



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

# Certificate of Water Right Ownership Update

## NOTICE TO SELLERS & BUYERS:

By law, all water belongs to the public (ORS 537.110). In almost every instance, a permit or water right certificate from the Water Resources Department is needed before using, diverting or storing water (ORS 537.130). However, most domestic wells do not require water rights. A certificate of water right stays with the land. In order to keep track of water right ownership, the Department requests that this form be submitted to the Department. ***If for multiple rights, a separate form for each right will be required.***

Water that has been used for a long time in one place or that involves a water structure (like a dam) that already exists is no guarantee that there is a water right which would allow the water use to continue.

If you have any questions about this form or water right requirements, please contact your local watermaster or call the Water Resources Department at 503-986-0900.

*Note: Please type or print legibly when filling in the following information. Use additional paper if necessary.*

## PROPERTY SELLER INFORMATION

Applicant(s): Allen Potato LLC  
First Last  
 Mailing Address: 48748 McCarty Bridge Road  
North Powder OR 97867  
City State Zip  
 Phone: \_\_\_\_\_  
Home Work Other

## PROPERTY BUYER INFORMATION

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Applicant(s): McEst Ranches, LLC  
First Last FEB 27 2014  
 Mailing Address: PO Box 1726  
Yakima WA 98907 SALEM, OR  
City State Zip  
 Phone: \_\_\_\_\_  
Home Work Other

## PROPERTY DESCRIPTION (attach additional pages if necessary):

County: Baker Township: 7 South Range: 40 East Section: 29, 30  
 Tax Lot Number(s): 2800

Street address of water right property: 47012 Conro Rd., Baker City, OR 97814

Water Right Information (attach copy of water right permit or certificate & final proof map):

Application #: S-46642 Permit #: S-45593 Certificate or Page #: 73605

Will all the lands associated with this water right be owned by the buyer?  Yes  No

Name of individual completing this form: Shonee D. Langford Phone: 503-540-4261

Signature: *Shonee D. Langford* Date: 2/25/14

***Please be sure to attach a copy of your property deed or legal description of the property.***

STATE OF OREGON  
COUNTY OF BAKER  
CERTIFICATE OF WATER RIGHT

THIS CERTIFICATE ISSUED TO

BAKER VALLEY IRRIGATION DISTRICT  
PO BOX 127  
BAKER CITY, OREGON 97814

confirms the right to use the waters of SALMON CREEK, a tributary of POWDER RIVER, and 52.0 ACRE-FEET OF STORED WATER ONLY FROM BAKER VALLEY IRRIGATION DISTRICT EQUALIZING POND constructed under PERMIT R-8244 for SUPPLEMENTAL IRRIGATION of 3466.8 acres.

This right was perfected under Permit 45593. The date of priority is APRIL 9, 1979. This right is limited to 58.096 CUBIC FEET PER SECOND or its equivalent in case of rotation, measured at the point of diversion from the source.

The point of diversion is located as follows:

1693 FEET NORTH AND 2169 FEET EAST FROM THE WEST 1/4 CORNER OF SECTION 11; NE 1/4 NW 1/4, SECTION 11, T 8 S, R 39 E, W.M.

The amount of water used for irrigation, together with the amount secured under any other right existing for the same lands, is limited to a diversion of ONE-FORTIETH of one cubic foot per second or its equivalent for each acre irrigated from direct flow and 3.5 acre-feet for each acre irrigated from direct flow and storage during the irrigation season of each year.

The use shall conform to such reasonable rotation system as may be ordered by the proper state officer.

A description of the place of use to which this right is appurtenant is as follows:

SUPPLEMENTAL IRRIGATION

SW 1/4 NW 1/4	37.8 acres
NE 1/4 SW 1/4	39.0 acres
NW 1/4 SW 1/4	39.6 acres
SW 1/4 SW 1/4	39.4 acres
SE 1/4 SW 1/4	39.0 acres
SW 1/4 SE 1/4	40.0 acres

Section 29

NE 1/4 NE 1/4	40.3 acres
NW 1/4 NE 1/4	37.9 acres
SW 1/4 NE 1/4	42.0 acres
SE 1/4 NE 1/4	39.3 acres
NE 1/4 NW 1/4	37.6 acres
NW 1/4 NW 1/4	36.7 acres
SW 1/4 NW 1/4	38.4 acres
SE 1/4 NW 1/4	40.7 acres
NE 1/4 SW 1/4	40.4 acres
NW 1/4 SW 1/4	25.6 acres
SW 1/4 SW 1/4	39.0 acres
SE 1/4 SW 1/4	39.6 acres
NE 1/4 SE 1/4	38.8 acres
NW 1/4 SE 1/4	42.4 acres
SW 1/4 SE 1/4	42.7 acres
SE 1/4 SE 1/4	39.5 acres

Section 30

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NE 1/4 NE 1/4	39.9 acres
NW 1/4 NE 1/4	42.5 acres
SW 1/4 NE 1/4	41.4 acres
SE 1/4 NE 1/4	40.2 acres
NE 1/4 NW 1/4	39.2 acres
NW 1/4 NW 1/4	40.0 acres
SW 1/4 NW 1/4	36.8 acres
SE 1/4 NW 1/4	37.2 acres
NE 1/4 SW 1/4	38.9 acres
NW 1/4 SW 1/4	35.2 acres
SW 1/4 SW 1/4	30.4 acres
SE 1/4 SW 1/4	27.2 acres
NE 1/4 SE 1/4	40.6 acres
NW 1/4 SE 1/4	39.9 acres
SW 1/4 SE 1/4	16.7 acres
SE 1/4 SE 1/4	16.1 acres

Section 31

NE 1/4 NE 1/4	30.2 acres
NW 1/4 NE 1/4	40.0 acres
SW 1/4 NE 1/4	40.0 acres
SE 1/4 NE 1/4	40.0 acres
NE 1/4 NW 1/4	39.8 acres
NW 1/4 NW 1/4	39.0 acres
SW 1/4 NW 1/4	37.6 acres
SE 1/4 NW 1/4	39.9 acres
NE 1/4 SW 1/4	40.0 acres
NW 1/4 SW 1/4	38.0 acres
NE 1/4 SE 1/4	40.0 acres
NW 1/4 SE 1/4	40.0 acres
SW 1/4 SE 1/4	23.5 acres
SE 1/4 SE 1/4	39.3 acres

Section 32

SW 1/4 NW 1/4	40.0 acres
NE 1/4 SW 1/4	33.2 acres
NW 1/4 SW 1/4	40.0 acres
SW 1/4 SW 1/4	39.0 acres
SE 1/4 SW 1/4	24.9 acres
SE 1/4 SW 1/4	6.7 acres
NW 1/4 SE 1/4	34.8 acres
SW 1/4 SE 1/4	28.3 acres
SW 1/4 SE 1/4	3.2 acres
SE 1/4 SE 1/4	5.2 acres
SE 1/4 SE 1/4	32.8 acres

Section 33

TOWNSHIP 7 SOUTH, RANGE 40 EAST, W.M.

NE 1/4 NE 1/4	11.5 acres
SW 1/4 NE 1/4	12.4 acres
SE 1/4 NE 1/4	24.0 acres
SW 1/4 NW 1/4	12.0 acres
SE 1/4 NW 1/4	18.0 acres
NE 1/4 SW 1/4	25.7 acres
NW 1/4 SW 1/4	27.2 acres
NW 1/4 SE 1/4	0.5 acres

Section 1

NW 1/4 NE 1/4	18.0 acres
SW 1/4 NE 1/4	26.0 acres
NE 1/4 NW 1/4	2.2 acres
SE 1/4 NW 1/4	27.6 acres
NE 1/4 SW 1/4	27.4 acres
NW 1/4 SE 1/4	12.4 acres
SW 1/4 SE 1/4	18.8 acres

Section 2

TOWNSHIP 8 SOUTH, RANGE 39 EAST, W.M.

SW 1/4 SW 1/4	21.2 acres
SE 1/4 SW 1/4	23.4 acres

Section 2

NW 1/4 NW 1/4 26.8 acres  
SW 1/4 NW 1/4 40.0 acres  
SE 1/4 NW 1/4 14.5 acres  
NE 1/4 SW 1/4 39.2 acres  
NW 1/4 SW 1/4 40.0 acres

Section 3

NE 1/4 NE 1/4 39.0 acres  
NW 1/4 NE 1/4 33.7 acres  
NE 1/4 NW 1/4 34.2 acres  
NW 1/4 NW 1/4 37.6 acres  
SW 1/4 NW 1/4 39.0 acres  
SE 1/4 NW 1/4 37.0 acres  
NE 1/4 SW 1/4 15.2 acres

Section 4

NE 1/4 NE 1/4 37.6 acres  
NW 1/4 NE 1/4 13.3 acres  
SW 1/4 NE 1/4 2.4 acres  
SE 1/4 NE 1/4 22.7 acres

Section 5

NW 1/4 NW 1/4 20.8 acres  
SW 1/4 NW 1/4 0.2 acres

Section 6

NE 1/4 NE 1/4 40.0 acres  
NW 1/4 NE 1/4 40.0 acres  
SW 1/4 NE 1/4 22.5 acres  
SE 1/4 NE 1/4 22.5 acres

Section 10

NW 1/4 NE 1/4 39.9 acres  
SW 1/4 NE 1/4 40.0 acres  
NE 1/4 NW 1/4 40.0 acres  
NW 1/4 NW 1/4 40.0 acres  
SW 1/4 NW 1/4 22.4 acres  
SE 1/4 NW 1/4 22.4 acres  
NE 1/4 SE 1/4 7.1 acres  
NW 1/4 SE 1/4 40.0 acres

Section 11

TOWNSHIP 8 SOUTH, RANGE 40 EAST, W.M.

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This certificate describes that portion of the water right confirmed by Certificate 52324 State Record of Water Right Certificates, NOT modified by the provisions of an order of the Water Resources Director entered on FEB 25 1997 and recorded in Special Order Volume 51, page 148 approving a petition by the Baker Valley Irrigation District under ORS 541.329.

The issuance of this superseding certificate does not confirm the status of the water right in reference to ORS 540.610 pertaining to forfeiture or abandonment.

The right to the use of the water for the above purposes is restricted to beneficial use on the lands or place of use described and is subject to all other conditions and limitations contained in said permit.

Witness the signature of the Water Resources Director, affixed

FEB 25 1997



Martha O. Pagel

Recorded in State Record of Water Right Certificates numbered 73605.

52324.VC

WARRANTY DEED

ALLEN POTATO, LLC, an Oregon Limited Liability Company, Grantor, warrants and conveys to McEST RANCHES, LLC, a Washington Limited Liability Company, Grantee, all of Grantor's right, title and interest in and to that certain real property situate in Baker County, Oregon, described more fully on Exhibit "A" attached hereto and by this reference incorporated herein.

TOGETHER WITH all the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, including without limit, all water and water rights, ditches and ditch rights appurtenant thereto, or used or held for use in connection therewith, and however evidenced or manifested.

SUBJECT TO easements, covenants, conditions, restrictions, reservations and rights-of-way of record or visible upon inspection.

SUBJECT TO rights of the public in and to any portion of the herein described premises lying within the boundaries of roads or highways or lying below the mean high water mark of various creeks crossing said property.

SUBJECT TO the classification of the property as farm use land for tax assessment purposes which may have resulted in a deferral of property taxes. Grantees shall be responsible for any additional taxes or interest resulting from any disqualification of the property from such classification which arise as a consequence of actions of Grantee during Grantee's ownership; provided, Grantor shall be responsible for any such additional taxes or interest resulting from any such disqualification which arise as a consequence of actions of Grantor during Grantor's ownership.

The true consideration for this conveyance is \$8,165,700.00 which includes consideration paid for certain personal property located thereon including any irrigation equipment and manufactured home.

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

DATED THIS 16th day of December, 2013.

ALLEN POTATO, LLC

BRAD E. ALLEN, Member

JUNE C. ALLEN, Member

STATE OF OREGON )
) ss:
County of Baker )

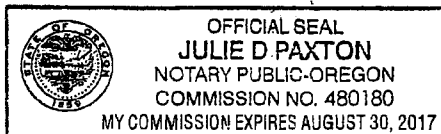
The foregoing instrument was acknowledged before me this 16 day of December, 2013, by BRAD E. ALLEN and JUNE C. ALLEN, for Allen Potato, LLC.

\* as members

Notary Public for Oregon
My Commission Expires: 8/30/17

AFTER RECORDING RETURN TO:
AMERITITLE
2245 Main Street
Baker City, Oregon

SEND TAX STATEMENTS TO:
McEst Ranches, LLC
PO Box 1726
Yakima, WA 98907



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AMERITITLE: BA-31047

EXHIBIT "A"

**TRACT ONE:**

The Southeast quarter of Section 13, Township 7 South, Range 39 East of the Willamette Meridian, in the County of Baker and State of Oregon.

ALSO the East half of the East half of Section 24, Township 7 South, Range 39 East of the Willamette Meridian, in the County of Baker and State of Oregon.

ALSO the Northeast quarter of the Northeast quarter of Section 25, Township 7 South, Range 39 East of the Willamette Meridian, in the County of Baker and State of Oregon.

EXCEPTING from the above-described portions of Sections 13 and 24 all that portion lying Northerly and Westerly of the following described line:

BEGINNING at a point on the North line of the Southwest quarter of Section 18, Township 7 South, Range 40 East of the Willamette Meridian, said point which bears North 89°58'21" East a distance of 197.24 feet from the West quarter corner of said Section 18; thence South a distance of 1133.15 feet; thence South 18°43'18" East a distance of 1020.00 feet; thence South a distance of 513.52 feet; thence West a distance of 630.15 feet; thence South a distance of 2592.19 feet; thence West a distance of 1204 feet, more or less, to the West line of the East half of the East half of Section 24, Township 7 South, Range 39 East of the Willamette Meridian, being the POINT OF TERMINATION of said line.

**TRACT TWO:**

Government Lot 2 of the Southwest quarter (being the West half of the Southwest quarter), the South half of Government Lot 1 of the Southwest quarter (being the Southeast quarter of the Southwest quarter), and the Southwest quarter of the Southeast quarter of Section 18, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon.

ALSO all that portion of the North half of Government Lot 1 of the Southwest quarter (being the Northeast quarter of the Southwest quarter) of Section 18, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon, lying Southerly of the County Road right of way.

ALSO all that portion of the Northwest quarter of the Southeast quarter of Section 18, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon, lying Southwesterly of the County Road right of way.

ALSO all that portion of the Southeast quarter of the Southeast quarter of Section 18, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon, lying Southwesterly of the County Road right of way.

ALSO Government Lots 1 and 2 of the Northwest quarter (being the entire Northwest quarter), Government Lots 1 and 2 of the Southwest quarter (being the entire Southwest quarter), the Southeast quarter, the South half of the Northeast quarter, and the Northwest quarter of the Northeast quarter of

Section 19, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon.

ALSO all that portion of the Northeast quarter of the Northeast quarter of Section 19, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon, lying Southwesterly of the County Road right of way.

ALSO the West half of the Southwest quarter of Section 20, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon.

ALSO all that portion of the West half of the Northwest quarter of Section 20, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon, lying Southwesterly of the County Road right of way.

ALSO all that portion of the East half of the Southwest quarter of Section 20, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon, lying Southwesterly of the U.S. Highway I-84 (formerly 80N) right of way.

EXCEPTING THEREFROM all that portion of the above-described land lying Northerly and Westerly of the following described line:

BEGINNING at a point on the North line of the Southwest quarter of Section 18, Township 7 South, Range 40 East of the Willamette Meridian, said point which bears North  $89^{\circ}58'21''$  East a distance of 197.24 feet from the West quarter corner of said Section 18; thence South a distance of 1133.15 feet; thence South  $18^{\circ}43'18''$  East a distance of 1020.00 feet; thence South a distance of 513.52 feet; thence West a distance of 630.15 feet; thence South a distance of 2592.19 feet; thence West a distance of 1204 feet, more or less, to the West line of the East half of the East half of Section 24, Township 7 South, Range 39 East of the Willamette Meridian, being the POINT OF TERMINATION of said line.

### TRACT THREE:

The West half of the West half of Section 29, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon.

ALSO all that portion of the Northwest quarter of the Northeast quarter of Section 29, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon, lying Southwesterly of the U.S. Highway I-84 (formerly 80N) right of way.

ALSO all that portion of the Southeast quarter of the Northeast quarter of Section 29, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon, lying Southwesterly of the U.S. Highway I-84 (formerly 80N) right of way.

ALSO all that portion of the Northeast quarter of the Southeast quarter of Section 29, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon, lying Southwesterly of the U.S. Highway I-84 (formerly 80N) right of way.

ALSO all that portion of the Southwest quarter of the Northeast quarter of Section 29, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon, lying Southwesterly of the U.S. Highway I-84 (formerly 80N) right of way.

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ALSO the East half of the Northwest quarter of Section 29, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon.

ALSO a parcel in the East half of the Southwest quarter of Section 29, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon, more particularly described as follows:

BEGINNING at the Southwest corner of the East half of the Southwest quarter of Section 29, said township and range; thence North 2636 feet, more or less, to the Northwest corner of the East half of the Southwest quarter of said Section 29; thence East 59 feet; thence South 2636 feet, more or less, to a point 43 feet East of the Southwest corner of the East half of the Southwest quarter of said Section 29; thence West 43 feet to the POINT OF BEGINNING.

ALSO the South 42 feet of the West 42 feet of the Southeast quarter of the Northwest quarter of Section 29, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon.

ALSO the West half, the West half of the East half, and the East half of the Southeast quarter of Section 30, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon.

ALSO the East half of the Northeast quarter of Section 30, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon.

EXCEPTING THEREFROM the South 103 feet of the Southwest quarter of the Northeast quarter of said Section 29.

ALSO EXCEPTING THEREFROM the following two parcels:

**Parcel 1:** The South 103 feet of the Southeast quarter of the Northwest quarter of Section 29, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon.

**Parcel 2:** Road right of way conveyed to Baker County by instrument recorded January 25, 1974, as Deed No. 74 04 054, Baker County Deed Records.





# Chicago Title Insurance Company

POLICY NO.: 7386-15-0031047-2013.73306-90411292

## OWNER'S POLICY OF TITLE INSURANCE

Issued by

Chicago Title Insurance Company

Any notice of claim and any other notice or statement in writing required to be given the Company under this Policy must be given to the Company at the address shown in Section 18 of the Conditions.

### COVERED RISKS

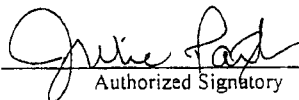
SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B, AND THE CONDITIONS, CHICAGO TITLE INSURANCE COMPANY, a Nebraska corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from
  - (a) A defect in the Title caused by:
    - (i) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;
    - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
    - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
    - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
    - (v) a document executed under a falsified, expired, or otherwise invalid power of attorney;
    - (vi) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
    - (vii) a defective judicial or administrative proceeding.
  - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
  - (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
3. Unmarketable Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (a) the occupancy, use, or enjoyment of the Land;
  - (b) the character, dimensions, or location of any improvement erected on the Land;
  - (c) the subdivision of land; or
  - (d) environmental protection
 if a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.
6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.
7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.
8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.
9. Title being vested other than as stated Schedule A or being defective
  - (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or
  - (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
    - (i) to be timely, or
    - (ii) to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.
10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

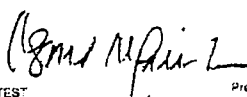

IN WITNESS WHEREOF, CHICAGO TITLE INSURANCE COMPANY has caused this policy to be signed and sealed by its duly authorized officers.

Countersigned:

  
Authorized Signatory

CHICAGO TITLE INSURANCE COMPANY

By:

  
ATTEST  
President  
  
Secretary

7386OR 0031047  
AmeriTitle  
2245 Main St  
Baker City, OR 97814  
Tel: (541) 523-3663  
Fax: (541) 523-2290  
72306 (6/06)

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**SCHEDULE A**

AmeriTitle  
2245 Main Street  
Baker City, OR 97814

File No.: 0031047  
Policy No.: 73306-90411292  
Address Reference:

Amount of Insurance: \$8,165,700.00  
Premium: \$9,637.00  
Date of Policy: DECEMBER 17, 2013 AT 3:55 P.M.

**1. Name of Insured:**

McEST RANCHES, LLC  
A Washington Limited Liability Company

**2. The estate or interest in the Land that is insured by this policy is:**

A FEE

**3. Title is vested in:**

McEST RANCHES, LLC  
A Washington Limited Liability Company

**4. The Land referred to in the Policy is described as follows:**

**TRACT ONE:**

The Southeast quarter of Section 13, Township 7 South, Range 39 East of the Willamette Meridian, in the County of Baker and State of Oregon.

ALSO the East half of the East half of Section 24, Township 7 South, Range 39 East of the Willamette Meridian, in the County of Baker and State of Oregon.

ALSO the Northeast quarter of the Northeast quarter of Section 25, Township 7 South, Range 39 East of the Willamette Meridian, in the County of Baker and State of Oregon.

EXCEPTING from the above-described portions of Sections 13 and 24 all that portion lying Northerly and Westerly of the following described line:

Schedule A

CHICAGO TITLE INSURANCE COMPANY

BEGINNING at a point on the North line of the Southwest quarter of Section 18, Township 7 South, Range 40 East of the Willamette Meridian, said point which bears North 89°58'21" East a distance of 197.24 feet from the West quarter corner of said Section 18; thence South a distance of 1133.15 feet; thence South 18°43'18" East a distance of 1020.00 feet; thence South a distance of 513.52 feet; thence West a distance of 630.15 feet; thence South a distance of 2592.19 feet; thence West a distance of 1204 feet, more or less, to the West line of the East half of the East half of Section 24, Township 7 South, Range 39 East of the Willamette Meridian, being the POINT OF TERMINATION of said line.

TRACT TWO:

Government Lot 2 of the Southwest quarter (being the West half of the Southwest quarter), the South half of Government Lot 1 of the Southwest quarter (being the Southeast quarter of the Southwest quarter), and the Southwest quarter of the Southeast quarter of Section 18, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon.

ALSO all that portion of the North half of Government Lot 1 of the Southwest quarter (being the Northeast quarter of the Southwest quarter) of Section 18, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon, lying Southerly of the County Road right of way.

ALSO all that portion of the Northwest quarter of the Southeast quarter of Section 18, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon, lying Southwesterly of the County Road right of way.

ALSO all that portion of the Southeast quarter of the Southeast quarter of Section 18, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon, lying Southwesterly of the County Road right of way.

ALSO Government Lots 1 and 2 of the Northwest quarter (being the entire Northwest quarter), Government Lots 1 and 2 of the Southwest quarter (being the entire Southwest quarter), the Southeast quarter, the South half of the Northeast quarter, and the Northwest quarter of the Northeast quarter of Section 19, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon.

ALSO all that portion of the Northeast quarter of the Northeast quarter of Section 19, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon, lying Southwesterly of the County Road right of way.

ALSO the West half of the Southwest quarter of Section 20, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon.

ALSO all that portion of the West half of the Northwest quarter of Section 20, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon, lying Southwesterly of the County Road right of way.

ALSO all that portion of the East half of the Southwest quarter of Section 20, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon, lying Southwesterly of the U.S. Highway I-84 (formerly 80N) right of way.

Schedule A

CHICAGO TITLE INSURANCE COMPANY

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EXCEPTING THEREFROM all that portion of the above-described land lying Northerly and Westerly of the following described line:

BEGINNING at a point on the North line of the Southwest quarter of Section 18, Township 7 South, Range 40 East of the Willamette Meridian, said point which bears North 89°58'21" East a distance of 197.24 feet from the West quarter corner of said Section 18; thence South a distance of 1133.15 feet; thence South 18°43'18" East a distance of 1020.00 feet; thence South a distance of 513.52 feet; thence West a distance of 630.15 feet; thence South a distance of 2592.19 feet; thence West a distance of 1204 feet, more or less, to the West line of the East half of the East half of Section 24, Township 7 South, Range 39 East of the Willamette Meridian, being the POINT OF TERMINATION of said line.

TRACT THREE:

The West half of the West half of Section 29, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon.

ALSO all that portion of the Northwest quarter of the Northeast quarter of Section 29, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon, lying Southwesterly of the U.S. Highway I-84 (formerly 80N) right of way.

ALSO all that portion of the Southeast quarter of the Northeast quarter of Section 29, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon, lying Southwesterly of the U.S. Highway I-84 (formerly 80N) right of way.

ALSO all that portion of the Northeast quarter of the Southeast quarter of Section 29, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon, lying Southwesterly of the U.S. Highway I-84 (formerly 80N) right of way.

ALSO all that portion of the Southwest quarter of the Northeast quarter of Section 29, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon, lying Southwesterly of the U.S. Highway I-84 (formerly 80N) right of way.

ALSO the East half of the Northwest quarter of Section 29, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon.

ALSO a parcel in the East half of the Southwest quarter of Section 29, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon, more particularly described as follows:

BEGINNING at the Southwest corner of the East half of the Southwest quarter of Section 29, said township and range; thence North 2636 feet, more or less, to the Northwest corner of the East half of the Southwest quarter of said Section 29; thence East 59 feet; thence South 2636 feet, more or less, to a point 43 feet East of the Southwest corner of the East half of the Southwest quarter of said Section 29; thence West 43 feet to the POINT OF BEGINNING.

ALSO the South 42 feet of the West 42 feet of the Southeast quarter of the Northwest quarter of Section 29, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon.

ALSO the West half, the West half of the East half, and the East half of the Southeast quarter of Section 30, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon.

ALSO the East half of the Northeast quarter of Section 30, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon.

EXCEPTING THEREFROM the South 103 feet of the Southwest quarter of the Northeast quarter of said Section 29.

ALSO EXCEPTING THEREFROM the following two parcels:

Parcel 1: The South 103 feet of the Southeast quarter of the Northwest quarter of Section 29, Township 7 South, Range 40 East of the Willamette Meridian, in the County of Baker and State of Oregon.

Parcel 2: Road right of way conveyed to Baker County by instrument recorded January 25, 1974, as Deed No. 74 04 054, Baker County Deed Records.

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**SCHEDULE B**

File No.: 0031047  
Policy No.: 73306-90411292

**EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses that arise by reason of:

**GENERAL EXCEPTIONS:**

1. *Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records; proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.*
2. *Facts, rights, interest, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.*
3. *Easements, or claims of easement, not shown by the public records; reservations or exceptions in patents or in Acts authorizing the issuance thereof, water rights, claims or title to water.*
4. *Any encroachment (of existing improvements located on the subject land onto adjoining land or of existing improvements located on adjoining land onto the subject land), encumbrance, violation, variation, or adverse circumstance affecting the title that would be disclosed by an accurate and complete land survey of the subject land.*
5. *Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.*
6. *Unpatented mining claims whether or not shown by the public records.*

**SPECIAL EXCEPTIONS:**

7. Taxes deferred, as disclosed by the tax roll, the premises herein described have been zoned or classified for farm use. At any time that said land is disqualified for such use the property will be subject to additional taxes or penalties and interest.
8. Regulations, including levies, assessments, water and irrigation rights and easements for ditches and canals of Baker Valley Irrigation District.
9. The rights of the public in and to that portion of the herein described property lying within the limits of public roads, streets or highways.

10. Easement, including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein  
As granted to: Lillard Irrigation Company, a private corporation, its successors and assigns  
Recorded: October 16, 1906  
In: Book 62, Page 596, Baker County Deed Records  
(Affects Tract Three)
11. Easement, including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein  
As granted to: Lillard Irrigation Company, a private corporation, its successors and assigns  
Recorded: October 22, 1906  
In: Book 62, Page 607, Baker County Deed Records  
(Affects Tract Three)
12. Easement, including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein  
As granted to: S.A. Lillard and J.F. Lillard, their heirs and assigns  
Recorded: August 17, 1912  
In: Book 77, Page 211, Baker County Deed Records  
(Affects Tract Two)
13. Easement, including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein  
As granted to: Lockie B. Riggins and Paul W. Riggins, their heirs and assigns  
Recorded: July 20, 1918  
In: Book 88, Page 505, Baker County Deed Records  
(Affects Tract Three)
14. Easement, including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein  
As granted to: Lockie B. Riggins and Paul W. Riggins, their heirs and assigns  
Recorded: June 12, 1919  
In: Book 90, Page 177, Baker County Deed Records  
(Affects Tract Three)
15. Easement, including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein  
As reserved by: Sheriff of Baker County  
Recorded: June 17, 1937  
In: Book 124, Page 110, Baker County Deed Records  
(Affects a portion of Tract One)
16. Easement, including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein  
As granted to: The Pacific Telephone and Telegraph Company, a California corporation, its successors and assigns  
Recorded: May 6, 1942  
In: Book 131, Page 477, Baker County Deed Records  
(Affects Tract One)

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17. Easement, including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein  
As granted to: The Pacific Telephone and Telegraph Company, a California corporation, its successors and assigns  
Recorded: May 16, 1942  
In: Book 131, Page 505, Baker County Deed Records  
(Affects Tract One)

18. Reservation of minerals, including the terms and provisions contained therein, in deed from the State of Oregon.  
Recorded: June 14, 1945  
In: Book 137, Page 83, Baker County Deed Records  
(Affects a portion of Tract One)

The current ownership of said interest and matters affecting said interest are not shown herein.

19. Reservation of all mineral rights, including the terms and provisions contained therein, in deed from Alida Bodeau.  
Recorded: March 10, 1953  
In: Book 160, Page 534, Baker County Deed Records  
(Affects a portion of Tract Three)

The current ownership of said interest and matters affecting said interest are not shown herein.

20. Easement, including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein  
As granted to: United States of America, and its assigns  
Recorded: July 1, 1966  
As: Deed 66 26 054, Baker County Deed Records  
(Affects Tract Three)

21. Easement, including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein  
As granted to: United States of America, and its assigns  
Recorded: July 1, 1966  
As: Deed 66 26 056, Baker County Deed Records  
(Affects Tract Three)

22. Right of Way Easement, including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein  
As granted to: California-Pacific Utilities Company, a corporation, its successors and assigns  
Recorded: November 27, 1967  
As: Deed 67 48 011, Baker County Deed Records  
(Affects Tract Two)



23. Easement, including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein  
As granted to: Baker Valley Irrigation District, its successors and assigns  
Recorded: December 19, 1967  
As: Deed 67 51 034, Baker County Deed Records  
(Affects Tract Three)
24. Easement, including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein  
As granted to: United States of America, and its assigns  
Recorded: June 5, 1968  
As: Deed 68 23 026, Baker County Deed Records  
(Affects Tract Three)
25. Right of Way Easement, including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein  
As granted to: California-Pacific Utilities Company, a corporation, its successors and assigns  
Recorded: April 8, 1970  
As: Deed 70 14 029, Baker County Deed Records  
(Affects Tract Three)
26. Limited access provisions contained in Deed to the State of Oregon, by and through its State Highway Commission, which provided that no right or easement of right of access to, from or across the State Highway other than expressly therein provided for shall attach to the abutting property,  
Recorded: April 14, 1970  
As: Deed 70 15 012, Baker County Deed Records  
Also Recorded: April 14, 1970  
As: Deed 70 15 017, Baker County Deed Records  
(Affects Tract Two)
27. Limited access provisions reserved in Deed from the State of Oregon, by and through its State Highway Commission, which provided that no right or easement of right of access to, from or across the State Highway other than expressly therein provided for shall attach to the abutting property,  
Recorded: April 21, 1971  
As: Deed 71 16 037, Baker County Deed Records  
(Affects Tract Two)
28. Limited access provisions contained in Final Judgment to the State of Oregon, by and through its State Highway Commission, which provides that no right or easement of right of access to, from or across the State Highway other than expressly therein provided for shall attach to the abutting property,  
Filed: May 19, 1972  
Case No.: L-3412  
Circuit Court for: Baker County Oregon  
Recorded as: 72 21 056, Baker County Court Records.  
(Affects Tract Three)

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29. Right of Way Easement, including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein  
As granted to: California-Pacific Utilities Company, a corporation, its successors and assigns  
Recorded: May 3, 1977  
As: Deed 77 18 052, Baker County Deed Records  
(Affects Tract Three)
30. Right of Way Easement, including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein  
As granted to: California-Pacific Utilities Company, a corporation, its successors and assigns  
Recorded: June 9, 1978  
As: Deed 78 23 107, Baker County Deed Records  
(Affects Tract Three)
31. Right of Way Easement, including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein  
As granted to: California-Pacific Utilities Company, a corporation, its successors and assigns  
Recorded: June 9, 1978  
As: Deed 78 23 108, Baker County Deed Records  
(Affects Tracts One and Two)
32. Easement, including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein  
As granted to: C P National Corporation, a corporation, its successors and assigns  
Recorded: April 10, 1981  
As: Deed 81 14 095, Baker County Deed Records  
(Affects Tract Three)
33. Easement, including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein  
As granted to: Baker Valley Irrigation District, its successors and assigns  
Recorded: March 21, 1990  
As: Deed 90 12 107, Baker County Deed Records  
(Affects Tract Three)
34. Easement, including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein  
As granted to: Oregon Trail Electric Consumers Cooperative, a corporation, its successors and assigns  
Recorded: April 20, 1998  
As: Deed 98 16 119, Baker County Deed Records  
(Affects Tract One)

35. Deed of Trust, including the terms and provisions thereof, to secure the amount noted below and other amounts secured thereunder, if any:

Amount: \$5,575,500.00  
Dated: December 11, 2013  
Recorded: December 17, 2013  
As Deed No.: 13500319, Baker County Deed Records.  
Grantor: McEst Ranches, LLC a Limited Liability Company  
Trustee: AmeriTitle  
Beneficiary: Northwest Farm Credit Services, PCA, a corporation organized under the Farm Credit Act of 1971

(Said Deed of Trust is a Line of Credit Deed of Trust)

**END OF EXCEPTIONS**

**NOTE:** Any map or sketch enclosed as an attachment herewith is furnished for information purposes only to assist in property location with reference to streets and other parcels. No representation is made as to accuracy and the company assumes no liability for any loss occurring by reason of reliance thereon.

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## EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to:
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters:
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is:
  - (a) a fraudulent conveyance or fraudulent transfer; or
  - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

## CONDITIONS

### 1. DEFINITION OF TERMS

The following terms when used in this policy mean:

(a) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.

(b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.

(c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.

(d) "Insured": The Insured named in Schedule A.

(i) The term "Insured" also includes

(A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;

(B) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;

(C) successors to an Insured by its conversion to another kind of Entity;

(D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title

(1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,

(2) if the grantee wholly owns the named Insured,

(3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity; or

(4) if the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.

(ii) With regard to (A), (B), (C), and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.

(e) "Insured Claimant": An Insured claiming loss or damage

(f) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.

(g) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy

(h) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.

(i) "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.

(j) "Title": The estate or interest described in Schedule A.

(k) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released

from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

### 2. CONTINUATION OF INSURANCE

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

### 3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions, (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title, as insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

### 4. PROOF OF LOSS

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

### 5. DEFENSE AND PROSECUTION OF ACTIONS

(a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.

(b) The Company shall have the right, in addition to the options contained in Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.

(c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

## 6. DUTY OF INSURED CLAIMANT TO COOPERATE

(a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

(b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

## 7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

(b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.

(i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or

(ii) To pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

## 8. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

(a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of

(i) the Amount of Insurance; or

(ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.

(b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as insured,

(i) the Amount of Insurance shall be increased by 10%, and

(ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.

(c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

## 9. LIMITATION OF LIABILITY

(a) If the Company establishes the Title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.

(c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

## 10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Insurance by the amount of the payment.

## 11. LIABILITY NONCUMULATIVE

The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

## 12. PAYMENT OF LOSS

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

## 13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

(a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

(b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

## 14. ARBITRATION

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured. All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

## 15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

(a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.

(c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

(d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

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FEB 27 2014

SALEM, OR

**16. SEVERABILITY**

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.

**17. CHOICE OF LAW; FORUM**

(a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the

Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

**18. NOTICES, WHERE SENT**

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at Chicago Title Insurance Company, Attn: Claims Department, P. O. Box 45023, Jacksonville, Florida 32232-5023.

**SHONEE D. LANGFORD**  
Direct Line: Salem 503-540-4261; Portland 503-796-2896  
E-Mail: slangford@schwabe.com

February 26, 2014

Oregon Water Resources Department  
725 Summer St NE Ste A  
Salem OR 97301-1271

Re: Certificate of Water Right Ownership Updates (McEst Ranches, LLC)  
Our File No.: 126139-190862

To Whom it May Concern:

Enclosed for filing, on behalf of McEst Ranches, LLC, are ownership update forms affecting all or a portion of the following certificates: Certificates 52843, 53123, 73566, 73406, 73605, 73610, 73999 and 86090. Also enclosed is a copy of the recorded deed.

Please reply by phone or email (503-540-4261 or slangford@schwabe.com) to confirm receipt and acceptance of the forms.

Best regards,



Shonee D. Langford

SDL:kdo  
Enclosure  
cc: Bill Dolsen (w/encl.)

RECEIVED BY OWRD

FEB 27 2014

SALEM, OR