

RECORDING REQUESTED BY
AND

When Recorded, Mail to

Documentation Section
CROCKER EQUIPMENT LEASING INC.

320 Hatch Drive Foster City, CA 94404

Space Below This Line for Recorder's Use

DECLARATION AND WAIVER

THIS AGREEMENT made this 4th day of January, 1978, by T Lazy S Ranch, a partnership (Ranch), and T Lazy S Farms, a limited partnership (Farm), in favor of Crocker Equipment Leasing Inc. (CELI), a California corporation, their respective representatives, successors and assigns,

W I T N E S S E T H:

WHEREAS, CELI has agreed to enter into a certain Master Security Agreement, dated as of November 30, 1977, incorporated herein by reference, with Blue Tag Farms, Inc., a Nevada corporation (Blue Tag), wherein Blue Tag is to be the Debtor and CELI the Secured Party; and, whereas, pursuant to that certain Master Security Agreement certain equipment in the form of potato storage facilities will be placed on real property leased from Farm by Blue Tag, as shown in 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 Master Security Agreement, CELI must cross the real property of Ranch and Farm to repossess the said equipment.

NOW, THEREFORE, in order to facilitate the execution of said Master Security Agreement, the parties agree as follows:

1. Farm agrees that so long as CELI or its successors or assigns retains an interest in said equipment under said Master Security Agreement any residual interest which Farm may have in such equipment will be subordinate to that of CELI. 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 CELI.
2. In the event of default on said Master Security Agreement by Blue Tag, CELI 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 Master Security Agreement by paying all current and remaining installments when due and submitting credit information satisfactory to CELI, 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 said option period, with the balance due within sixty (60) days thereafter.
3. Should Farm fail to exercise said options, CELI or its successors shall have until December 31, 1987 to commercially utilize or remove the subject equipment or commence legal proceedings to do so. If CELI fails to remove the subject equipment, commercially utilize it, or commence legal proceedings to do so by December 31, 1987, then such equipment shall become the property of Farm and all rights in and to said equipment by CELI shall terminate.

If at any time in the event of a non-bankruptcy default CELI 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 CELI 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 CELI free and clear of any claims of the bankrupt Debtor, CELI shall provide Farm all options related to non-bankruptcy related defaults.

4. So long as CELI or its successors or assigns has an interest in the subject equipment under said Master Security 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.

CROCKER EQUIPMENT LEASING INC.

T LAZY S RANCH

By

W. H. V. Bessinger
Title V. P.

By

X C. B. Thomson
Title

T LAZY S FARMS

By

X C. B. Thomson
Title


ACKNOWLEDGMENTS

INDIVIDUAL OR PARTNERSHIP:

STATE OF California }
COUNTY OF Los Angeles } ss

On this 10th day of January, 1978, before me personally came C. R. 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)  OFFICIAL SEAL
MAGDA GANZ
NOTARY PUBLIC - CALIFORNIA
LOS ANGELES COUNTY
My Comm. expires MAR 23, 1980

Magda Ganz
Notary Public


My commission expires:

INDIVIDUAL OR PARTNERSHIP:

STATE OF California }
COUNTY OF Los Angeles } ss

On this 10th day of January, 1978, before me personally came C. R. 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)  OFFICIAL SEAL
MAGDA GANZ
NOTARY PUBLIC - CALIFORNIA
LOS ANGELES COUNTY
My Comm. expires MAR 23, 1980

Magda Ganz
Notary Public

My commission expires:

CORPORATE:

CORPORATE:

STATE OF California }
COUNTY OF San Mateo } ss

On this 16th day of January, 1978, before me personally came David V. Biesmeyer, to me known, who, being by me duly sworn, did depose and say that he resides at Foster City, California; that he is the Vice President of Crocker Equipment Leasing Inc., the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument was such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and he acknowledged that he signed for same on behalf of the order.

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

(SEAL)  OFFICIAL SEAL
NANCY L. DIEHL
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
SAN MATEO COUNTY
My Commission Expires November 21, 1981

Nancy L. Diehl
Notary Public

My commission expires:
11/21 (1981)

EXHIBIT A

One (1) Potato Storage Shed, two (2) Grain Bins, one (1) 70 ft Truck Scale and Accessories, and three (3) pilers situated in NW $\frac{1}{4}$ of Section 11, Township 33 North, Range 49 East MNBN Eureka County, State of Nevada.

subject to security interest of Crocker Equipment Leasing Inc.

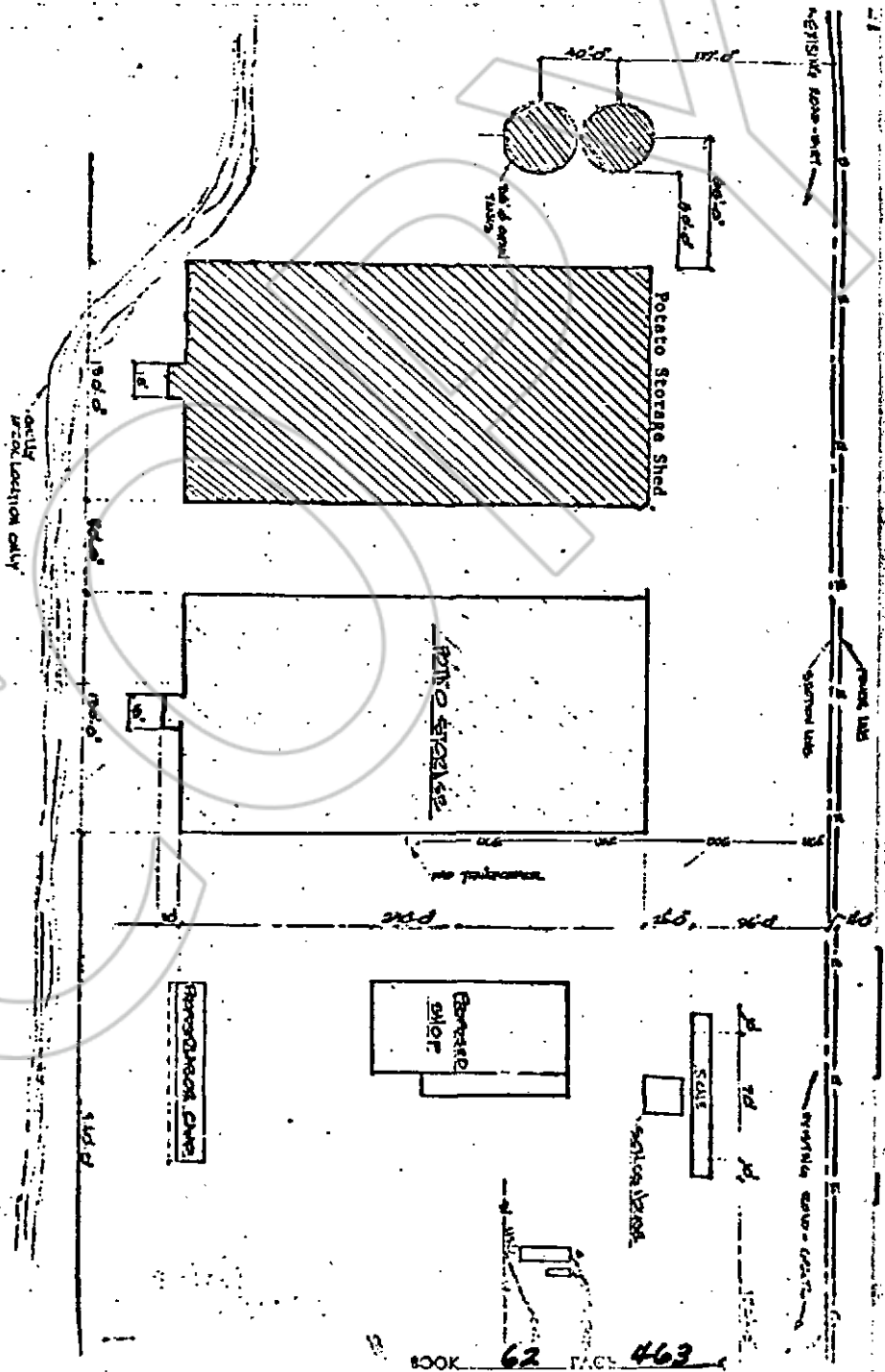


EXHIBIT B

A) 7 years term

<u>After Receipt of Payment No.</u>	<u>Number of Payment Remaining</u>	<u>Percentages</u>
0	11	107.1930
1	10	104.7406
2	9	102.1979
3	8	99.5618
4	7	96.8324
5	6	86.0924
6	5	73.8588
7	4	60.1318
8	3	44.9112
9	2	28.1972
10	1	10.0000
11	0	0.0000

B) 10 years term

<u>After Receipt of Payment No.</u>	<u>Number of Payment Remaining</u>	<u>Percentages</u>
0	14	107.2861
1	13	106.0555
2	12	104.7518
3	11	103.3750
4	10	101.9251
5	9	96.3894
6	8	89.6839
7	7	81.8086
8	6	72.7636
9	5	62.5488
10	4	51.1642
11	3	38.6099
12	2	24.8858
13	1	10.0000
14	0	0.0000

61583

RECORDED AT THE REQUEST OF Crocker Equipment Leasing Inc.
 on January 26 1978 at 55 min. past 10 A.M.
 Book 62 of OFFICIAL RECORDS, page 460-464 RECORDS OF
 EUREKA COUNTY, NEVADA. WILLIS A. DePAOLI Recorder
 File No. 64583 Fee \$ 7.00

BOOK 62 PAGE 464