or the maximum legal rate permitted under applicable law, from the date of payment until satisfaction, shall be added to the Obligations. The payment by Beneficiary or Trustee of any such sums or the performance of any such action shall be prima facie evidence of the necessity therefor.

5. ***Condemnation.*** In the event that any portion or all of the Property shall be taken under the right of eminent domain or condemnation, Beneficiary shall have the right, if it so elects, to require that all or any portion of the award of damages payable as compensation for such taking which are in excess of the amount required to pay all reasonable costs, expenses and attorney fees necessarily paid or incurred by Grantor and Beneficiary in such proceedings, and for the balance to be applied to restoration of the Property. Grantor agrees, at its own expense, to take such actions and execute such instruments as shall be necessary in obtaining such compensation promptly upon Beneficiary's request. Any remaining balance shall be paid to Beneficiary and applied to the principal amount outstanding on the Note or paid to such account as designated by Beneficiary. Beneficiary may, at Beneficiary's option, appeal from any such award in the name of Grantor. Unless Grantor and Beneficiary otherwise agree in writing, any application of such proceeds shall not extend or postpone the due dates of any of the Obligations or change the amount of such payments.

6. ***Care of Property.*** Grantor shall protect, preserve and maintain the Property in good and habitable condition and repair; shall comply with all laws, ordinances, regulations,

covenants, conditions and restrictions related to the Property; shall take reasonable care of the Property; and shall not commit or permit any waste of the Property or do any act which will unduly impair or depreciate the value of the Property or affect its insurability.

7. ***Right to Inspect Property.*** Upon reasonable prior notice to Grantor of not less than seventy-two hours, Beneficiary or Trustee shall have the right and license to go on and into the Property to inspect it in order to determine whether the provisions of this Trust Deed are being performed.

8. ***Due on Sale.*** Grantor may not sell, convey, assign or transfer the Property without the prior written consent of Beneficiary, which consent shall not be unreasonably withheld, delayed or conditioned.

9. ***Event of Default.*** Each of the following shall be an event of default of this Trust Deed: (a) the failure of Grantor to pay any amount payable under the Note within five days of written notice of nonpayment from Landlord; (b) the failure of Grantor to perform any duty required by this Trust Deed within 30 days after Grantor receives written notice from Beneficiary; (c) except as provided in Paragraph 8 above, the sale, transfer, or encumbrance of the Property, without the prior written consent of Beneficiary; and (d) the filing, execution or occurrence of: (i) a petition in bankruptcy by or against Grantor, (ii) a petition or answer seeking a reorganization, composition, readjustment, liquidation, dissolution or other relief of the same or different kind under any provision of the Bankruptcy Act, (iii) the adjudication of Grantor as a bankrupt or insolvent, or insolvency in the bankruptcy equity sense, (iv) an assignment by Grantor for the benefit of creditors, whether by trust, mortgage or otherwise, (v) a petition or other proceedings by or against Grantor for the appointment of a trustee, receiver, guardian, conservator or liquidator of Grantor with respect to all or substantially all its property, and (vi) Grantor's dissolution or liquidation or the taking of possession of Grantor's property by any governmental authority in connection with dissolution or liquidation.

10. ***Remedies on Default.*** Upon the occurrence of an event of default that Grantor fails to cure within any applicable cure period, Beneficiary shall have and be entitled to exercise all rights and remedies available under this Trust Deed or applicable law (all such rights and remedies to be cumulative) including without limitation: (a) to declare all Obligations immediately due and payable and to then foreclose this Trust Deed either by advertisement and sale or judicial foreclosure under applicable law; (b) to collect any rents or other income from the Property including any rent that is past due and unpaid; and (c) to have a receiver appointed by the court to collect the rents and income as provided above.

11. ***Satisfaction of the Obligations.*** Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Trust Deed and the Note for cancellation, and upon payment of Trustee's fees, Trustee shall release and reconvey, without covenant or warranty, express or implied, the Property. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

12. ***Notices.*** All notices and communications concerning this Trust Deed shall be in writing, and shall be sent by Certified Mail, Return Receipt Requested, or by private overnight

courier requesting evidence of receipt as part of its service, addressed to the parties at the addresses specified in this Trust Deed, or to such other address as may be designated by any party from time to time. Notices and communications sent by Certified Mail shall be deemed delivered on the third business day following the deposit of such Certified Mail with the U.S. Post Office. Notices and communications sent by overnight courier shall be deemed delivered on the business day following the day when delivered to the overnight courier service.

13. **Headings.** The marginal or topical headings of the provisions herein are for convenience only and do not define, limit or construe the contents of these provisions.

14. **Interpretation.** In this Trust Deed, whenever the context so requires, masculine gender includes the feminine and neuter, and the singular includes the plural and vice versa.

15. **Applicable Law.** This Trust Deed shall be subject to and governed by the laws of the State of Oregon.

16. **Waiver.** Any waiver by any party of a breach of any provision of this Trust Deed shall not operate or be construed as a waiver of any subsequent breach hereof.

17. **Succession of Benefits.** The provisions of this Trust Deed shall benefit and bind the parties, their heirs, personal representatives and permitted assigns.

18. **Successor Trustee.** Beneficiary may appoint a Successor Trustee by delivering written notice of such appointment to the Trustee, the Successor Trustee, and the Grantor, and such appointment shall be conclusively presumed to be valid without proof of action by Beneficiary. A Successor Trustee herein shall, without conveyance from the predecessor Trustee, succeed to all the predecessor's title, estate, rights, powers and duties. Trustee may resign by mailing or delivering notice thereof to Beneficiary and Grantor.

19. **Time of Essence.** Time is of the essence in this Trust Deed and every term, condition, covenant and provision hereof. In the event of a conflict between a time period set forth in the Note and this Trust Deed, the time period set forth in the Note shall prevail.

20. **Modification.** No modification of this Trust Deed shall be binding unless evidenced by an agreement in writing and signed by all parties.

21. **Partial Invalidity.** If any provision of this Trust Deed is held to be invalid or unenforceable, all of the remaining provisions shall nevertheless continue in full force and effect.

22. **Representations and Covenants.** Grantor represents and covenants to Beneficiary:

22.1 **Ownership.** Grantor is the owner of the Property.

22.2 **Authority.** Grantor is fully authorized to execute and deliver this Trust Deed and to perform the terms of this Trust Deed.

22.3 **Enforceability.** The Note and this Trust Deed are valid and binding legal obligations of Grantor, enforceable in accordance with their terms.

22.4 **No Waste.** Grantor will not commit, permit or suffer any demolition or waste of the Property or any use or occupancy which constitutes a public or private nuisance.

23. **Attorney Fees to Prevailing Party.** Grantor agrees to pay all costs, fees and expenses, including the cost of title search, as well as the other costs and expenses of the trustee incurred in connection with or in enforcing the Obligations, and all trustee and attorney fees actually incurred. In the event of legal action or suit related to or arising from this Trust Deed, the prevailing party shall be entitled to recover, in addition to any other remedy or relief, their reasonable attorney fees as may be established by the court at trial or on appeal.

24. **Use.** Grantor covenants and warrants that the Property is not now occupied as the principal residence of Grantor.

25. **ORS 93.040 Warning.** BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

GRANTOR:

**DELTA LAND AND CATTLE, LLC**, an  
Oregon limited liability company

By: 

Kurt Thomas, Authorized Member

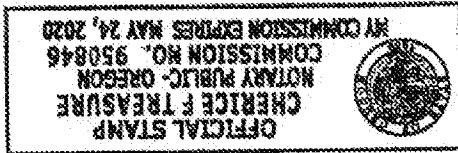
STATE OF OREGON            )  
  ) ss.  
County of Klamath         )

*CT August 3*

This instrument was acknowledged before me on this July \_\_, 2016, by Kurt Thomas as Authorized Member of Delta Land and Cattle, LLC, an Oregon limited liability company.

*Cherice F. Treasure*

Notary Public for the State of Oregon  
My commission expires: 5/24/2020



038227/000002/7344585v1

## **EXHIBIT A**

### **Legal Description**

A tract of land situated in Sections 6, 7, 18 and 19, Township 34 South, Range 7-1/2 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the North 1/16 corner common to Sections 1 and 6, Township 34 South, Range 6, East of the Willamette Meridian, Klamath County, Oregon, as marked by a 1931 G.L.O. brass cap monument; thence North 00°03'52" West along the West line of said Section 6, 620 feet, more or less, to the centerline of Seven Mile Canal; thence Easterly, along the centerline of said Seven Mile Canal, 310 feet, more or less, thence South 00°12'47" West 195 feet, more or less, to a PK nail on a fence post; from which said North 1/16 corner bears South 35°49'22" West 516.81 feet; thence South 00°12' 47" West 287.54 feet to a PK nail on a fence post; thence South 01°02'38" East 120.71 feet to a PK nail on a fence post; thence South 02°26'25" West 287.52 feet to a PK nail on a fence post; thence South 18°02'14" East 1131.66 feet to a PK nail on a fence post; thence South 83°43'23" East 48.62 feet to a PK nail on a fence post; thence North 83°31'40" East 16.38 feet to a PK nail on a fence post; thence South 43°54'16" East 58.37 feet to a PK nail on a fence post; thence North 73°09'13" East 629.63 feet to a PK nail on a fence post; thence North 71°53'47" East generally along an existing fence, 709.12 feet to a 5/8 inch iron pin on the Northeast side of a fence corner; thence North 31° East 75 feet, more or less to the centerline of the said Seven Mile Canal; thence Southeasterly along the centerline of the said Seven Mile Canal; 1440 feet, more or less, to its intersection with the centerline of the Dixon and McQuiston Center Canal; South 00°13'57" East 16,175 feet, more or less, South 23°53'22" East 156.11 feet and South 13°18'22" West 681.05 feet to its intersection with the centerline of an existing canal; thence North 74°27'51" West, along the centerline of said canal, 3243.55 feet to the centerline of Four Mile Canal and being on the East line of that tract of land as described in Deed Volume 331, page 367, Parcel 1, as recorded in the Klamath County deed records; thence North 00°04'38" West along the centerline of said Four Mile Canal, 2222.53 feet to the Northeast corner of said Deed Volume 331 page 367, Parcel 1; thence West 98.00 feet to the Northwest corner of said Deed Volume 331 page 367, Parcel 1, on the West line of the Northwest 1/4 of said Section 19; thence North 00°23'47" East 1557.50 feet to the corner common to Sections 13 and 24, Township 34 South, Range 6 East of the Willamette Meridian, Klamath County, Oregon, and said Sections 18 and 19, as marked by a 1931 G.L.O. brass cap monument; thence North 00°08'26" West 2547.24 feet to the 1/4 corner common to said Sections 13 and 18, as marked by a 1931 G.L.O. brass cap monument; thence North 00°04'44" West 11,466.34 feet to the point of beginning with bearings based on survey No. 3146, as recorded in the office of the Klamath County surveyor.

INCLUDING a non-exclusive easement for ingress and egress for irrigation ranching purposes and for the use of scaled, shipping corrals, and other livestock gathering facilities and improvements in all land referenced in Warranty Deed dated June 27, 1997, wherein Sanwa Bank California, as Trustee under Trust No. 55233-10-0, Lewis M. Mathis is grantor and Lewis M. Mathis, a married man, as his sole and separate property, is grantee, recorded Vol. M97, Page 22310, Records of Klamath County, Oregon, located on the land therein and herein designated as Parcel "B"; ALL SUBJECT TO THE FOLLOWING PROVISIONS: easement holders to bear all

costs for the maintenance and improvement in and to the scaled, shipping corrals and livestock gathering facilities.

#### PARCEL B

A tract of land situated in Government Lots 20, 21, 22 and 25 of Section 6, Township 34 South, Range 7-1/2 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a PK nail on a fence post from which the North 1/16 corner common to said Section 6 and Section 1, Township 34 South, Range 6 East of the Willamette Meridian, Klamath County, Oregon, bears South 35°49'22" West 516.81 feet; thence South 00°12'47" West 287.54 feet to a PK nail on a fencepost; thence South 01°02'38" East 120.71 feet to a PK nail on a fence post; thence South 02°26'25" West 287.52 feet to a PK nail on a fence post; thence South 18°02'14" East 1131.66 feet to a PK nail on a fence post; thence South 83°43'23" East 48.62 feet to a PK nail on a fence post; thence North 83°31'40" East 16.38 feet to a PK nail on a fence post; thence South 43°54' 16" East 58.37 feet to a PK nail on a fence post; thence North 73°09'13" East 629.63 feet to a PK nail on a fence post; thence North 71°53'47" East, generally along an existing fence 709.12 feet to a 5/8 inch iron pin on the Northeast side of a fence corner; thence North 31° East 75 feet more or less, to the centerline of the Seven Mile Canal; thence Northwesterly along the centerline of said Seven Mile Canal to a point that bears North 00°12'47" East from the point of beginning; thence South 00°12'47" West 195 feet, more or less to the point of beginning, with bearings based on the West line of said Government Lot 20 as being North 00°03'52" West.