



Oregon Water Resources Department
 725 Summer Street NE, Suite A
 Salem Oregon 97301-1266
 (503) 986-0900
 www.wrd.state.or.us

Application for a Permit to Use Surface 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.

1. APPLICANT INFORMATION

A. Applicants

Applicant: JOHN ROTH
First Last

Mailing Address: P.O. BOX 362

BANDON OR 97411
City State Zip

Phone: (541) 297-6292 _____
Home Work Other

*Fax: _____ *Email Address: _____

B. Organizations

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

Name of Organization: _____ **RECEIVED**

Name and Title of Person Applying: _____ **APR 28 2010**

Mailing Address or Organization: _____ **WATER RESOURCES DEPT
SALEM, OREGON**

City State Zip

Phone : _____
Day Evening

*Fax: _____ *Email Address: _____

*Optional

| For Department Use | | |
|-------------------------|------------------|------------|
| App. No. <u>S-87597</u> | Permit No. _____ | Date _____ |

2. SOURCE AND PROPERTY OWNERSHIP

A. The Proposed Source of Water

Provide the commonly used name of the water body from which water will be diverted, and the name of the stream or lake it flows into. If unnamed, say so:

Source 1: STORAGE (Windhurst Res.) Tributary to: GEIGER CREEK

Source 2: Tributary to:

Source 3: Tributary to:

Source 4: Tributary to:

If any source listed above is stored water that is authorized under a water right permit, certificate, or decree, attach a copy of the document or list the document number (for decrees, list the volume, page and/or decree name).

R-12298 INCORRECT
R 12928

B. Applications to Use Stored Water

Complete this section if any source listed in item 2A above is stored water.

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Do you, or will you, own the reservoir(s) described in item 2A above?

Yes

No. (Please enclose a copy of your written notification to the operator of the reservoir of your intent to file this application, which you should have already mailed or delivered to the operator.)

If all sources listed in item 2A are stored water, the Department will review your application using the expedited process provided in ORS 537.147, unless you check the box below. Please see the instruction booklet for more information.

By checking this box, you are requesting that the Department process your application under the standard process outlined in ORS 537.150 and 537.153, rather than the expedited process provided by ORS 537.147. To file an application under the standard process, you must enclose the following:

- A copy of a signed non-expired contract or other agreement with the owner of the reservoir (if not you) to impound the volume of water you propose to use in this application.
- A copy of your written agreement with the party (if any) delivering the water from the reservoir to you.

C. Property Ownership

Do you own all the land where you propose to divert, transport, and use water?

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

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.

See attachment

3. 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: w
- 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 amount of water you propose to use from each source, for each use, in cubic feet-per-second (cfs) or gallons-per-minute (gpm). If the proposed use is from storage, provide the amount in acre-feet (af):

(1 cfs equals 448.8 gpm. 1 acre-foot equals 325,851 gallons or 43,560 cubic feet)

| Source | Type of use | Amount |
|---------|----------------------|---------------------------------------------------------------------------------------------------|
| STORAGE | CRANBERRY OPERATIONS | 105 <input type="radio"/> cfs <input type="radio"/> gpm <input checked="" type="radio"/> af |
| | | <input type="text"/> <input type="radio"/> cfs <input type="radio"/> gpm <input type="radio"/> af |
| | | <input type="text"/> <input type="radio"/> cfs <input type="radio"/> gpm <input type="radio"/> af |
| | | <input type="text"/> <input type="radio"/> cfs <input type="radio"/> gpm <input type="radio"/> af |

C. Period of Use

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

If you will be applying water to land, indicate the total number of acres where water will be applied or used: 58.7 ACRES
(This number should be consistent with your application map.)

4. WATER MANAGEMENT

A. Diversion

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

- Pump (give horsepower and pump type): 10 HP CENTRIFUGAL
- Head-gate (give dimensions): _____
- other means (describe): Water released from Windhurst Res via outlet control

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B. Monitoring

How will you monitor your diversion to be sure you are within the limits of your water right (allowed rate and duty) and you are not wasting water?

- Weir
- Meter
- Periodic Sampling
- other means (describe): _____

S-87597

C. 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 _____ Length _____

other, describe: Windhurst Res. to Gieger Cr. then pumped to ponds & re-pumped from ponds

D. Application/Distribution Method

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

Pumps, pipelines, sprinklers

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.

Standard accepted practices for cranberry operations. Water will be applied to bog areas. Water will be re-used when possible. Water will only be used when primary source deficient. Bulge in system ponds will be lined to minimize losses.

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5. RESOURCE PROTECTION

A. Protection Practices

In granting permission to use water from a stream or lake, the state encourages, and in some instances requires, careful control of activities that may affect the waterway or streamside area. See instruction guide for a list of possible permit requirements from other agencies. Please indicate any of the practices you plan to undertake to protect water resources.

- Diversion will be screened to prevent uptake of fish and other aquatic life. Describe planned actions:

Install fish screen to ODF&W standards

- Excavation or clearing of banks will be kept to a minimum to protect riparian or streamside areas. Describe planned actions:

None necessary

- Operating equipment in a water body will be managed and timed to prevent damage to aquatic life. Describe:

No equipment in Geiger Cr.

- Water quality will be protected by preventing erosion and run-off of waste or chemical products. Describe:

There will be no run-off

- Other:

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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: Has begun

Proposed date construction will be completed: 10/1/2015

Proposed date beneficial water use will begin: As soon as permit issued. (complete by 10/1/2015)

Is this project fully or partially funded by the American Recovery and Reinvestment Act? (Federal stimulus dollars) Yes No

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.

Property is in the name of Bills Creek LLC, however it is owned by the Roths.

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 points of diversion and place of use. The map must provide tax lot numbers. See the map guidelines sheet for detailed map specifications.

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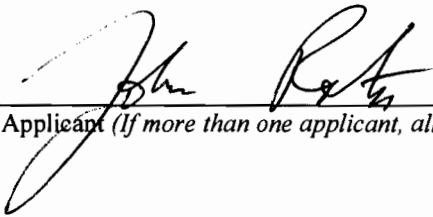
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9. SIGNATURE

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.)

4-5-10

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 or call (503) 986-0900.

WRD on the web:
www.wrd.state.or.us

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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: John Roth

Mailing Address: P.O. BOX 362

City: BANDON State: OR Zip: 97411 Day Phone: (541) 297-6292

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.

| Township | Range | Section | ¼ ¼ | Tax Lot # | Plan Designation (e.g. Rural Residential/RR-5) | Water to be: | | | Proposed Land Use: |
|----------|-------|---------|------|-----------|------------------------------------------------|----------------------------------------------|----------------------------------------------|------------------------------------------|--------------------|
| 28S | 14W | 32 | | 2001 | | <input checked="" type="checkbox"/> Diverted | <input checked="" type="checkbox"/> Conveyed | <input checked="" type="checkbox"/> Used | cranberry |
| 29S | 14W | 4 | nesw | 400 | | <input type="checkbox"/> Diverted | <input checked="" type="checkbox"/> Conveyed | <input type="checkbox"/> Used | pipeline |
| 29S | 14W | 4 | nwse | 700 | | <input checked="" type="checkbox"/> Diverted | <input checked="" type="checkbox"/> Conveyed | <input type="checkbox"/> Used | pipeline |
| | | | | | | <input type="checkbox"/> Diverted | <input type="checkbox"/> Conveyed | <input type="checkbox"/> Used | |

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

B. Description of Proposed Use

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

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

Source of water: Reservoir/Pond Ground Water Surface Water (name) Windhurst Reservoir

Estimated quantity of water needed: 105 cubic feet per second gallons per minute acre-feet

Intended use of water: Irrigation Commercial Industrial Domestic for _____ household(s)
 Municipal Quasi-municipal Instream Other Cranberry Operations

Briefly describe: We have contracted with owners of Windhurst Reservoir for use of stored water to be released into Geiger Cr. and re-pumped into a holding pond then to be pumped to cranberry bogs

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

S-87597

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): 4.8 & 4.9

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.

Name: Staci Leep Title: Planner
 Signature: Staci Leep Phone: 390-321x210 Date: 3/29/10
 Government Entity: Coos Co. Planning Dept

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.

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Receipt for Request for Land Use Information

APR 28 2010

WATER RESOURCES DEPT
SALMON, OREGON

Applicant name: John Roth
 City or County: Coos Staff contact: Staci Leep
 Signature: Staci Leep Phone: 390-321x210 Date: 3/29/10
5-82597

Accountant Express Bookkeeping Services
55319 Bates Road
Bandon, OR 97411
(541) 347-3554

June 24, 2009

To Whom It May Concern:

Ref: John Roth – Bandon Cranberry Water Control District, Windhurst Sub-district.

John Roth has requested a letter of subscriber record verification from the Bandon Cranberry Water Control District records.

Windhurst Reservoir – Equity and Bond Debt Responsibility

John Roth, Equity Holder, owns 25-acre feet of water. This is 5.94% of the total 421-acre feet of water within that portion of the Water District. As an Equity Holder, they assume the full bond debt until paid in full. They are part of a group of landowners that share this debt.

The Bond Debt established as of August 19, 1999 has no prepayments, and is for a 20-year term ending June 30, 2020. Assessments collected from the Subscribers of the Windhurst Sub-District are two times a year to cover these bond amount payments and they include the bank fees associated to the transfer of the funds for the Bond Debt payment. Subscribers pay interest only prior to February 1, principal and interest prior to August 1. Debt specific amounts are on the enclosed Debt Service Schedule. The bank fees generated separately are not included in the Bond Debt Service Schedule but are included in the calculations for the Assessment cost to the Subscriber. The cost of the bank fees portion is currently at \$1.045 per acre-feet, collected from the subscriber one time a year prior to August 1.

Windhurst Reservoir – Contracted Water Purchase Agreement

John Roth currently subscribes to 60-acre feet of water in the Windhurst Reservoir. These acre-feet are in addition to his equity holdings. There is no bond debt liability associated to these acre-feet.

If you have further questions please send correspondence to the Bandon Cranberry Water Control District, P.O. Box 1832, Bandon, OR 97411.

Thank you,



Sallee Belonga
Accountant Express Bookkeeping Services

CC: John Roth, BCWCD files.

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WATER RESOURCES DEPT
SALEM, OREGON

BILL OF SALE

FOR VALUABLE CONSIDERATION, receipt of which is here acknowledged, **Paul & Marlene Bauge** ("Seller") does hereby grant, bargain, sell, and deliver to **J & K Cranberries, Inc.** ("Buyer") all of Seller's right, title, and interest in and to that contractual right with the Bandon Cranberry Water Control District for 25 acre feet of water as stored annually in the Windhurst Road Reservoir ("Property").


Seller warrants to Buyer that Seller is the owner of the Property, that the Property is free and clear of all encumbrances except the contract with the Bandon Cranberry Water Control District and the bond entered into by the Bandon Cranberry Water Control District for the payment of the construction costs of the Windhurst Road Reservoir, and that Seller has good right to sell the Property.

The consideration for this conveyance is that Buyer will assume all of Seller's interest in the contract with respect to 25 acre feet and will make all payments as of February 24, 2009 and thereafter on this 25 acre feet. Seller specifically reserves unto itself the remaining acre feet under the contract between Seller and the Bandon Cranberry Water Control District.

DATED: June 16th, 2009.


Seller - Paul Bauge


Seller - Marlene Bauge


Buyer - J & K Cranberries, Inc
John Roth, President

Buyer

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**WATER RESOURCES DEPT
SALIDA, OREGON**

S-87597

BILL OF SALE

FOR VALUABLE CONSIDERATION, receipt of which is here acknowledged, **Paul & Marlene Bauge** ("Seller") does hereby grant, bargain, sell, and deliver to **J & K Cranberries, Inc.** ("Buyer") all of Seller's right, title, and interest in and to that contractual right with the Bandon Cranberry Water Control District for 20 acre feet of water as stored annually in the Windhurst Road Reservoir ("Property").

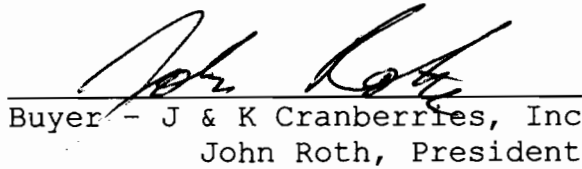
Seller warrants to Buyer that Seller is the owner of the Property, that the Property is free and clear of all encumbrances except the contract with the Bandon Cranberry Water Control District and the bond entered into by the Bandon Cranberry Water Control District for the payment of the construction costs of the Windhurst Road Reservoir, and that Seller has good right to sell the Property.

The consideration for this conveyance is that Buyer will assume all of Seller's interest in the contract with respect to **20 acre feet** and will make all payments as of **February 16, 2010** and thereafter on this **20 acre feet**. Seller specifically reserves unto itself the remaining acre feet under the contract between Seller and the Bandon Cranberry Water Control District.

DATED: Feb 16, 2010.


Seller - Paul Bauge


Seller - Marlene Bauge


Buyer - J & K Cranberries, Inc
John Roth, President

Buyer

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APR 28 2010
WATER RESOURCES DEPT
SALEM, OREGON

STATE OF OREGON

COUNTY OF COOS

PERMIT TO STORE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

WINDHURST ROAD WATERING CORPORATION
PO BOX 503
BANDON, OREGON 97411

(541)347-3062

The specific limits for the use are listed below along with conditions of use.

APPLICATION FILE NUMBER: R-69708

SOURCE OF WATER: BILL CREEK; A TRIBUTARY OF BEAR CREEK

POINT OF DIVERSION LOCATION: NE 1/4 SW 1/4, SECTION 3, T29S, R14W, W.M.;
1030 FEET SOUTH AND 2480 FEET EAST FROM W1/4 CORNER SECTION 3

STORAGE FACILITIES: 23 RESERVOIRS BEING WINDHURST: HAGA 1,2,3,4; BEE STING; SCHERER 1,2,3,4,5,6,7,8; MANICKE 1,2,3,4; RICHERT 1,2,3,4,& 5

PURPOSE OR USE OF THE STORED WATER: TO BE APPROPRIATED UNDER PERMIT 53703 FOR CRANBERRY OPERATIONS.

VOLUME OF USE: 614 ACRE-FEET EACH YEAR, BEING 470 ACRE-FEET IN WINDHURST, 9.1 ACRE-FEET IN HAGA #1, 5.0 ACRE-FEET IN HAGA #2, 2.9 ACRE-FEET IN HAGA #3, 6.0 ACRE-FEET IN HAGA #4, 23.0 ACRE-FEET IN BEE STING, 1.4 ACRE-FEET IN SCHERER #1, 1.4 ACRE-FEET IN SCHERER #2, 5.6 ACRE-FEET IN SCHERER #3, 7.0 ACRE-FEET IN SCHERER #4, 1.5 ACRE-FEET IN SCHERER #5, 4.2 ACRE-FEET IN SCHERER #6, 7.7 ACRE-FEET IN SCHERER #7, 4.2 ACRE-FEET IN SCHERER #8, 9.1 ACRE-FEET IN MANICKE #1, 9.1 ACRE-FEET IN MANICKE #2, 9.1 ACRE-FEET IN MANICKE #3, 2.7 ACRE-FEET IN MANICKE #4, 5.6 ACRE-FEET IN RICHERT #1, 9.1 ACRE-FEET IN RICHERT #2, 9.1 ACRE-FEET IN RICHERT #3, 5.6 ACRE-FEET IN RICHERT #4, AND 5.6 ACRE-FEET IN RICHERT #5

WATER MAY BE APPROPRIATED FOR STORAGE DURING THE PERIOD: NOVEMBER 1 THROUGH MAY 31.

DATE OF PRIORITY: SEPTEMBER 6, 1988, FOR 100 ACRE-FEET AND JUNE 1, 1994, FOR 514 ACRE-FEET

INSTANTANEOUS DIVERSION RATE: THE MAXIMUM DIVERSION RATE FROM BILL CREEK AUTHORIZED UNDER THIS PERMIT, COMBINED WITH THE DIVERSION AUTHORIZED

Application R-69708 Water Resources Department

Permit R-12928

S-87597

UNDER ANY PERMIT FOR APPLICATION S-69654, SHALL NOT EXCEED 2.75 CFS AND IS FURTHER LIMITED AS DESCRIBED BELOW:

Prior to any appropriation under this permit, the permittee shall install a staff gage downstream from the confluence of Bear Creek and Bill Creek and develop a medium flow rating curve for the range 10 cfs to 25 cfs. The staff gage shall be installed under the supervision of the District 19 watermaster at a suitable location within Section 34, Township 28 South, Range 14 West, W.M. and shall be accessible to ODFW and Water Resources staff. The staff gage and rating curve shall be maintained by the permittee to the satisfaction of the watermaster and shall at a minimum include two streamflow measurements per year. The rating curve and streamflow measurements shall be on file at the District 19 watermaster office and at the Water Resources Department in Salem.

Prior to any appropriation under this permit, the permittee shall also install a standardized weir and staff gage at the point of diversion. The weir shall be designed and installed to the satisfaction of the District 19 watermaster and the Coos-Coquille ODFW District Biologist. The weir shall be accessible to ODFW and Water Resources staff. The weir and staff gage shall be maintained by the permittee to the satisfaction of the watermaster. The weir shall not obstruct fish passage without providing a fishway to ensure adequate upstream and downstream passage for fish.

Appropriation of water under this permit, combined with the live flow diversion authorized under any permit for application S-69654, shall only occur when the flow on Bear Creek, as measured at the staff gage, exceeds 17 cfs. While appropriation is occurring under this permit, and any permit authorizing application S-69654, a flow of at least 17 cfs shall be maintained at the staff gage on Bear Creek. At no time shall the permittee, under this permit, in combination with any permit issued for application S-69654, divert more than 50% of the flow from Bill Creek, as measured at the weir, and at no time shall the combined diversions from this permit and any permit issued for S-69654 exceed 2.75 cfs. The permittee shall be responsible for monitoring streamflows so that these conditions are not violated.

The area submerged by the Windhurst Reservoir, when full, will be 23.0 acres and the maximum depth of water will be 24.0 feet. The maximum height of the dam shall not exceed 28.0 feet.

The area submerged by the Haga Reservoir #1, when full, will be 2.6 acres and the maximum depth of water will be 9.0 feet. The maximum height of the dam shall not exceed 7.0 feet.

The area submerged by the Haga Reservoir #2, when full, will be 0.8 acre and the maximum depth of water will be 10.0 feet. The maximum height of the dam shall not exceed 7.0 feet.

The area submerged by the Haga Reservoir #3, when full, will be 0.5 acre and the maximum depth of water will be 10.0 feet. The maximum height of the dam shall not exceed 7.0 feet.

The area submerged by the Haga Reservoir #4, when full, will be 0.6 acre and the maximum depth of water will be 13.0 feet. The maximum height of the dam shall not exceed 7.0 feet.

The area submerged by the Bee Sting Reservoir, when full, will be 2.0 acres and the maximum depth of water will be 23.0 feet. The maximum height of the dam shall not exceed 9.9 feet.

The area submerged by the Scherer Reservoir #1, when full, will be 0.4 acre and the maximum depth of water will be 10.0 feet. The maximum height of the dam shall not exceed 4.0 feet.

The area submerged by the Scherer Reservoir #2, when full, will be 0.4 acre and the maximum depth of water will be 10.0 feet. The maximum height of the dam shall not exceed 4.0 feet.

The area submerged by the Scherer Reservoir #3, when full, will be 0.9 acre and the maximum depth of water will be 10.0 feet. The maximum height of the dam shall not exceed 4.0 feet.

The area submerged by the Scherer Reservoir #4, when full, will be 1.0 acre and the maximum depth of water will be 10.0 feet. The maximum height of the dam shall not exceed 4.0 feet.

The area submerged by the Scherer Reservoir #5, when full, will be 0.5 acre and the maximum depth of water will be 8.0 feet. The maximum height of the dam shall not exceed 4.0 feet.

The area submerged by the Scherer Reservoir #6, when full, will be 0.7 acre and the maximum depth of water will be 8.0 feet. The maximum height of the dam shall not exceed 4.0 feet.

The area submerged by the Scherer Reservoir #7, when full, will be 1.0 acre and the maximum depth of water will be 11.0 feet. The maximum height of the dam shall not exceed 4.0 feet.

The area submerged by the Scherer Reservoir #8, when full, will be 0.5 acre and the maximum depth of water will be 12.0 feet. The maximum height of the dam shall not exceed 4.0 feet.

The area submerged by the Manicke Reservoir #1, when full, will be 1.1 acres and the maximum depth of water will be 11.5 feet. The maximum height of the dam shall not exceed 9.9 feet.

The area submerged by the Manicke Reservoir #2, when full, will be 1.0 acre and the maximum depth of water will be 12.0 feet. The maximum height of the dam shall not exceed 9.9 feet.

The area submerged by the Manicke Reservoir #3, when full, will be 1.0 acre and the maximum depth of water will be 12.0 feet. The maximum height of the dam shall not exceed 9.9 feet.

The area submerged by the Manicke Reservoir #4, when full, will be 0.3 acre and the maximum depth of water will be 10.5 feet. The maximum height of the dam shall not exceed 9.9 feet.

The area submerged by the Richert Reservoir #1, when full, will be 0.9 acre and the maximum depth of water will be 10.0 feet. The maximum height of the dam shall not exceed 6.0 feet.

The area submerged by the Richert Reservoir #2, when full, will be 1.0 acre and the maximum depth of water will be 10.0 feet. The maximum height of the dam shall not exceed 6.0 feet.

The area submerged by the Richert Reservoir #3, when full, will be 0.7 acre and the maximum depth of water will be 12.0 feet. The maximum height of the dam shall not exceed 6.0 feet.

The area submerged by the Richert Reservoir #4, when full, will be 0.7 acre and the maximum depth of water will be 11.0 feet. The maximum height of the dam shall not exceed 6.0 feet.

The area submerged by the Richert Reservoir #5, when full, will be 0.6 acre and the maximum depth of water will be 13.0 feet. The maximum height of the dam shall not exceed 6.0 feet.

THE AREAS TO BE SUBMERGED BY THE RESERVOIR ARE LOCATED AS FOLLOWS:

NE 1/4 NE 1/4 MANICKE #1
SECTION 32

NW 1/4 NW 1/4 MANICKE #2
SW 1/4 NW 1/4 MANICKE #2,3
SE 1/4 NW 1/4 MANICKE #4
SECTION 33

TOWNSHIP 28 SOUTH, RANGE 14 WEST, W.M.

NW 1/4 SW 1/4 HAGA #1
SECTION 3

SW 1/4 NW 1/4 SCHERER #5
NE 1/4 SW 1/4 BEE STING
NW 1/4 SW 1/4 SCHERER #7,8
SW 1/4 SW 1/4 HAGA #4
SE 1/4 SW 1/4 HAGA #2,3, BEE STING
NE 1/4 SE 1/4 WINDHURST, HAGA #4
NW 1/4 SE 1/4 WINDHURST
SECTION 4

NE 1/4 NE 1/4 SCHERER #3
SW 1/4 NE 1/4 SCHERER #1
SE 1/4 NE 1/4 SCHERER #2,3,4
NE 1/4 SE 1/4 SCHERER #6
SECTION 5

NE 1/4 NE 1/4 RICHERT #2
NW 1/4 NE 1/4 RICHERT #1,3
SW 1/4 NE 1/4 RICHERT #5,4
SECTION 9

TOWNSHIP 29 SOUTH, RANGE 14 WEST, W.M.

Measurement, recording and reporting conditions:

- A. Before water use may begin under this permit, the permittee shall install a totalizing flow meter at the point of diversion. The permittee shall maintain the meter in good working order, shall keep a complete record of the amount of water used each month and shall submit a report which includes the recorded water use measurements to the Department annually or more frequently as may be required by the Director. Further, the Director may require the permittee to report general water use information, including the place and nature of use of water under the permit.

S-87597

- B. The permittee shall allow the watermaster access to the meter; provided however, where the meter is located within a private structure, the watermaster shall request access upon reasonable notice.

Before water use may begin under this permit, a staff gage that measures the entire range and stage between full reservoir level dead pool storage must be installed in each reservoir. The staff gage shall be United States Geological Survey style porcelain enamel iron staff gage style A, C, E or I.

At the point of diversion from Bill Creek the permittee shall install, maintain, and operate fish screening to prevent fish from entering the proposed diversion. The point of diversion works shall not obstruct fish passage without providing a fishway to ensure adequate upstream and downstream passage for fish. The required screens and, if necessary fishways, shall be in place, functional, and approved by Oregon Department of Fish and Wildlife before diversion of any water.

The earthen dam, the resultant reservoir, and the emergency spillway, shall be constructed and maintained according to the approved plans and specifications on file with the Oregon Water Resources Dam Safety program.

No fill shall be placed until preparation of the foundation has been completed and examined in entirety by the engineer of record, or by the Water Resources Dam Safety Engineer, or both.

Any significant change in the approved design prior to or during construction shall be documented by the engineer of record in a letter to Dam Safety. All construction shall be performed under the supervision of a registered professional engineer licensed in Oregon.

No water shall be stored until the Water Resources Department receives written certification from the engineer of record that construction has been completed in accordance with the approved plans and specifications. If construction deviates from the approved design a set of reproducible asbuilt drawings, including a revised reservoir capacity graph/table, must accompany the engineer's written certification of completion.

The outlet gate shall be cycled at least once each year and shall be fully operational at all times.

Routine maintenance of the dam and all appurtenant structures shall be performed as necessary to remove trees, brush and debris, and to repair slumps, areas of erosion, or defective equipment.

The completed structure shall not be enlarged, modified, altered or otherwise changed without the prior written approval of the Director of the Water Resources Department or the Director's authorized representative. Except for routine repair and maintenance, plans and specifications prepared by an Oregon licensed engineer are required for any significant modification, alteration, or rehabilitation of the dam, spillway or appurtenant structures.

Use under this permit is limited to the reservoir area. This permit does not provide for the appropriation of water for maintaining the water level or maintaining a suitable fresh water condition.

STANDARD CONDITIONS

Failure to comply with any of the provisions of this permit may result in action including, but not limited to, restrictions on the use, civil penalties, or cancellation of the permit.

This permit is for the beneficial use of water without waste. The water user is advised that new regulations may require the use of best practical technologies or conservation practices to achieve this end.

By law, the land use associated with this water use must be in compliance with statewide land-use goals and any local acknowledged land-use plan.

The use of water allowed herein may be made only at times when sufficient water is available to satisfy all prior rights, including prior rights for maintaining instream flows.

The Director finds that the proposed use(s) of water described by this permit, as conditioned, will not impair or be detrimental to the public interest.

Actual construction work shall begin within one year from permit issuance. Complete application of the water to the use shall be made on or before October 1, 2005.

Issued October 10, 2000


Paul R. Cleary, Director
Water Resources Department

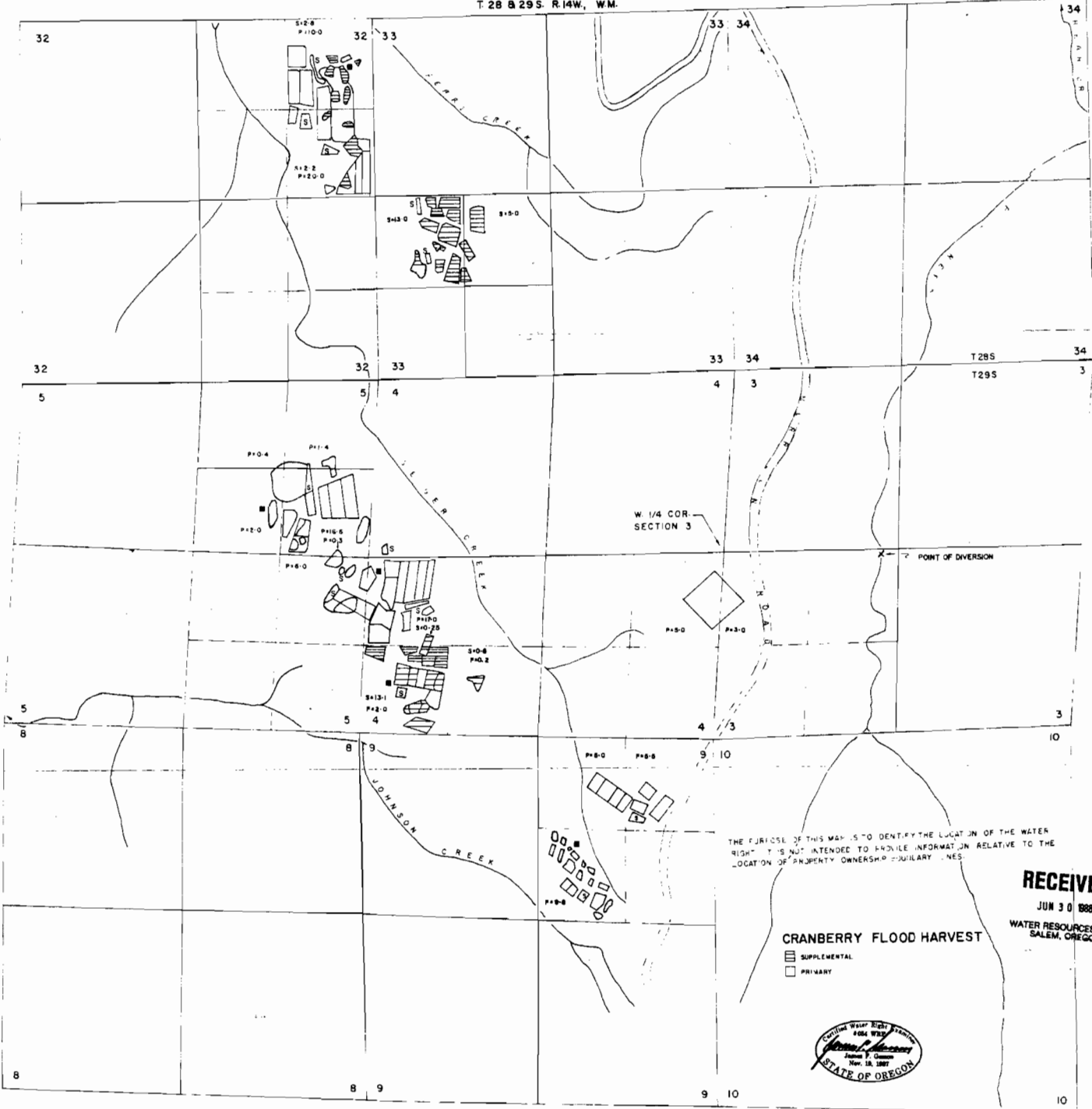
Application R-69708 Water Resources Department
Basin 17 Volume 3 BEAR CREEK AND MISC

Permit R-12928
DISTRICT 19

S-87597

APPLICATION MAP
 FOR: W. R. SCHERER, C. G. SCHERER, R. O. HAGA, D. F. RICHERT, L. E. MEYER, & B. L. MANICKE
 TAKEN IN THE NAME AS FOLLOWS: dba WINDHURST RD. WATER CORP.
 T. 28 & 29S. R. 14W., WM.

N
 1" = 800'



THE PURPOSE OF THIS MAP IS TO IDENTIFY THE LOCATION OF THE WATER RIGHT. IT IS NOT INTENDED TO PROVIDE INFORMATION RELATIVE TO THE LOCATION OF PROPERTY OWNERSHIP BOUNDARIES.

CRANBERRY FLOOD HARVEST
 [S] SUPPLEMENTAL
 [P] PRIMARY

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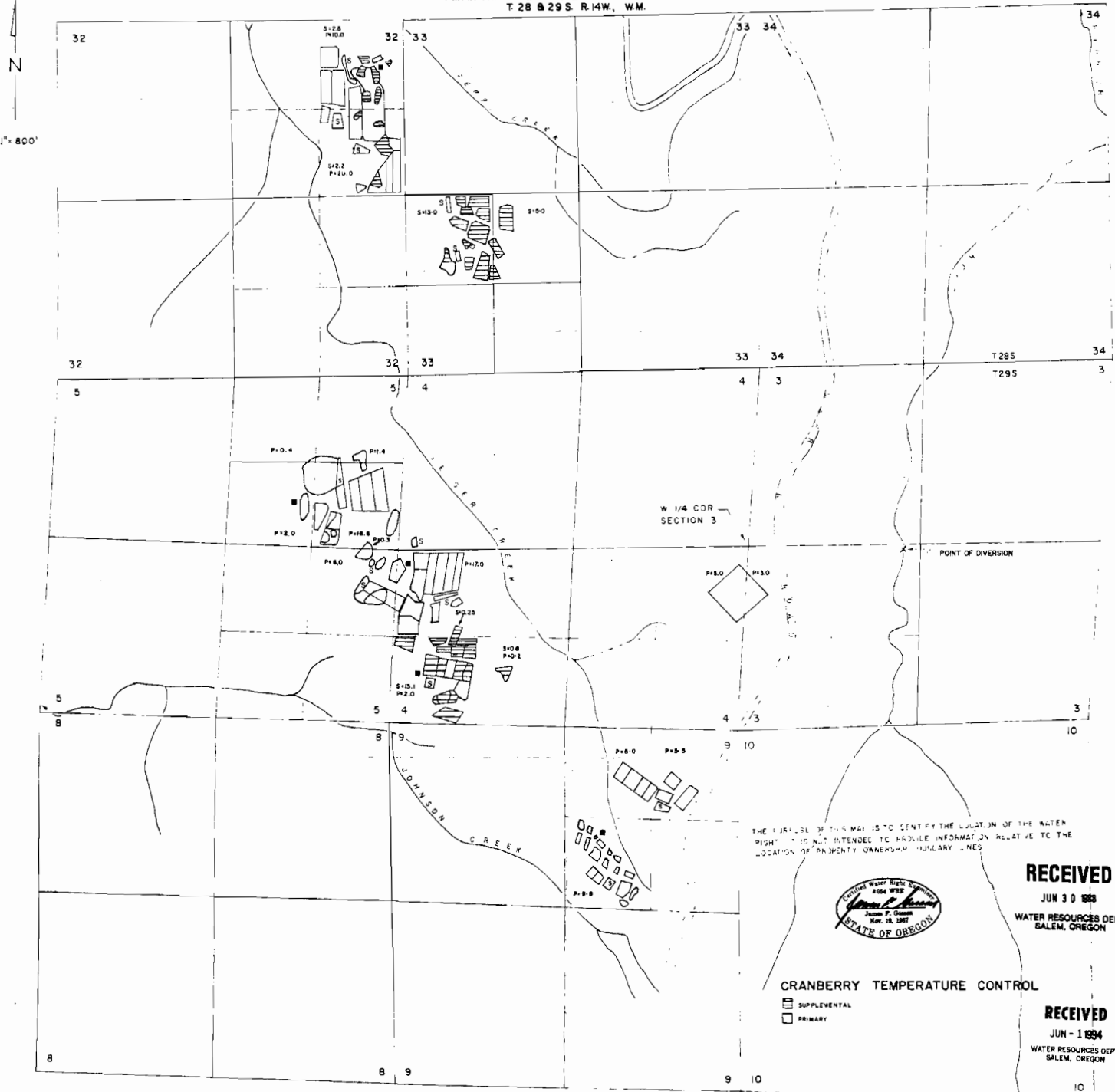
Application No. 869654 & R-69708
 Permit No. 253703 R-12928

P.O.C. - 40 FT. S. & 34 FT. E. IN THE WEST 1/4 CORNER OF SECTION 3.

S-87597

APPLICATION MAP

FOR: W. R. SCHERER, C. G. SCHERER, R. O. HAGA, D. F. RICHERT, L. E. MEYER, & B. L. MANICKE
 TAKEN IN THE NAME AS FOLLOWS: dba WINDHURST RD. WATER CORP.
 T. 28 & 29 S. R. 14 W., W.M.



THE PURPOSE OF THIS MAP IS TO CERTIFY THE LOCATION OF THE WATER RIGHT. IT IS NOT INTENDED TO PROVIDE INFORMATION RELATIVE TO THE LOCATION OF PROPERTY OWNERSHIP BOUNDARY LINES.



CRANBERRY TEMPERATURE CONTROL

- SUPPLEMENTAL
- PRIMARY

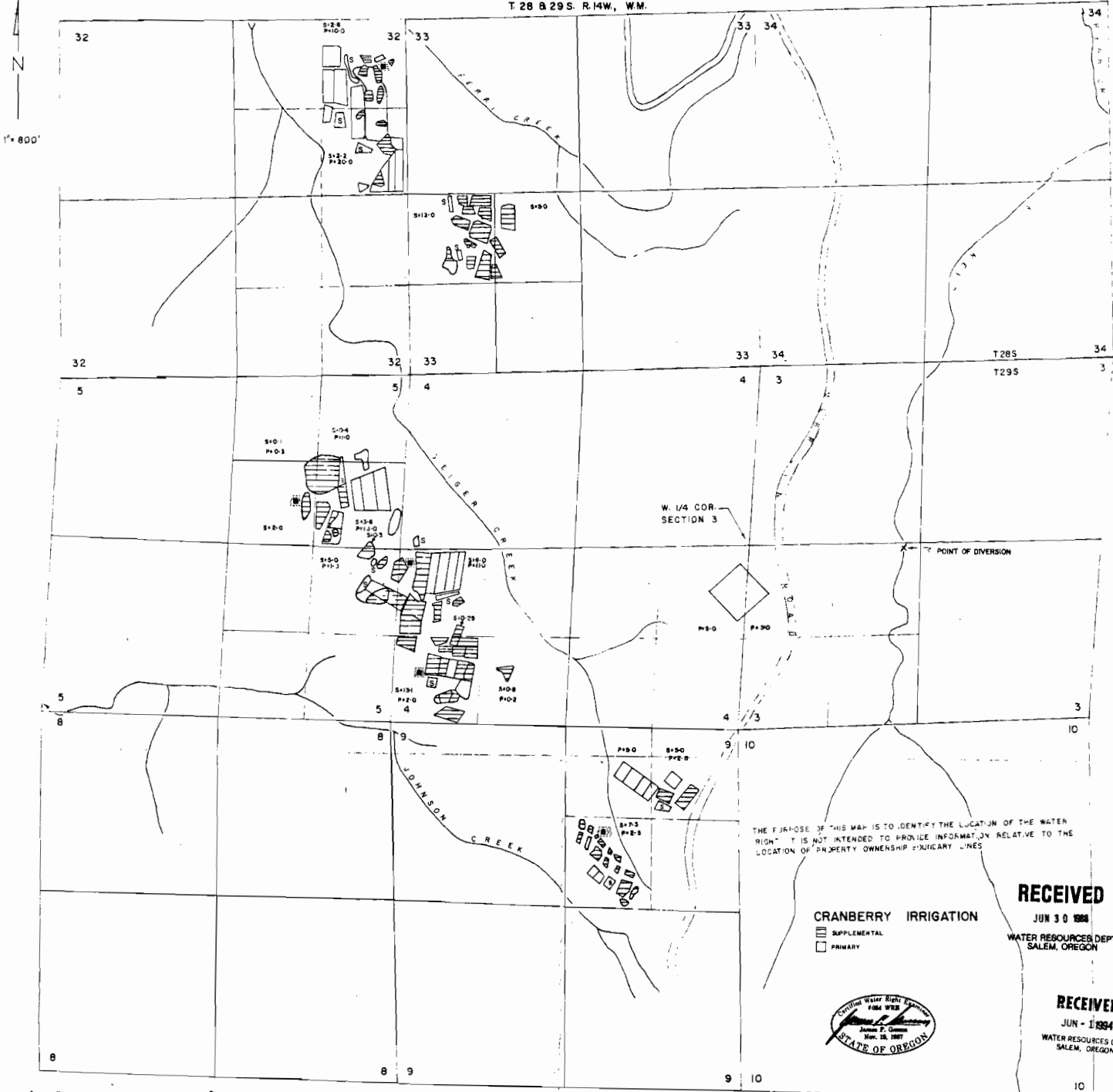
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 WATER RESOURCES DEPT.
 SALEM, OREGON

RECEIVED
 JUN - 1 1984
 WATER RESOURCES DEPT.
 SALEM, OREGON

Application No. 69654 & R-69708
 Permit No. 5203 R12528

P.O.D. IS 40 FT S & 34 FT E FROM THE
 N.W. CORNER OF SECTION 3.

APPLICATION MAP
 FOR: WR. SCHERER, C.G. SCHERER, R.O. HAGA, D.F. RICHERT, L.E. MEYER, & B.L. MANICKE
 TAKEN IN THE NAME AS FOLLOWS: dba WINDHURST RD. WATER CORP.
 T. 28 & 29 S. R. 14W., W.M.



THE PURPOSE OF THIS MAP IS TO IDENTIFY THE LOCATION OF THE WATER RIGHT. IT IS NOT INTENDED TO PROVIDE INFORMATION RELATIVE TO THE LOCATION OF PROPERTY OWNERSHIP JURISDICTIONARY LINES.

CRANBERRY IRRIGATION
 [Hatched Box] SUPPLEMENTAL
 [White Box] PRIMARY

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 JUN - 1 1984
 WATER RESOURCES DEPT.
 SALEM, OREGON

Application No. 69654 *R-69708
 Permit No. 53703 - R12928

P.O.D. 140 FT. S. 12340 FT. E. FROM THE
 WEST 1/4 CORNER OF SECTION 3.

S-87577

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APR 28 2010

WATER RESOURCES DEPT
SALMON, OREGON

RECORDATION REQUESTED BY:
Oregon First Community Credit Union
150 E. Johnson Ave.
Coos Bay, OR 97420

WHEN RECORDED MAIL TO:
Oregon First Community Credit Union
150 E. Johnson Ave.
Coos Bay, OR 97420

SEND TAX NOTICES TO:
Oregon First Community Credit Union
150 E. Johnson Ave.
Coos Bay, OR 97420

RECORDED BY
FIRST AMERICAN TITLE

1364701

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

DEED OF TRUST

THIS DEED OF TRUST is dated 04-01-2009, among Bill's Creek LLC, whose address is P O Box 362, Bandon, OR 97411 ("Grantor"); Oregon First Community Credit Union, whose address is 150 E. Johnson Ave., Coos Bay, OR 97420 (referred to below sometimes as "Lender" and sometimes as "Beneficiary"); and First American Title Co, whose address is 780 South Second SE, Bandon, OR 97411 (referred to below as "Trustee").

CONVEYANCE AND GRANT. For valuable consideration, represented in the Note dated April 1, 2009, in the original principal amount of \$700,000.00, from Grantor 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 Coos County, State of Oregon:

See Exhibit 'A', which is attached to this Deed of Trust and made a part of this Deed of Trust as if fully set forth herein.

The Real Property or its address is commonly known as 88410 Bill's Creek Lane, Bandon, OR 97411. The Real Property tax identification number is 10307.03 & 10307.93.

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:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Deed of Trust, Grantor shall pay to Lender all amounts secured by this Deed of Trust as they become due, and shall strictly and in a timely manner perform all of Grantor's obligations under the Note, this Deed of Trust, and the Related Documents.

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

Possession and Use. Until 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 ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007. 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 216.010, 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.

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

Compliance With Environmental Laws. Grantor represents and warrants to Lender that: (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor

COOS COUNTY CLERK, OREGON TOTAL \$66.00
TERRI L. TURI, CCC, COUNTY CLERK

04/02/2009 #2009-2989
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FAX NO.

MAR-29-2010 MON 11:11 AM

DEED OF TRUST
(Continued)

Loan No: 1301650-155

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authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Deed of Trust, including the obligation to indemnify and defend, shall survive the payment of the indebtedness and the satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

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

DUE ON SALE - CONSENT BY LENDER. Lender may, at Lender's option, declare immediately due and payable all sums secured by this Deed of Trust upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Oregon law.

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 and the cost exceeds 5,000.00. 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

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COOS COUNTY CLERK, OREGON TOTAL \$66.00 APR 28 2010 04/02/2009 #2009-2989
TERRI L. TURI, CCC, COUNTY CLERK 03:06PM 2 OF 9

WATER RESOURCES DEPT

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FAX NO.

SALEM, OREGON

MAR-29-2010 MON 11:11 AM

DEED OF TRUST
(Continued)

Loan No: 1301650-155

Page 3

atipulations 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, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, 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 if the estimated cost of repair or replacement exceeds 5,000.00. 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 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 Grantor'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.

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3 OF 9

WATER RESOURCES DEPT
SALEM, OREGON

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FAX NO.

MAR-29-2010 MON 11:12 AM

**DEED OF TRUST
(Continued)**

Loan No: 1301650-155

Page 4

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 Grantor which Grantor 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 Grantor.

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 Default, and Lender may exercise any or all of its available remedies for 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 rerecorded, 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) 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 Grantor pays all the indebtedness when due, and 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.

DEFAULT. Default will occur if payment in full is not made immediately when due.

RIGHTS AND REMEDIES ON DEFAULT. If 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 affect Lender's right to declare a default and exercise its remedies.

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

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WATER RESOURCES DEPT
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DEED OF TRUST (Continued)

power to protect and preserve the Property, to operate the Property preceding 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, 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 Coos 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 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 addressee 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.

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.

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WATER RESOURCES DEPT

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SALEM, OREGON

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DEED OF TRUST
(Continued)

Loan No: 1301650-155

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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.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of Coos County, State of Oregon.

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 circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other 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 affect 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 Oregon First Community Credit Union, and its successors and assigns.

Borrower. The word "Borrower" means Bill's Creek LLC 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".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 8901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto or intended to protect human health or the environment.

Grantor. The word "Grantor" means Bill's Creek LLC.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum, including crude oil and any fraction thereof and asbestos.

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.

Lender. The word "Lender" means Oregon First Community Credit Union, its successors and assigns.

Note. The word "Note" means the promissory note dated April 1, 2009, in the original principal amount of \$700,000.00 from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for

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S-87597

WATER RESOURCES DEPT
SALEM, OREGON

FAX NO.

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DEED OF TRUST
(Continued)

Loan No: 1301650-155

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the promissory note or agreement. The maturity date of the Note is April 1, 2024.

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 accessions, 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, guarantees, 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 First American Title Co, whose address is 780 South Second SE, Bandon, OR 97411 and any substitute or successor trustees.

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

GRANTOR:

BILL'S CREEK LLC
By: [Signature]
John C. Roth, Member of Bill's Creek LLC

By: [Signature]
Kristina Campina, Member of Bill's Creek LLC

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF Oregon
COUNTY OF Coos



On this 1 day of April, 2009, before me, the undersigned Notary Public, personally appeared John C. Roth, Member of Bill's Creek LLC and Kristina Campina, Member of Bill's Creek LLC, and known to me to be members or designated agents of the limited liability company that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, 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 limited liability company.

By: [Signature]
Notary Public in and for the State of Oregon

Residing at Bandon Oregon
My commission expires 8-21-2011

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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APR 28 2010 04/02/2009 #2009-2989
WATER RESOURCES DEPT 03:06PM 7 OF 9
SALEM, OREGON

EXHIBIT A

LEGAL DESCRIPTION: Real property in the County of Coos, State of Oregon, described as follows:

PARCEL 1:

BEGINNING AT THE NORTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 32, TOWNSHIP 28 SOUTH, RANGE 14 WEST OF THE WILLAMETTE MERIDIAN, COOS COUNTY, OREGON, SAID POINT BEING SOUTH 00° 14' 23" EAST 1284.39 FEET FROM THE 5/8" IRON ROD AT THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER (CE 1/16 CORNER) OF SAID SECTION 32; THENCE CONTINUING SOUTH 00° 14' 23" EAST ALONG THE EAST LINE OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 32 FOR A DISTANCE OF 625.00 FEET; THENCE IN A WESTERLY DIRECTION PARALLEL TO THE NORTH LINE OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 32 FOR A DISTANCE OF 350.00 FEET; THENCE NORTH 00° 14' 23" WEST FOR A DISTANCE OF 625.00 FEET TO THE NORTH LINE OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 32; THENCE EASTERLY ALONG SAID NORTH LINE FOR A DISTANCE OF 350.00 FEET BACK TO THE POINT OF BEGINNING.

TOGETHER WITH AN EASEMENT FOR INGRESS AND EGRESS AS SET FORTH IN INSTRUMENT RECORDED NOVEMBER 04, 1997 AS MICROFILM REEL NO. 97-11-0130, RECORDS OF COOS COUNTY, OREGON, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A 30 FOOT WIDE EASEMENT FOR INGRESS AND EGRESS, BEING LOCATED IN THE SOUTHEAST QUARTER OF SECTION 32, TOWNSHIP 28 SOUTH, RANGE 14 WEST OF THE WILLAMETTE MERIDIAN, COOS COUNTY, OREGON; THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE CENTERLINE OF BILLS CREEK ROAD, SAID POINT BEING 515.74 FEET SOUTH AND 173.62 FEET WEST OF THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER (CE 1/16 CORNER) OF SECTION 32, TOWNSHIP 28 SOUTH, RANGE 14 WEST OF THE WILLAMETTE MERIDIAN, COOS COUNTY, OREGON; THENCE SOUTH 04° 15' 30" EAST A DISTANCE OF 256.23 FEET; THENCE SOUTH 10° 34' 08" EAST FOR A DISTANCE OF 306.34 FEET; THENCE SOUTH 05° 53' 00" WEST FOR A DISTANCE OF 116.84 FEET; THENCE SOUTH 02° 33' 53" EAST FOR A DISTANCE OF 100 FEET MORE OR LESS TO THE NORTH LINE OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 32.

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THE ABOVE DESCRIPTIONS ARE BASED ON FILED INFORMATION COLLECTED IN AUGUST OF 1997. BASIS OF BEARING WAS TAKEN FROM MONUMENTS FOUND ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 32, TOWNSHIP 28 SOUTH, RANGE 14 WEST OF THE WILLAMETTE MERIDIAN, COOS COUNTY, OREGON, PER C.S. 32-B-16 COOS COUNTY RECORDS. THE EAST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 32, TOWNSHIP 28 SOUTH, RANGE 14 WEST OF THE WILLAMETTE MERIDIAN, COOS COUNTY, OREGON, WAS ESTABLISHED BY TRAVERSING FROM THE 5/8" IRON ROD FOUND AT THE NORTHEAST CORNER OF SAID WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 32 TO THE AXLE FOUND AT THE SOUTHEAST CORNER OF SAID WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 32. THE MEASURED DISTANCE BEING SOUTH 00° 14' 23": EAST - 2566.79 FEET.

PARCEL 2:

THAT PART OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 32, TOWNSHIP 28 SOUTH, RANGE 14 WEST OF THE WILLAMETTE MERIDIAN, COOS COUNTY, OREGON, LYING SOUTH OF THE COUNTY ROAD AS SAID ROAD WAS ESTABLISHED ON APRIL 05, 1935.

ALSO:

THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 32, TOWNSHIP 28 SOUTH, RANGE 14 WEST OF THE WILLAMETTE MERIDIAN, COOS COUNTY, OREGON. EXCEPTING THEREFROM MINERAL AND MINERAL OIL RIGHTS AS RESERVED IN DEED RECORDED JULY 01, 1946 IN BOOK 162, PAGE 606, DEED RECORDS OF COOS COUNTY, OREGON.

ALSO SAVE AND EXCEPT THE FOLLOWING DESCRIBED PARCEL:

BEGINNING AT THE NORTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 32, TOWNSHIP 28 SOUTH, RANGE 14 WEST OF THE WILLAMETTE MERIDIAN, COOS COUNTY, OREGON, SAID POINT BEING SOUTH 00° 14' 23" EAST 1284.39 FEET FROM THE 5/8" IRON ROD AT THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER (CE 1/16 CORNER) OF SAID SECTION 32; THENCE CONTINUING SOUTH 00° 14' 23" EAST ALONG THE EAST LINE OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 32 FOR A DISTANCE OF 625.00 FEET; THENCE IN A WESTERLY DIRECTION PARALLEL TO THE NORTH LINE OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 32 FOR A DISTANCE OF 350.00 FEET; THENCE NORTH 00° 14' 23" WEST FOR A DISTANCE OF 625.00 FEET TO THE NORTH LINE OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 32; THENCE EASTERLY ALONG SAID NORTH LINE FOR A DISTANCE OF 350.00 FEET BACK TO THE POINT OF BEGINNING.

RECEIVED

APR 28 2010

WATER RESOURCES DEPT
SALEM, OREGON

COOS COUNTY CLERK, OREGON TOTAL \$66.00
TERRI L. TURI, CCC, COUNTY CLERK

04/02/2009 #2009-2989
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