



Oregon Water Resources Department 725  
 Summer Street NE, Suite A  
 Salem Oregon 97301-1271  
 (503) 986-0900  
 www.wrd.state.or.us

# Application for a Permit to Use Ground Water

Please type or print in dark ink. If your application is found to be incomplete or inaccurate, we will return it to you. If any requested information does not apply to your application, insert "n/a." Please read and refer to the instructions when completing your application. A summary of review criteria and procedures that are generally applicable to these applications is available at [www.wrd.state.or.us/OWRD/PUBS/forms.shtml](http://www.wrd.state.or.us/OWRD/PUBS/forms.shtml).

## 1. APPLICANT INFORMATION

### A. Individuals

Applicant: \_\_\_\_\_  
First Last

Mailing Address: \_\_\_\_\_

\_\_\_\_\_  
City State Zip

Phone: \_\_\_\_\_  
Home Work Other

\*Fax: \_\_\_\_\_ \*Email Address: \_\_\_\_\_

### B. Organizations

(Corporations, associations, firms, partnerships, joint stock companies, cooperatives, public and municipal corporations)

Name of Organization: Heffernan Family Trust

Name and Title of Person Applying: Chris Heffernan

Mailing Address or Organization: 63600 Viewpoint Lane

North Powder OR 9787  
City State Zip

Phone : 541-898-2507 541-898-2507  
Day Evening

\*Fax: 541-898-2203 \*Email Address: northslope@wildblue.net

\*Optional

For Department Use		
App. No. _____	Permit No. _____	Date _____

Last Updated: 10/01/2008

Ground Water/1

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SALEM, OREGON

**2. PROPERTY OWNERSHIP**

Yes (Please check appropriate box below then skip to section 3 'Ground Water Development')

- There are no encumbrances
- This land is encumbered by easements, rights of way, roads or other encumbrances (please provide a copy of the recorded deed(s) )

No (Please check the appropriate box below)

- I have a recorded easement or written authorization permitting access.
- I do not currently have written authorization or easement permitting access.
- Written authorization or an easement is not necessary, because the only affected lands I do not own are state-owned submersible lands, and this application is for irrigated and/or domestic use only (ORS 274.040).

You must provide the legal description of: (1) the property from which the water is to be diverted, (2) any property crossed by the proposed ditch, canal or other work, and (3) any property on which the water is to be used as depicted on the map.

List the names and mailing addresses of all affected landowners.

**3. GROUND WATER DEVELOPMENT**

**A. Well Information**

Number of well(s): 3

Name of nearest surface water body: Clover Creek

Distance from well(s) to nearest stream or lake:

1) ~1.25 miles      2) ~0.75 miles      3) ~0.5 miles      4) \_\_\_\_\_

If distance from surface water is less than one mile, indicate elevation difference between nearest surface water and well head:

1) \_\_\_\_\_      2) \_\_\_\_\_      3) \_\_\_\_\_      4) \_\_\_\_\_

**B. Well Characteristics**

*Wells must be constructed according to standards set by the Department for the construction and maintenance of water wells. If the well is already constructed, please enclose a copy of the well constructor's log and the well ID number, if available, for each well with this application. Identify each well with a number corresponding to the wells designated on the map and proceed to section 4 of the form. If the well has not been constructed, or if you do not have a well log, please complete the following:*

Well(s) will be constructed by:

Riverside, Inc. - Terry Daugherty License #1505

Mailing Address: P.O. Box 720

Parma  
City

ID  
State

83660  
Zip

Completion Date: December 2009

Please provide a description of your well development. *(Attach additional sheets if needed.)*

Well No.	Diameter	Type and size of casing	No. of feet of casing	Intervals casing is perforated (in feet)	Seal depth	Est. depth to water	Est. depth to water bearing stratum	Type of access port or measuring device	Total well depth
1	16 inch	Steel 0.25"	400'	TBD	100'	5'	110'	1" access	400' est
2	see	attached	well	log					
3	16 inch	Steel 0.25"	400'	TBD	100'	5'	110'	1"access	400' est

Note: Well numbers in this listing must correspond to well locations(s) shown on accompanying map.

If well log is not available, or well is not yet constructed, you must provide: proposed total depth, depth of casing and seal, and the anticipated perforation and open intervals.

**C. Artesian Flows**

If your water well is flowing artesian, describe your water control and conservation works:

**4. WATER USE**

*Please read the instruction booklet for more details on "type of use" definitions, how to express how much water you need and how to identify the water source you propose to use. You must fill out a supplemental form for some uses as they require specific information for that type of use.*

**A. Type(s) of Use(s)**

See list of beneficial uses provided in the instructions.

- If your proposed use is **domestic**, indicate the number of households to be supplied with water: \_\_\_\_\_
- If your proposed use is **irrigation**, please attach **Form I**
- If your proposed use is **mining**, attach **Form R**
- If your proposed use is **municipal or quasi-municipal**, attach **Form M**
- If your proposed use is **commercial/industrial**, attach **Form Q**

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**B. Amount of Water**

Provide the production rate in gallons per minute (gpm) and the total annual amount of water you need from each well, from each source or aquifer, for each use. You do not need to provide source information if you are submitting a well log with your application.

Well No.	Source or aquifer	Type of use	Total rate of water requested (in gpm)	Total annual quantity (in gallons)	Production rate of well (in gpm)
1	Deep Alluvial	Irrigation	1,400	2,532 ac/ft	1,400
2	Deep Alluvial	Irrigation	1,400	2,532 ac/ft	1,400
3	Deep Alluvial	Irrigation	1,400	2,532 ac/ft	1,400

**C. Maximum Rate of Use Requested**

What is the maximum, instantaneous rate of water that will be used? 4,735 gpm  
(The fees for your application will be based on this amount.)

**D. Period of Use**

Indicate the time of year you propose to use the water: March 1 - October 31  
(For seasonal uses like irrigation give dates when water use would begin and end, e.g. March 1-October 31.)

**E. Acreage**

If you will be applying water to land, indicate the total number of acres where water will be applied or used: 844  
(This number should be consistent with your application map.)

**5. WATER MANAGEMENT**

**A. Diversion**

What method will you use to divert water from the source?

- Pump (give horsepower and pump type): 150 HP Turbine  
 other means (describe): \_\_\_\_\_

**B. Transport**

How will you transport water to your place of use?

- Ditch or canal (give average width and depth):

Width \_\_\_\_\_ Depth \_\_\_\_\_

Is the ditch or canal to be lined?  Yes  No

- Pipe (give diameter and total length):

Diameter 12-inch Length 5 miles

- other, describe: \_\_\_\_\_

**C. Application/Distribution Method**

What equipment will you use to apply water to your place of use?

Irrigation or land application method (check all that apply):

- Flood
- High pressure sprinkler
- Low pressure sprinkler
- Drip
- Water Cannons
- Center pivot system
- Hand Lines
- Wheel Lines
- Siphon tubes or gated pipe with furrows
- other, describe: \_\_\_\_\_

Distribution method

- Direct pipe from source
- In-line storage (tank or pond)
- Open Canal

**E. Conservation**

What methods will you use to conserve water? Why did you choose this distribution or application method? Have you considered other methods to transport, apply, distribute or use water? For example, if you are using sprinkler irrigation rather than drip irrigation, explain. If you need additional space, attach a separate sheet.

Will use conservation measures to minimize water use.

**6. PROJECT SCHEDULE**

Indicate the anticipated dates that the following construction tasks should begin. If construction has already begun, or is completed, please indicate that date.

Proposed date construction will begin: November 2008

Proposed date construction will be completed: December 2009

Proposed date beneficial water use will begin: April 2009

**7. REMARKS**

*If you would like to clarify any information you have provided in the application, please do so here and reference the specific application question you are addressing.*

We have Permit # G-16386. We are applying with this permit to bring up to full rate and duty the 400 acres that are covered under permit G-16386. We are going to add full rate and duty of an additional 444 acres under this application.

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## 8. MAP REQUIREMENTS

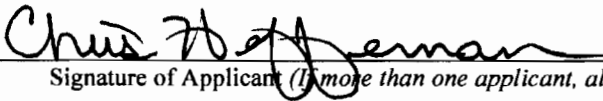
The Department cannot process your application without accurate information showing the source of water and location of water use. You must include a map with this application form that clearly indicates the township, range, section, and quarter/quarter section of the proposed well location and place of use. The map must provide tax lot numbers. See the map guidelines sheet for detailed map specifications.

## 9. SIGNATURE

By my signature below I confirm that I understand:

- I am asking to use water specifically as described in this application.
- Evaluation of this application will be based on information provided in the application packet.
- I cannot legally use water until the Water Resources Department issues a permit to me.
- If I get a permit, I must not waste water.
- If development of the water use is not according to the terms of the permit, the permit can be canceled.
- The water use must be compatible with local comprehensive land use plans.
- Even if the Department issues a permit, I may have to stop using water to allow senior water right holders to get water to which they are entitled.

I swear that all information provided in this application is true and correct to the best of my knowledge:



Signature of Applicant (*If more than one applicant, all must sign.*)

10-20-08

Date

Before you submit your application be sure you have:

- Answered each question completely.
- Attached a legible map which includes township, range, section, quarter/quarter and tax lot number.
- Included a Land Use Information Form or receipt stub signed by a local official.
- Included the legal description of all the property involved with this application. You may supply a copy of the deed, land sales contract, or title insurance policy, to meet this requirement.
- Included a check payable to the Oregon Water Resources Department for the appropriate amount. The Department's fee schedule can be found at [www.wrd.state.or.us](http://www.wrd.state.or.us) or call (503) 986-0900.

**WRD on the web:**  
[www.wrd.state.or.us](http://www.wrd.state.or.us)



Oregon Water Resources Department

FORM I

FOR IRRIGATION WATER USE

1. Please indicate whether you are requesting a primary or supplemental irrigation water right.

Primary Supplemental

If supplemental, please indicate the number of acres that will be irrigated for each type of use.

Primary: 444 Acres

Secondary: 400 Acres

List the permit or certificate number of the primary water right: No. 16386

2. Please list the anticipated crops you will grow and whether you will be irrigating them for a full or partial season:

- 1. Wheat/Barley Full season Partial season
2. Alfalfa Full season Partial season
3. Grass Hay Full season Partial season
4. Potatoes Full season Partial season

3. Indicate the maximum total number of acre-feet you expect to use in an irrigation season:

2,532 acre-feet

(1 acre-foot equals 12 inches of water spread over 1 acre, or 43,560 cubic feet, or 325,851 gallons.)

4. How will you schedule your applications of water? Will you be applying water in the evenings, twice a week, daily?

- Daily during daytime hours Daily during nighttime hours
Two or three times weekly during daytime Two or three times weekly during nighttime
Weekly, during daytime hours Weekly, during nighttime hours
Other, explain:

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WATER RESOURCES DEPT SALEM, OREGON

HEFFERNAN - WELL LOG  
FOR WELL 2  
PERMIT G-16386

(7) PERFORATIONS/SCREENS

Perf	Casing/Screen	From	To	Scr./slot width	Slot length	# of slots	Tel./pipe size
Screen	Liner	Dis					

Material	406	409
GREY SILTSTONE		
BLACK BASALT		

(8) WELL TESTS: Minimum testing time is 1 hour

Yield gal/min	Drawdown	Drill stem/Pump depth	Duration (hr)

Water Quality Concerns

From	To	Description	Amount	Units

Comments/Remarks

Blank area for comments and remarks.

STATE OF OREGON  
WATER SUPPLY WELL REPORT  
(as required by ORS 537.745 & OAR 690-205-0219)

WELL LABEL # L 85275

START CARD # 199731

(1) LAND OWNER

Owner Well I.D. \_\_\_\_\_  
First Name CHRIS & DONNA Last Name HEFFERNAN  
Company \_\_\_\_\_  
Address 63600 VIEWPOINT LANE  
City NORTH POWDER State OR Zip 97867

(2) TYPE OF WORK  New Well  Deepening  Conversion  
 Alteration (repair/recondition)  Abandonment

(3) DRILL METHOD

Rotary Air  Rotary Mud  Cable  Auger  Cable Mud  
 Reverse Rotary  Other

(4) PROPOSED USE  Domestic  Irrigation  Community  
 Industrial/Commercial  Livestock  De-watering  
 Thermal  Injection  Other

(5) BORE HOLE CONSTRUCTION Special Standard  (Attach copy)

Depth of Completed Well 405 ft.

BORE HOLE			SEAL			stacks/
Dia	From	To	Material	From	To	ft.
26	0	409	Bentonite	0	12	4,000 P
17	409	412	Cement Grout	12	100	8
12	412	424	Cement Grout	205	310	75

How was seal placed: Method  A  B  C  D  E  
 Other DRY POUR BENTONITE  
Backfill placed from \_\_\_\_\_ ft. to \_\_\_\_\_ ft. Material \_\_\_\_\_  
Filter pack from 100 ft. to 205 ft. Material GRAVEL Size per gravel \_\_\_\_\_  
Explosives used:  Yes Type \_\_\_\_\_ Amount \_\_\_\_\_

(6) CASING/LINER

Casing/Liner	Dia	From	To	Gauge	Sl. Plac	Wld	Thrd
<input checked="" type="radio"/>	18	2	124	.375	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
<input checked="" type="radio"/>	18	164	241	.375	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
<input checked="" type="radio"/>	18	261	315	.375	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
<input checked="" type="radio"/>	18	325	405	.375	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>

Shoe  Inside  Outside  Other Location of shoe(s) \_\_\_\_\_  
Temp casing  Yes  No Dia \_\_\_\_\_ From \_\_\_\_\_ To \_\_\_\_\_

(7) PERFORATIONS/SCREENS

Perforations Method \_\_\_\_\_  
Screens Type JOHNSON WIRE Material M.S. \_\_\_\_\_

Perf	Casing/Screen	From	To	Scr./slot width	Slot length	# of slots	Tel./pipe size
Screen	Casing	Dis					

(8) WELL TESTS: Minimum testing time is 1 hour

Pump  Baker  Air  Flowing Artesian

Yield gal/min	Drawdown	Drill stem/Pump depth	Duration (hr)
1,000	84	250	72

Temperature 59 °F Lab analysis  Yes  No  
Water quality concerns?  Yes (describe below)  No  
From \_\_\_\_\_ To \_\_\_\_\_ Description \_\_\_\_\_ Amount \_\_\_\_\_ Units \_\_\_\_\_

(9) LOCATION OF WELL (legal description)

County UNION Twp 5 S N/5 Range 39 E E/W W/M  
Sec 34 NW 1/4 of the NW 1/4 Tax Lot 4100  
Tax Map Number \_\_\_\_\_ Lot \_\_\_\_\_  
Lat \_\_\_\_\_ or \_\_\_\_\_ DMS or DD  
Long \_\_\_\_\_ or \_\_\_\_\_ DMS or DD  
 Street address of well  Nearest address

OLSEN ROAD & BACWELL ROAD

(10) STATIC WATER LEVEL

Existing Well / Preexisting \_\_\_\_\_ Date SWL (psi) \_\_\_\_\_ + \_\_\_\_\_ SWL (ft) \_\_\_\_\_  
Completed Well 03-01-2008      
Flowing Artesian?  Dry Hole?   
WATER BEARING ZONES Depth water was first found 10  
SWL Date From To Est. Flow SWL (psi) + SWL (ft)  
03-19-2008 6 10 \_\_\_\_\_  
03-19-2008 14 22 \_\_\_\_\_  
03-19-2008 67 72 \_\_\_\_\_  
03-19-2008 114 116 \_\_\_\_\_  
03-20-2008 122 132 \_\_\_\_\_

(11) WELL LOG

Material	From	To
DARK TOP SOIL	0	2
SILTY BROWN CLAY	2	6
BROWN COARSE SAND	6	10
BROWN BURNT CLAY	10	14
SAND & SMALL GRAVEL	14	22
BROWN CLAY	22	32
BROWN SILTY CLAY	32	50
BROWN CLAY W/SM SAND STREAKS	50	67
FINE BRN SAND	67	72
GREY STICKY CLAY	72	85
GREY STICKY CLAY SOFT SANDSTONE, FINE	85	92
STICKY BLUE CLAY	92	105
GREEN SANDY CLAY	105	108
BROWN CLAY	108	114
FINE SAND, SOFT SANDSTONE	114	116
GREY CLAY	116	122
COARSE GREY SAND	122	132
TAN STICKY CLAY	132	134
BROWN COARSE SAND W/SM CLAY LAYER	134	163

Date Started 03-20-2008 Completed 05-05-2008

(unbonded) Water Well Contractor Certification

I certify that the work performed on the construction, deepening, alteration, or abandonment of this well is in compliance with Oregon water supply well construction standards. Materials used and information reported above are true to the best of my knowledge and belief.  
License Number 1764 Date 05-07-2008  
Password: (if filing electronically) \_\_\_\_\_  
Signed \_\_\_\_\_

(bonded) Water Well Contractor Certification

I accept responsibility for the construction, deepening, alteration, or abandonment work performed on this well during the construction states reported above. All work performed during this time is in compliance with Oregon water supply well construction standards. This report is true to the best of my knowledge and belief.  
License Number 1505 Date 05-07-2008  
Password: (if filing electronically) \_\_\_\_\_  
Signed \_\_\_\_\_  
Contact info (optional) \_\_\_\_\_

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HEFFERNAN - WELL LOG  
 FOR WELL 2  
 PERMIT G-16386

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 SALEM, OREGON

WATER SUPPLY WELL REPORT -  
 continuation page

WELL I.D. # L 83275

START CARD # 193731

(5) BORE HOLE CONSTRUCTION

BORE HOLE			SEAL			
Dia	From	To	Material	From	To	Amk/

FILTER PACK

From	To	Material	Size
210	424	GRAVEL	1/2" gravel

(6) CASING/LINER

Casing/Liner	Dia	+	From	To	Gauge	Stl	Pipe	Wid	Thrd

(10) STATIC WATER LEVEL

Water Bearing Zones

SWL Date	From	To	Est Flow	SWL (psi)	+ SWL (ft)
03-20-2008	134	165			
03-20-2008	241	246			
03-21-2008	315	321			

(11) WELL LOG

Material	From	To
BLUE CLAY	165	241
BLUE COARSE SAND	241	246
BLUE SAND CLAY MIX	246	262
BLUE STICKY CLAY	262	297
DARK GREY STICKY CLAY	297	299
SANDY BLUE CLAY W/ SANDSTONE STREAK	299	315
COARSE BLUE SAND	315	321
BLUE CLAY W/SAND STREAK	321	331
GREY CLAY	331	368
BLUE CLAY IMBEDDED COARSE SAND	368	380
GREY SANDY CLAY	380	383
GREY CLAY IMBEDDED SAND W/ RED		
BASALT LAYER	383	385
GREY SILTYSTONE	385	403
GREY CLAY	403	406

Parcel 2 of MINOR PARTITION PLAT NO. 2007-036, filed October 8, 2007 in Plat Cabinet "C", Slides 940 and 941, Plat Records of Union County, Oregon.

SITUATE IN Sections 25, 26, 27, 28 and 34, Township 5 South, Range 39 East of the Willamette Meridian in the County of Union, State of Oregon.

TRACT "B"

IN TOWNSHIP 5 SOUTH, RANGE 39 EAST OF THE WILLAMETTE MERIDIAN

Section 34: The east half except the south 75 acres.

SITUATE IN the County of Union, State of Oregon.

TRACT "C"

A tract of land situated in the north half of the northwest quarter of Section 22, Township 6 South, Range 38 East of the Willamette Meridian, said tract being more particularly described as follows:

Beginning at a point on the west line of said Section 22, said point being 330.00 feet south of the northwest corner of said Section 22; thence South along the west line of said Section 22, a distance of 860.00 feet; thence East, parallel with the north line of said Section 22, a distance of 1980.00 feet; thence North, parallel with the north line of said Section 22, a distance of 1980.00 feet, to the Point of Beginning of this description.

TOGETHER WITH a perpetual, non-exclusive easement for roadway purposes 40 feet in width upon the existing roadway as same is now located over and across land conveyed by deeds recorded as Microfilm Document No. 143567 and 140512, re-recorded as Microfilm Document No. 14-1053, Union County records, for ingress and egress to and from any county road or other public highway.

SITUATE IN the County of Union, State of Oregon.

TRACT "D":

IN TOWNSHIP 6 SOUTH, RANGE 38 EAST OF THE WILLAMETTE MERIDIAN

Section 9: The east half of west half, west half of northeast quarter and southeast quarter;

Section 10: The southwest quarter;

Section 15: The west half;

Section 16: The east half and south half of southwest quarter; EXCEPTING the following two parcels:

1. All of the southwest quarter of southwest quarter of Section 16, excepting the right of way of Union County Road No. 102, known as Tucker Flat; the west half of northwest quarter of southeast quarter of southwest quarter; and the northwest quarter of southwest quarter of southeast quarter of southwest quarter.

2. An irregularly shaped parcel in the west half of northeast quarter of Section 16, bounded on the west by the west quarter section line and bounded on the other sides by a perimeter line located 100 feet horizontally above and beyond the contour line of 3971 feet above mean sea level elevation.

Section 22: The north half of northwest quarter and the west 57 rods of the northwest quarter of northeast quarter otherwise described as the west 28 1/2 acres of said northwest quarter of northeast quarter.

EXCEPT a tract of land situated in the north half of the northwest quarter of Section 22, described as follows:

Beginning at a point on the west line of said Section 22, said point being 330.00 feet south of the northwest corner of said Section 22; thence South along the west line of said Section 22, a distance of 860.00 feet; thence East, parallel with the north line of said Section 22, a distance of 1980.00 feet; thence North, parallel with the west line of said Section 22, a distance of 860.00 feet; thence West, parallel with the north line of said Section 22, a distance of 1980.00 feet, to the point of beginning of this description.

SITUATE IN the County of Union, State of Oregon.

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SALEM OREGON

**RECORDATION REQUESTED BY:**

Community Bank  
Baker City Branch  
1190 Campbell St  
PO Box 806  
Baker City, OR 97814

**WHEN RECORDED MAIL TO:**

Community Bank  
Baker City Branch  
1190 Campbell St  
PO Box 806  
Baker City, OR 97814

**SEND TAX NOTICES TO:**

Community Bank  
Baker City Branch  
1190 Campbell St  
PO Box 806  
Baker City, OR 97814

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY



\*0340\*

**DEED OF TRUST**

THIS DEED OF TRUST is dated October 17, 2007, among CHRISTOPHER M HEFFERNAN and DONNA L HEFFERNAN, not personally but as Trustees on behalf of HEFFERNAN FAMILY TRUST for TRACT A & TRACT B; and CHRISTOPHER M HEFFERNAN, DONNA L HEFFERNAN for TRACT C & TRACT D ("Grantor"); Community Bank, whose address is Baker City Branch, 1190 Campbell St, PO Box 806, Baker City, OR 97814 (referred to below sometimes as "Lender" and sometimes as "Beneficiary"); and ABSTRACT & TITLE COMPANY, whose address is PO BOX 489, LA GRANDE, OR 97850 (referred to below as "Trustee").

CONVEYANCE AND GRANT. For valuable consideration, represented in the Note dated October 17, 2007, in the original principal amount of \$1,415,436.00, from Borrower to Lender, Grantor conveys to Trustee for the benefit of Lender as Beneficiary all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in UNION County, State of Oregon:

**SEE ATTACHED EXHIBIT A**

The Real Property or its address is commonly known as 53365 JIMMY CREEK and 63600 VIEWPOINT LANE, NORTH POWDER, OR 97667. The Real Property tax identification number is Code 8-4 05S39 4200 APN 9859, Code 8-4 05S39 3200 APN 9846, 4100 APN 9858, 4200 APN 9859, 2206 APN 17254, 2200 APN 9797, 2200 APN 9878.

CROSS-COLLATERALIZATION. In addition to the Note, this Deed of Trust secures all obligations, debts and liabilities, plus interest thereon, of either Grantor or Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower and Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Borrower or Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

Grantor presently assigns to Lender (also known as Beneficiary in this Deed of Trust) all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS DEED OF TRUST. THIS DEED OF TRUST IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

GRANTOR'S REPRESENTATIONS AND WARRANTIES. Grantor warrants that: (a) this Deed of Trust is executed at Borrower's request and not at the request of Lender; (b) Grantor has the full power, right, and authority to enter into this Deed of Trust and to hypothecate the Property; (c) the provisions of this Deed of Trust do not conflict with, or result in a default under any agreement or other instrument binding upon Grantor and do not result in a violation of any law, regulation, court decree or order applicable to Grantor; (d) Grantor has established adequate means of obtaining from Borrower on a continuing basis information about Borrower's financial condition; and (e) Lender has made no representation to Grantor about Borrower (including without limitation the creditworthiness of Borrower).

GRANTOR'S WAIVERS. Grantor waives all rights or defenses arising by reason of any "one action" or "anti-deficiency" law, or any other law which may prevent Lender from bringing any action against Grantor, including a claim for deficiency to the extent Lender is otherwise entitled to a claim for deficiency, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale.

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Deed of Trust, Borrower and Grantor shall pay to Lender all indebtedness secured by this Deed of Trust as it becomes due, and Borrower and Grantor shall strictly perform all their respective obligations under the Note, this Deed of Trust, and the Related Documents.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Borrower and Grantor agree that Borrower's and Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property. The following provisions relate to the use of the Property or to other limitations on the Property. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER CHAPTER 1, OREGON LAWS 2005 (BALLOT MEASURE 37 (2004)). 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 APPROVED USES, 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 CHAPTER 1, OREGON LAWS 2005 (MEASURE 37 (2004)).

Duty to Maintain. Grantor shall maintain the Property in tenable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to

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the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

**Removal of Improvements.** Grantor shall not demolish or remove any improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such improvements with improvements of at least equal value.

**Lender's Right to Enter.** Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Deed of Trust.

**Compliance with Governmental Requirements.** Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

**Duty to Protect.** Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

**TAXES AND LIENS.** The following provisions relating to the taxes and liens on the Property are part of this Deed of Trust:

**Payment.** Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Deed of Trust, except for the lien of taxes and assessments not due and except as otherwise provided in this Deed of Trust.

**Right to Contest.** Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

**Evidence of Payment.** Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

**Notice of Construction.** Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialman's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

**PROPERTY DAMAGE INSURANCE.** The following provisions relating to insuring the Property are a part of this Deed of Trust.

**Maintenance of Insurance.** Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Trustee and Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption, and boiler insurance, as Lender may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

**Application of Proceeds.** Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Deed of Trust. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Deed of Trust, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the indebtedness. If Lender holds any proceeds after payment in full of the indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

**Grantor's Report on Insurance.** Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured, the then current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

**LENDER'S EXPENDITURES.** If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Deed of Trust or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Deed of Trust or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Deed of Trust also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

**WARRANTY; DEFENSE OF TITLE.** The following provisions relating to ownership of the Property are a part of this Deed of Trust:

**Title.** Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Deed of Trust, and (b) Grantor has the full right, power, and authority to execute and deliver this Deed of Trust to Lender.

**Defense of Title.** Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Lender under this Deed of Trust, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of

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Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

**Compliance With Laws.** Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

**Survival of Representations and Warranties.** All representations, warranties, and agreements made by Grantor in this Deed of Trust shall survive the execution and delivery of this Deed of Trust, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's indebtedness shall be paid in full.

**CONDEMNATION.** The following provisions relating to condemnation proceedings are a part of this Deed of Trust:

**Proceedings.** If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

**Application of Net Proceeds.** If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Trustee or Lender in connection with the condemnation.

**IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES.** The following provisions relating to governmental taxes, fees and charges are a part of this Deed of Trust:

**Current Taxes, Fees and Charges.** Upon request by Lender, Grantor shall execute such documents in addition to this Deed of Trust and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Deed of Trust, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Deed of Trust.

**Taxes.** The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Deed of Trust or upon all or any part of the indebtedness secured by this Deed of Trust; (2) a specific tax on Borrower which Borrower is authorized or required to deduct from payments on the indebtedness secured by this type of Deed of Trust; (3) a tax on this type of Deed of Trust chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the indebtedness or on payments of principal and interest made by Borrower.

**Subsequent Taxes.** If any tax to which this section applies is enacted subsequent to the date of this Deed of Trust, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

**SECURITY AGREEMENT; FINANCING STATEMENTS.** The following provisions relating to this Deed of Trust as a security agreement are a part of this Deed of Trust:

**Security Agreement.** This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

**Security Interest.** Upon request by Lender, Grantor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Deed of Trust in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

**Addresses.** The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Deed of Trust may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Deed of Trust.

**FURTHER ASSURANCES; ATTORNEY-IN-FACT.** The following provisions relating to further assurances and attorney-in-fact are a part of this Deed of Trust:

**Further Assurances.** At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or re-recorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Borrower's and Grantor's obligations under the Note, this Deed of Trust, and the Related Documents, and (2) the liens and security interests created by this Deed of Trust as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

**Attorney-in-Fact.** If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

**FULL PERFORMANCE.** If Borrower and Grantor pay all the indebtedness when due, and Grantor otherwise performs all the obligations imposed upon Grantor under this Deed of Trust, Lender shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Any reconveyance fee required by law shall be paid by Grantor, if permitted by applicable law.

**EVENTS OF DEFAULT.** Each of the following, at Lender's option, shall constitute an Event of Default under this Deed of Trust:

**Payment Default.** Borrower fails to make any payment when due under the indebtedness.

**Other Defaults.** Borrower or Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Deed of Trust or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower or Grantor.

**Compliance Default.** Failure to comply with any other term, obligation, covenant or condition contained in this Deed of Trust, the Note or in any of the Related Documents.

**Default on Other Payments.** Failure of Grantor within the time required by this Deed of Trust to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

**Environmental Default.** Failure of any party to comply with or perform when due any term, obligation, covenant or condition contained in any environmental agreement executed in connection with the Property.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or Grantor or on Borrower's or Grantor's behalf under this Deed of Trust or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Defective Collateralization.** This Deed of Trust or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

**Insolvency.** The dissolution or termination of the Trust, the insolvency of Borrower or Grantor, the appointment of a receiver for any part of Borrower's or Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower or Grantor.

**Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help,

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repossession or any other method, by any creditor of Borrower or Grantor or by any governmental agency against any property securing the indebtedness. This includes a garnishment of any of Borrower's or Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower or Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower or Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Breach of Other Agreement.** Any breach by Borrower or Grantor under the terms of any other agreement between Borrower or Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Borrower or Grantor to Lender, whether existing now or later.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the indebtedness. In the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

**Adverse Change.** A material adverse change occurs in Borrower's or Grantor's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired.

**Insecurity.** Lender in good faith believes itself insecure.

**Right to Cure.** If any default, other than a default in payment is curable and if Grantor has not been given a notice of a breach of the same provision of this Deed of Trust within the preceding twelve (12) months, it may be cured if Grantor, after receiving written notice from Lender demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

**RIGHTS AND REMEDIES ON DEFAULT.** If an Event of Default occurs under this Deed of Trust, at any time thereafter, Trustee or Lender may exercise any one or more of the following rights and remedies:

**Election of Remedies.** Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Deed of Trust, after Grantor's failure to perform, shall not effect Lender's right to declare a default and exercise its remedies.

**Accelerate Indebtedness.** Lender shall have the right at its option without notice to Borrower or Grantor to declare the entire indebtedness immediately due and payable, including any prepayment penalty which Borrower would be required to pay.

**Foreclosure.** With respect to all or any part of the Real Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law. If this Deed of Trust is foreclosed by judicial foreclosure, Lender will be entitled to a judgment which will provide that if the foreclosure sale proceeds are insufficient to satisfy the judgment, execution may issue for the amount of the unpaid balance of the judgment.

**UCC Remedies.** With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

**Collect Rents.** Lender shall have the right, without notice to Borrower or Grantor to take possession of and manage the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

**Appoint Receiver.** Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property pending foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

**Tenancy at Sufferance.** If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant-at-sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (1) pay a reasonable rental for the use of the Property, or (2) vacate the Property immediately upon the demand of Lender.

**Other Remedies.** Trustee or Lender shall have any other right or remedy provided in this Deed of Trust or the Note or available at law or in equity.

**Notice of Sale.** Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least fifteen (15) days before the time of the sale or disposition. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

**Sale of the Property.** To the extent permitted by applicable law, Borrower and Grantor hereby waives any and all rights to have the Property marshaled. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

**Attorneys' Fees; Expenses.** If Lender institutes any suit or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

**Rights of Trustee.** Trustee shall have all of the rights and duties of Lender as set forth in this section.

**POWERS AND OBLIGATIONS OF TRUSTEE.** The following provisions relating to the powers and obligations of Trustee are part of this Deed of Trust:

**Powers of Trustee.** In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the written request of Lender and Grantor: (a) join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

**Obligations to Notify.** Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Lender, or Trustee shall be a party, unless the action or proceeding is brought by Trustee.

**Trustee.** Trustee shall meet all qualifications required for Trustee under applicable law. In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

**Successor Trustee.** Lender, at Lender's option, may from time to time appoint a successor Trustee to any Trustee appointed under this Deed of Trust by an instrument executed and acknowledged by Lender and recorded in the office of the recorder of UNION County, State of Oregon. The instrument shall contain, in addition to all other matters required by state law, the names of the original Lender, Trustee, and

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Grantor, the book and page where this Deed of Trust is recorded, and the name and address of the successor trustee, and the instrument shall be executed and acknowledged by Lender or its successors in interest. The successor trustee, without conveyance of the Property, shall succeed to all the title, power, and duties conferred upon the Trustee in this Deed of Trust and by applicable law. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for substitution.

**NOTICES.** Any notice required to be given under this Deed of Trust, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Deed of Trust. All copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust shall be sent to Lender's address, as shown near the beginning of this Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

**EXHIBIT A.** An exhibit, titled "EXHIBIT A," is attached to this Deed of Trust and by this reference is made a part of this Deed of Trust just as if all the provisions, terms and conditions of the Exhibit had been fully set forth in this Deed of Trust.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Deed of Trust:

**Amendments.** This Deed of Trust, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration of or amendment to this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Annual Reports.** If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

**Caption Headings.** Caption headings in this Deed of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

**Merger.** There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

**Governing Law.** This Deed of Trust will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Oregon without regard to its conflicts of law provisions. This Deed of Trust has been accepted by Lender in the State of Oregon.

**Joint and Several Liability.** All obligations of Borrower and Grantor under this Deed of Trust shall be joint and several, and all references to Grantor shall mean each and every Grantor, and all references to Borrower shall mean each and every Borrower. This means that each Grantor signing below is responsible for all obligations in this Deed of Trust.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Deed of Trust unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Deed of Trust shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Deed of Trust. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Deed of Trust, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Severability.** If a court of competent jurisdiction finds any provision of this Deed of Trust to be illegal, invalid, or unenforceable as to any person or circumstances, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other person or circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Deed of Trust. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Deed of Trust shall not effect the legality, validity or enforceability of any other provision of this Deed of Trust.

**Successors and Assigns.** Subject to any limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Deed of Trust and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Deed of Trust or liability under the indebtedness.

**Time is of the Essence.** Time is of the essence in the performance of this Deed of Trust.

**Waiver of Homestead Exemption.** Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Oregon as to all indebtedness secured by this Deed of Trust.

**Commercial Deed of Trust.** Grantor agrees with Lender that this Deed of Trust is a commercial deed of trust and that Grantor will not change the use of the Property without Lender's prior written consent.

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Deed of Trust. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Uniform Commercial Code:

**Beneficiary.** The word "Beneficiary" means Community Bank, and its successors and assigns.

**Borrower.** The word "Borrower" means THE HEFFERNAN FAMILY TRUST and includes all co-signers and co-makers signing the Note and all their successors and assigns.

**Deed of Trust.** The words "Deed of Trust" mean this Deed of Trust among Grantor, Lender, and Trustee, and includes without limitation all assignment and security interest provisions relating to the Personal Property and Rents.

**Default.** The word "Default" means the Default set forth in this Deed of Trust in the section titled "Default".

**Event of Default.** The words "Event of Default" mean any of the events of default set forth in this Deed of Trust in the events of default section of this Deed of Trust.

**Grantor.** The word "Grantor" means THE HEFFERNAN FAMILY TRUST, CHRISTOPHER M HEFFERNAN and DONNA L HEFFERNAN.

**Guarantor.** The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the indebtedness.

**Guaranty.** The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

**Improvements.** The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

**Indebtedness.** The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of, and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Trustee or Lender to enforce Grantor's obligations under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust. Specifically, without limitation, indebtedness includes all amounts that may be indirectly secured by the Cross-Collateralization provision of this Deed of Trust.

**Lender.** The word "Lender" means Community Bank, its successors and assigns.

**Note.** The word "Note" means the promissory note dated October 17, 2007, in the original principal amount of \$1,415,436.00 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations

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of, and substitutions for the promissory note or agreement. The maturity date of the Note is October 17, 2009.

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all acccessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Deed of Trust.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

Trustee. The word "Trustee" means ABSTRACT & TITLE COMPANY, whose address is PO BOX 489, LA GRANDE, OR 97850 and any substitute or successor trustees.

EACH GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST, AND EACH GRANTOR AGREES TO ITS TERMS.

GRANTOR:

THE HEFFERNAN FAMILY TRUST

By: Christopher M Heffernan  
CHRISTOPHER M HEFFERNAN, Trustee of THE HEFFERNAN FAMILY TRUST

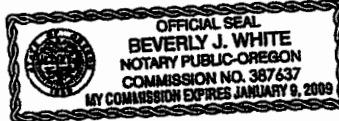
By: Donna L Heffernan  
DONNA L HEFFERNAN, Trustee of THE HEFFERNAN FAMILY TRUST

By: Christopher M Heffernan  
CHRISTOPHER M HEFFERNAN, Individually

By: Donna L Heffernan  
DONNA L HEFFERNAN, Individually

TRUST ACKNOWLEDGMENT

STATE OF Oregon  
COUNTY OF Baker

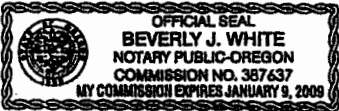


On this 30th day of October, 2007, before me, the undersigned Notary Public, personally appeared CHRISTOPHER M HEFFERNAN, Trustee of THE HEFFERNAN FAMILY TRUST and DONNA L HEFFERNAN, Trustee of THE HEFFERNAN FAMILY TRUST, and known to me to be authorized trustees or agents of the trust that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act and deed of the trust, by authority set forth in the trust documents or, by authority of statute, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute this Deed of Trust and in fact executed the Deed of Trust on behalf of the trust.

By: Beverly J. White Residing at Baker City  
Notary Public in and for the State of Oregon My commission expires 1-9-09

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Oregon  
COUNTY OF Baker



On this day before me, the undersigned Notary Public, personally appeared CHRISTOPHER M HEFFERNAN and DONNA L HEFFERNAN, to me known to be the individuals described in and who executed the Deed of Trust, and acknowledged that they signed the Deed of Trust as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 30 day of October, 2007.  
By: Beverly J. White Residing at Baker City  
Notary Public in and for the State of Oregon My commission expires 1-9-09

REQUEST FOR FULL RECONVEYANCE  
(To be used only when obligations have been paid in full)

To: \_\_\_\_\_ Trustee  
The undersigned is the legal owner and holder of all indebtedness secured by this Deed of Trust. All sums secured by this Deed of Trust have been fully paid and satisfied. You are hereby directed, upon payment to you of any sums owing to you under the terms of this Deed of Trust or pursuant to any applicable statute, to cancel the Note secured by this Deed of Trust (which is delivered to you together with this Deed of Trust), and to reconvey, without warranty, to the parties designated by the terms of this Deed of Trust, the estate now held by you under this Deed of Trust. Please mail the reconveyance and Related Documents to:

Date: \_\_\_\_\_ Beneficiary: \_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

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EXHIBIT A

This EXHIBIT A is attached to and by this reference is made a part of the Deed of Trust, dated October 17, 2007, and executed in connection with a loan or other financial accommodations between COMMUNITY BANK and THE HEFFERNAN FAMILY TRUST.

Per the Attached

THIS EXHIBIT A IS EXECUTED ON OCTOBER 17, 2007.

GRANTOR:

THE HEFFERNAN FAMILY TRUST

By:   
CHRISTOPHER M HEFFERNAN, Trustee of THE HEFFERNAN FAMILY TRUST

By:   
DONNA L HEFFERNAN, Trustee of THE HEFFERNAN FAMILY TRUST

X:   
CHRISTOPHER M HEFFERNAN, Individually

X:   
DONNA L HEFFERNAN, Individually

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Oregon Water Resources Department
Land Use Information Form

THIS FORM IS NOT REQUIRED IF: 1) water is to be diverted, conveyed, and/or used only on federal lands; or 2) the application is for a water-right transfer, allocation of conserved water, exchange, permit amendment, or ground water registration modification, and all of the following apply: a) only the place of use is proposed for change, b) there are no structural changes, c) the use of water is for irrigation, and d) the use is located in an irrigation district or exclusive farm-use zone.

Applicant Name: Heffernan Family Trust
Mailing Address: 63600 Viewpoint Ln
City: North Powder State: OR Zip: 97867 Day Phone: 541-898-2507

This application is related to a Measure 37 claim. [ ] Yes [x] No

A. Land and Location

Please include the following information for all tax lots where water will be diverted (taken from its source), conveyed (transported), or used. Applicants for municipal use, or irrigation uses within irrigation districts may substitute existing and proposed service-area boundaries for the tax-lot information requested below.

Table with 8 columns: Township, Range, Section, 1/4 1/4, Tax Lot #, Plan Designation (e.g. Rural Residential/RR-5), Water to be: (Diverted, Conveyed, Used), Proposed Land Use. Row 1: 55, 34, 4100, EFU A-1.

List all counties and cities where water is proposed to be diverted, conveyed, or used.

B. Description of Proposed Use

Type of application to be filed with the Water Resources Department:

- Permit to Use or Store Water, Water-Right Transfer, Exchange of Water, Allocation of Conserved Water, Limited Water Use License, Permit Amendment or Ground Water Registration Modification

Source of water: [ ] Reservoir/Pond [x] Ground Water [ ] Surface Water (name)

Estimated quantity of water needed: [ ] cubic feet per second [ ] gallons per minute [ ] acre-feet

Intended use of water: [x] Irrigation [ ] Commercial [ ] Industrial [ ] Domestic for household(s)
[ ] Municipal [ ] Quasi-municipal [ ] Instream [ ] Other

Briefly describe: Center pivot irrigation of farm ground.

Note to applicant: If the Land Use Information Form cannot be completed while you wait, please have a local government representative sign the receipt below and include it with the application filed with the Water Resources Department.

Receipt for Request for Land Use Information

State of Oregon
Water Resources Department
725 Summer Street NE, Suite A
Salem, OR 97301-1266

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## For Local Government Use Only

The following section must be completed by a planning official from each county and city listed unless the project will be located entirely within the city limits. In that case, only the city planning agency must complete this form.

This deals only with the local land-use plan. Do not include approval for activities such as building or grading permits.

**Please check the appropriate box below and provide the requested information**

Land uses to be served by proposed water uses (including proposed construction) are allowed outright or are not regulated by your comprehensive plan. Cite applicable ordinance section(s): UCZP 5D Sec. 2.03

Land uses to be served by proposed water uses (including proposed construction) involve discretionary land-use approvals as listed in the table below. (Please attach documentation of applicable land-use approvals which have already been obtained. Record of Action/land-use decision and accompanying findings are sufficient.)

**If approvals have been obtained but all appeal periods have not ended, check "Being pursued".**

Type of Land-Use Approval Needed (e.g. plan amendments, rezones, conditional-use permits, etc.)	Cite Most Significant, Applicable Plan Policies & Ordinance Section References	Land-Use Approval:	
		<input type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being pursued <input type="checkbox"/> Not being pursued
		<input type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being pursued <input type="checkbox"/> Not being pursued
		<input type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being pursued <input type="checkbox"/> Not being pursued
		<input type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being pursued <input type="checkbox"/> Not being pursued
		<input type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being pursued <input type="checkbox"/> Not being pursued

Local governments are invited to express special land-use concerns or make recommendations to the Water Resources Department regarding this proposed use of water below, or on a separate sheet.

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Name: Scott Hartell Title: Associate Planner  
 Signature: Scott Hartell Phone: 963-1012 Date: 10-15-08  
 Government Entity: Union County

**Note to local government representative:** Please complete this form or sign the receipt below and return it to the applicant. If you sign the receipt, you will have 30 days from the Water Resources Department's notice date to return the completed Land Use Information Form or WRD may presume the land use associated with the proposed use of water is compatible with local comprehensive plans.

**Receipt for Request for Land Use Information**

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Applicant name: \_\_\_\_\_

**WATER RESOURCES DEPT  
SALEM, OREGON**

City or County: \_\_\_\_\_ Staff contact: \_\_\_\_\_

Signature: \_\_\_\_\_ Phone: \_\_\_\_\_ Date: \_\_\_\_\_