

64574

RECORDING REQUESTED BY
AND
When Recorded, Mail to
MNB FINANCIAL CORP.
120 Howard Street
Suite 475
San Francisco, CA 94105

Space Below This Line for Recorder's Use

DECLARATION AND WAIVER

This agreement made this 28th day of December, 1977, by T Lazy S Ranch, a partnership, (Ranch) and T Lazy S Farms, a limited partnership, (Farm) in favor of MNB Financial Corp. (MNB) an Indiana Corporation, their respective representatives, successors and assigns, Witnesseth:

Whereas, MNB has agreed to enter into a certain Equipment Financing Agreement incorporated herein by reference with Blue Tag Farms, Inc., a Nevada Corporation (Blue Tag) wherein Blue Tag is to be the Debtor and MNB the Secured Party; and, whereas, pursuant to that certain Equipment Financing Agreement certain equipment in the form of potato storage facilities, will be placed on real property leased from Farm by Blue Tag, as shown on Exhibit A attached hereto and made a part hereof and,

Whereas, in the event of default by Blue Tag pursuant to the terms of the Equipment Financing Agreement, MNB must cross the real property of Ranch and Farm to repossess the said equipment.

Now Therefore, in order to facilitate the execution of said Equipment Financing Agreement the parties agree as follows:

1. Farm agrees that so long as MNB or its successors or assigns retains an interest in said equipment under said Equipment Financing Agreement any residual interest which Farm may have in such equipment will be subordinate to that of MNB. Neither such equipment nor any portion thereof shall become a part of or an accession or addition to or a fixture on the real property of Farm even though it is installed thereon or in some manner attached thereto; nor shall such equipment or any portion thereof be moved from such real property by Farm without the written consent of MNB.
2. In the event of default on said Equipment Financing Agreement by Blue Tag, MNB shall promptly notify Farm. Farm shall then have the options within thirty (30) days (ten (10) days in the event of a bankruptcy default) to:
 - a. request in writing an assumption of said Equipment Financing Agreement by paying all current and remaining installments when due and submitting credit information satisfactory to MNB, or
 - b. retire the obligation at a percentage of the original amount advanced based upon the schedule shown in Exhibit B. Ten percent (10%) of the total amount due shall be payable within sixty (60) days thereafter.
3. Should Farm fail to exercise said options MNB or its successors shall have until December 31, 1987 to commercially utilize or remove the subject equipment. If MNB fails to remove the subject equipment by December 31, 1987 then such equipment shall become the property of Farm and all rights in and to said equipment by MNB shall terminate.

INITIAL

within said option period with the balance due upon closing

INITIAL

or has failed to commence legal proceedings to do so
BOOK 62 PAGE 444

If at any time in the event of a non-bankruptcy default MNB intends to substantially alter, dismantle, remove, and/or reassemble the subject equipment it shall so notify Farm. Farm shall then have thirty (30) days to exercise those options set forth in paragraph 2 above. In addition, should MNB contemplate selling the subject equipment to a third party it shall so notify Farm specifying the offered price. Farm shall then have the option of acquiring the subject equipment at the offered price by paying ten percent (10%) of this amount within thirty (30) days with the balance due within sixty (60) days thereafter.

Further, in the event of a bankruptcy default at such time as the subject equipment has been secured to MNB free and clear of any claims of the bankrupt Debtor MNB shall provide Farm all options related to non-bankruptcy related defaults.

4. So long as MNB or its successors or assigns has an interest in the subject equipment under said Equipment Financing Agreement it shall have the right of ingress and egress across the lands of Farm and Ranch. Such right of ingress and egress shall include the right to utilize utilities and such other access necessary to commercially utilize the subject equipment, but shall be limited to those routes covered in the lease and easement agreements between Farm and Blue Tag as amended, provided such routes insure continual access. Any attempted assignment of said rights without the written permission of Farm and Ranch shall be null and void.
5. All of the terms and conditions of this Agreement shall be binding upon the heirs, successors in interest, assigns or encumbrancers of the undersigned and shall inure to the benefit of the parties hereto, their successors and assigns.

In Witness Whereof, the undersigned have executed this agreement as of the day and year first above written.

T LAZY S RANCH

By C. B. Howden
Managing Partner

T LAZY S FARMS

By C. B. Howden
for T LAZY S RANCH
General Partner

MNB FINANCIAL CORP.

By A. Hermann
Title Vice President

BOOK 62 PAGE 445

NOTARIAL ACKNOWLEDGMENTS

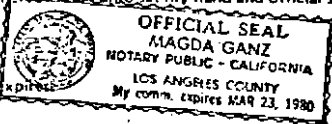
~~INDIVIDUAL~~ PARTNERSHIP:

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

On this 3rd day of January, 1978, before me personally came C. B. THORNTON JR. to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same (in his capacity as a partner and as the act of the partnership).

In witness whereof I hereunto set my hand and official seal.

(SEAL)



My commission expires

Magda Ganz
Notary Public

NOTARIAL ACKNOWLEDGMENTS

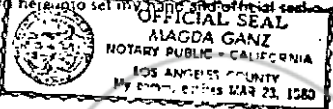
~~INDIVIDUAL~~ PARTNERSHIP:

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

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In witness whereof I hereunto set my hand and official seal.

(SEAL)



My commission expires

Magda Ganz
Notary Public

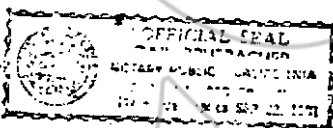
CORPORATE:

STATE OF
COUNTY OF

On this 27 day of December, 1977, before me personally came Victor A. Herrmann of the corporation that executed the foregoing instrument and to me known to be the Vice President and to me known to be the person who executed said instrument on behalf of said corporation, and acknowledged that such corporation executed the same pursuant to its By-laws or a resolution of its Board of Directors.

In witness whereof I hereunto set my hand and official seal.

(SEAL)



My commission expires

Saul B. Pfleger
Notary Public

EXHIBIT A

One Potato Shed constructed in 1977 more commonly known as Shed #2 (two) situated in the SW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 11 Twn. 33N R49E MN8M Eureka County, State of Nevada to-wit: Beginning at the midpoint of the western most section line of Section 11, THENCE north 431', THENCE east 495' THENCE south 431' THENCE west 495' to the true point of beginning. Together with the rights of ingress and egress and the grant of an easement for all utilities and other public services necessary for the commercial use of said property. Such rights shall be limited to those routes covered in the lease and easement agreements between Farm and Blue Tag as amended provided such routes insure continual access.

EXHIBIT B TO DECLARATION & WAIVER
REFERENCING EQUIPMENT FINANCING AGREEMENT
DATED NOVEMBER 18, 1977

AFTER RECEIPT OF PAYMENTS
FOR YEAR ENDING

BOOK VALUE PERCENTAGES
OF ORIGINAL COST

1	103
2	97
3	90
4	82
5	73
6	62
7	51
8	38
9	24
10	-0-

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RECORDED AT THE REQUEST OF MNB Financial Corp.
on January 24, 1978, at 55 min, past 10 A. M. in
Book 62 of OFFICIAL RECORDS, page 444-448 RECORDS OF
EUREKA COUNTY, NEVADA. WILLIS A. DePAOLI Recorder
File No. 64574 Fee \$ 7.00

BOOK 62 PAGE 448