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Comments by

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Acreage Limitation; Proposed Rules
43 CFR Part 426
U. S. Department of Interior
Bureau of Reclamation

January 29, 1987

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How much subsidy is enough?

Central to the concept of Federal support for reclamation and the expansion of irrigated farming in the West has been the notion that there must be limits to the amount of Federal subsidy that accrues to any one landowner or farm operator. The original law limited that subsidy to an amount of Federally provided water needed to irrigate 160 acres of land owned by a farmer who resided on or in the immediate proximity of the farm.

Under the provisions of the 1982 Reclamation Reform Act the amount of this Federal subsidy has been expanded most generously to an amount of water needed to irrigate as much as 960 acres of owned land. The actual value of this subsidy has been placed at \$171.02 per acre in a sworn statement by James Markusen, who is Secretary-Manager of the Westside Water District.¹ Based on the 960 acre limit, the subsidy amounts to \$164,179.20 per year. Over the 40 year schedule of existing contracts this amounts to \$6,567,168 per owner. It is nothing short of incredible that those who benefit from such generous Federal largesse should argue that this subsidy is not enough, that they want even more.

Even on the more modest 160 acres of leased acreage under discussion today the Federal subsidy amounts to \$27,363.20 per year. Over the 40 year schedule of existing contracts this 160 acre parcel receiving Federal water would benefit from a total intended subsidy of \$1,094,528.

Who has benefited from the Federal water subsidy?

We have determined the size distribution of farms with at least some portion of their operations in one or more of ten water or irrigation districts in California. The ten districts

we have chosen for study are listed below, together with the amount of irrigable land in each that is eligible to receive Federal water.

Table I

Water/Irrigation Districts Examined
Amount of Land Eligible to Receive Federal Water

<u>District</u>	<u>Amount of Land</u>
Arvin-Edison W. S. D.	53,532 acres
Delano-Earlimart I. D.	54,716
Feather W. D.	7,644
Glenn-Colusa I. D.	157,984
Kern-Tulare W. D.	26,303
Lower Tule River I. D.	99,775
Orland-Artois W. D.	31,269
Reclamation District No. 108	57,460
San Luis W. D.	59,697
Westlands W. D.	527,917
Total	1,076,297 acres

The districts selected for intensive study represent a range of size, cropping pattern and geographic location within California's diverse agricultural system. We have identified all businesses conducting farming operations within these ten districts. For each such farm business we have determined the amount of land eligible for Project water located within District boundaries as well as the total land being farmed by each on a state-wide basis. The principal data sources have included water district records (for Arvin-Edison and Westlands), USDA records maintained by County ASCS offices, applications for permits to apply restricted use materials filed by farm operators with County Agricultural Commissioners, and copies of Financing Statements filed under the Uniform Commercial Code of the State of California. Table II shows the size distribution of farms eligible for Project water in the ten districts.

Table II

Farm Size Distribution, Land Eligible for Project Water
Ten California Districts, 1985

<u>Size Class</u>	<u>Number</u>	<u>Total Land</u>
80 acres or less	534	20,632
81-160 acres	284	37,042
161-320	317	77,924
321-640	282	133,047
641-960	145	117,207
961-1280	64	70,611
1281-2560	94	167,971
2561-5120	44	153,539
5,121 acres or more	27	241,900
Total	1,791	1,019,873

Those farms with more than 960 acres of land eligible for Project water comprise 229 of the 1,791 farms. However, they farm 634,021 acres of the total of 1,019,873 acres eligible for Project water in the ten districts. Thus, at least 62.57% of land eligible for Project water is in farms exceeding 960 acres. By considering land farmed by these businesses outside of the ten districts of our sample, their statewide holding of irrigated crop land is found to be 1,877,286 acres, or 1,048 acres per farm.

The average California irrigated farm has a holding of 145² acres of irrigated land. This means that farms receiving the Federal water subsidy are, on average, 7.2 times larger than the average California irrigated farm. Clearly, the Federal water subsidy, whether by design or otherwise, has preferentially benefited the state's largest farm businesses.

Tenancies in common are single units

One of the most important positive elements of the proposed regulations is the recognition that tenancies in common, partnerships, joint ventures and other mechanisms for collective

ownership or holding of real property reflect an essential unity of common property interest. Thus, in limiting eligibility for Federal water subsidies to holdings of 960 acres irrespective of the number of joint holders involved(up to 25 such holders) the proposed regulations bring reclamation law into full accord with well established understandings in the commercial real estate business.

With respect to title to property, it has been long established that any right to the use of property can only be granted by unanimous action of all of the joint owners. Whether lease, easement or sale, all owners must act in unison. Standard real estate reference manuals support the notion that a single "ownership unit" is the only appropriate concept regarding rights to property for tenancies in common.

"There is a unity of possession in tenancy in common, meaning each owner has a right to possession and none can exclude the other nor claim any specific portion for himself or herself alone." (3)

The inability of a single owner, in such a case, to claim any portion of the property for exclusive possession means that an artificial division of such jointly held property for the purpose of establishing qualification for Federal water subsidies is most irregular and contrary to established real estate practice.

Similarly, in the case of general partnerships (and joint ventures), each of the partners has full and undivided liability for actions of the partnership. Moreover, a single one of the partners can only act on behalf of the others if granted power of attorney by them. Hence, as in the case of property held by a tenancy in common, no single partner has exclusive claim to

any of the property rights of the partnership.

Only by rigidly insisting that landholdings held in such joint arrangements be subject to the 960 acre limitation, no matter how many persons are involved and regardless of their personal relationships, can Reclamation Law adhere to established practice in the business community. Those who insist on artificial division of property rights are, in my view, merely seeking to evade the intent of Reclamation Law. They would, of course, oppose such artificial divisions with respect to all of their rights established under existing property law.

Paper farms are being established to evade Reclamation Law.

The regulations appear to be quite clear about the hiring of farm management businesses. Less clear is the treatment of multiple entities who share some, but not all, principals. For example, a person with shared ownership in two or more landholding entities that are not legally affiliated would appear to be able to separately qualify each entity as a "qualified recipient." More subtle arrangements, such as business associates or family members establishing seemingly unrelated entities for the purpose of qualification for Project water, also seem possible.

We have found evidence that a number of the largest farms have already created a network of "paper farms" with the effect of avoiding compliance with Reclamation Law.

A specific example of this kind of corporate trick will serve best to illustrate what is going on. Figure 1 shows the land currently farmed by seven discrete business entities in the Westlands Water District. The land is located in T14SR13E (Mt.

Diablo B & M) in western Fresno County. The names of these seven farm entities and the amount of irrigated cropland farmed by each is shown in Table III.

Table III

<u>Name</u>	<u>ASCS Farm No.</u>	<u>Cropland</u>
Tony & Ann Costa	Fresno 81 & 338	1006
Larry J Enos	Fresno 79	589
Cindy Pruett Trust	Fresno 78	945
Gregory Pruett Trust	Fresno 80	902
Kelley Pruett Trust	Fresno 82	956
Stacy Pruett Trust	Fresno 84	966
Louis B Souza	Fresno 83	915

Source: Fresno Co ASCS Office of USDA. Farm number shown is the "new" farm number as maintained in that office's computer file.

Each of these separate "farms" reports the identical address to USDA and six have made an irrevocable election, as a landholder, to be subject to the pricing provisions of the RRA.⁴ It is important to note that five of these entities are smaller than 960 acres so that of the total of 6,279 acres being farmed just 63 acres are subject to full cost pricing. The balance of the land is subject to O & M charges as well as the base rate.

A search of records at the Westlands Water District shows that each of these seven entities is a "separate" water user but, curiously, all seven report the same address, telephone number and name of contact person. A telephone call to that number produced the response from the person answering "Hello, Vaquero Farms."⁵ What is interesting about this response is that Vaquero Farms, Inc, a California corporation, reports farming land, all included in the seven entities above, just prior to the passage of the RRA.⁶ Corporate records reveal that Ann P. Costa and Louis B. Souza are sister and brother, and that they,

the trusts named above, and Larry J. Enos are the sole individual stockholders of Vaquero Farms.⁷ Further examination of these records show that Ann P. Costa or Louis B. Souza are each sole trustee of one or more of the above named trusts.⁸ It can hardly be an accident that the seven "separate" farms listed above were formed subsequent to the passage of the RRA and that, with two exceptions, each have landholdings less than 960 acres. This suggests that rather than being seven independent farms they form, in fact, a single farming unit.

Their banker, Wells Fargo Bank, an institution not easily fooled, has provided operating loans to the various entities in a manner that undoubtedly reflects the true situation. Copies of the Financing Statements filed under the Uniform Commercial Code of the State of California for these entities are presented as Figures 2 - 8. A typical one reads "Debtor - Vaquero Farms, Inc." and "Additional Debtor - Gregory Robert Pruett Trust."⁹ The fact that Vaquero Farms, perhaps as farm manager, actually conducts farming operations on the "paper farms" created in response to the passage of the RRA is in no way hidden from the view of the bankers.

Finally, the directors and officers of Vaquero Farms, Inc., are Louis B. Souza, President, Larry J. Enos, Vice-President, Tony L. Costa, Vice-President, Ann P. Costa, Chief Financial Officer, and James W. Hannum (who is trustee of the Josephine P. Souza Trust).¹⁰

Not only do the seven farms listed in Table III above reap the benefits of the Federal Water subsidy, but a search of the payment records for the 1985 USDA Deficiency and Diversion Crop

programs discloses that each of the "farms" received a payment of \$50,000 from the Federal government.¹¹ Thus, the entities created in reponse to the RRA also qualified for a total cash payment of \$350,000 under the 1985 Federal farm program. The real skill of Vaquero Farms may be its ability to "farm" Federal water and agricultural programs.

A second example of this type demonstrates that the above described pattern may be a way for quite a number of large farms to evade the intent of the RRA. This second case is more complex in that some portions of the various entities within the Westlands Water District are irrigated with private water and those lands are not eligible for Project water.

The land involved totals some 6,308 irrigable acres and was farmed for a number of years by El Dorado Farms, a partnership. Table IV identifies the seven entities that are newly created and report to USDA as the "farms" operating this property.

Table IV

<u>Name of Entity</u>	<u>Total Holding</u>	<u>Land Served by Project Water</u>
Doris Farms, Inc.	960 acres	897 acres
Guijarral Farms, Inc.	959	931
I-5 Farms, A Ptp	960	320
Jacalitos Farms, A Ptp	900	898
Robert M. Lee Farming, Inc.	862	795
Los Gatos Farms, A Ptp	863	572
Warthan Farms, A Ptp	967	612

Source: Fresno Co ASCS Office of USDA and Westlands W.D. water user map for 1985 crop year.

Figure 9 shows how these "separate farms" fit together like the pieces of a jigsaw puzzle. All seven of these entities have made irrevocable elections to be subject to the discretionary provisions of the RRA.¹² However, none of the land is paying full-cost water prices even though the total receiving Project water

is 5,025 acres.

A call placed to the common telephone number for all seven entities as listed in the Westlands Water District Water User directory produced the response "Hello, Lee and Mouren." This company is one of a number of firms operated by Robert M. Lee and William J. Mouren.¹³ Lee and Mouren Farming, Inc., reportedly farms a total of 26,517 acres in Fresno, Kern and Kings Counties in addition to the land identified in Table IV.¹⁴ Two other companies of the same group are La Cuesta Verde Ginning Co. and William J. Mouren Farming, Inc. Both of the latter entities have made irrevocable elections to be subject to the pricing provisions of the RRA. And they did so on precisely the same day as each of the seven entities listed in Table IV. All nine of these entities reported no acreage subject to full-cost water prices.¹⁵

While the above information does not prove that the various entities of this group are farmed as a single unit it is highly suggestive. It also presents a case where entities have been created subsequent to the RRA and, at first glance, appear to be completely independent of one another. Quite obviously, they are far from being independent.

A third example shows the actual process of division of land held in tenancy in common into holdings which fall just below the 960 acre limit. The land in this case is located in western Fresno County and is entirely within the San Luis Water District.

The property is commonly known as the Choperena Ranch and has been held by members of the Telles family and trusts created for the benefit of members of the same family.¹⁶ Subsequent to

passage of the RRA the property has been divided into three units. These are San Luis Farms (803.71 acres), Monte Vista Farms (894.55 acres) and Little Panoche Farms (882.49 acres).¹⁷

That each unit is smaller than 960 acres can hardly be an accident. The holdings of the various Telles family members have been adjusted to maintain the same overall share in the full 2,580.75 acre property of the original Choperena Ranch.¹⁸ The farm operator of the property has been Tri Farms, Inc., a company that is part of a group of some eleven Telles family entities.¹⁹

In this last example the actual division of the property into parts which, at face value, would seem to be in compliance with the RRA has clearly been designed to mask the tenancy in common. Otherwise, why choose such different names for the units? If this analysis is correct then we would expect that the three new units will soon be registered with ASCS as distinct farms and that crop loans and other records will appear showing the existence of these "separate farms" where formerly only one held the land. Another potential test of this hypothesis may be found by monitoring irrevocable elections by landholders to be subject to the discretionary provisions of RRA. If the three new entities make such an election and if none of the land is found to be subject to full-cost pricing then it would be rather clear that the intention of the land partition was the circumvention of the RRA.

We have found a total of nineteen cases of relationships of various kinds among presumably independent farm entities. They are listed in Appendix I of our report How Much Is Enough? that is submitted as an attachment to these comments. While some are

of the type described in the three examples cited above others appear to correspond to the more common situation of multiple entities operated by a single family or group of business associates. These nineteen farm groups include some seventy-two distinct entities (all counted as separate farms in Table II). Their aggregate holdings of land eligible for Project water amount to 59,313 acres, or 3,122 acres per farming group. These figures do not include land outside of the ten districts chosen for intensive study.

Conclusion

The proposed regulations under consideration represent an important step forward in the proper implementation of the RRA. However, unless the issues addressed above are given careful thought there is a significant danger that the creation of multiple "paper farms" will frustrate the intent of Congress.

REFERENCES

1. Civil No. S-86-0657-RAR, U.S. District Court for the Eastern District of California.
2. U.S. Department of Commerce, Bureau of the Census, 1982 Census of Agriculture, Vol 1, Part 5, California. State and County Data, Table 2, p. 2.
3. California Department of Real Estate, Reference Book, 1979-80 Edition, Sacramento, CA 95814, pp. 85-86.
4. U.S. Department of Interior, Bureau of Reclamation, Letter from Forrest D. Coleman to Hamilton Candee, September 10, 1985, Enclosure titled "Landholders Subject to Discretionary Provisions of RRA."
5. Telephone call placed to (209) 659 2421, the number listed in the Westlands Water District, Water User Directory, as the contact phone for all of the entities.
6. See Financing Statement filed by Vaquero Farms, Inc., with the Fresno County Recorder. Fresno County Official Records Vol. 6897, p. 202. All of the land listed in the legal description of the secured property is now farmed by one or more the the entities listed in Table III.
7. California Department of Corporations, File No. 700-5671, Vaquero Farms, Inc.
8. *ibid.*
9. Financing Statement filed by Vaquero Farms, Inc. Fresno County Official Records #85009868
10. California Secretary of State, Statement of Officers and Directors of Vaquero Farms, Inc., Corporation Number 538118.
11. U.S. Department of Agriculture, Agricultural Stabilization and Conservation Service, Letter from Earle J. Bedenbaugh, Acting Administrator, to Hon. George Miller, Chair, Subcommittee on Water and Power Resources, House of Representatives, September 5, 1986, Enclosure titled "Deficiency and Diversion Payments for Program Year 1985 for Selected California Counties."
12. U.S. Department of Interior, *op. cit.*
13. These include Claremont Farms, L.C.V. Gin, Inc., La Cuesta Verde Ginning Co., Inc., La Cuesta Verde Ranches, William J. Mouren Farming, Inc., and Shandon Valley Vineyards.
14. Financing Statement filed by Lee and Mouren Farming, Inc. Fresno County Official Records #85024780.

15. U.S. Department of Interior, op. cit.
16. Partition Agreement for division of Choperena Ranch, Fresno County Official Records #85054965.
17. ibid.
18. ibid.
19. Financing Statement filed by Tri Farms, Inc. Fresno County Official Records #85054969.

Figure 1 - VAQUERO FARMS

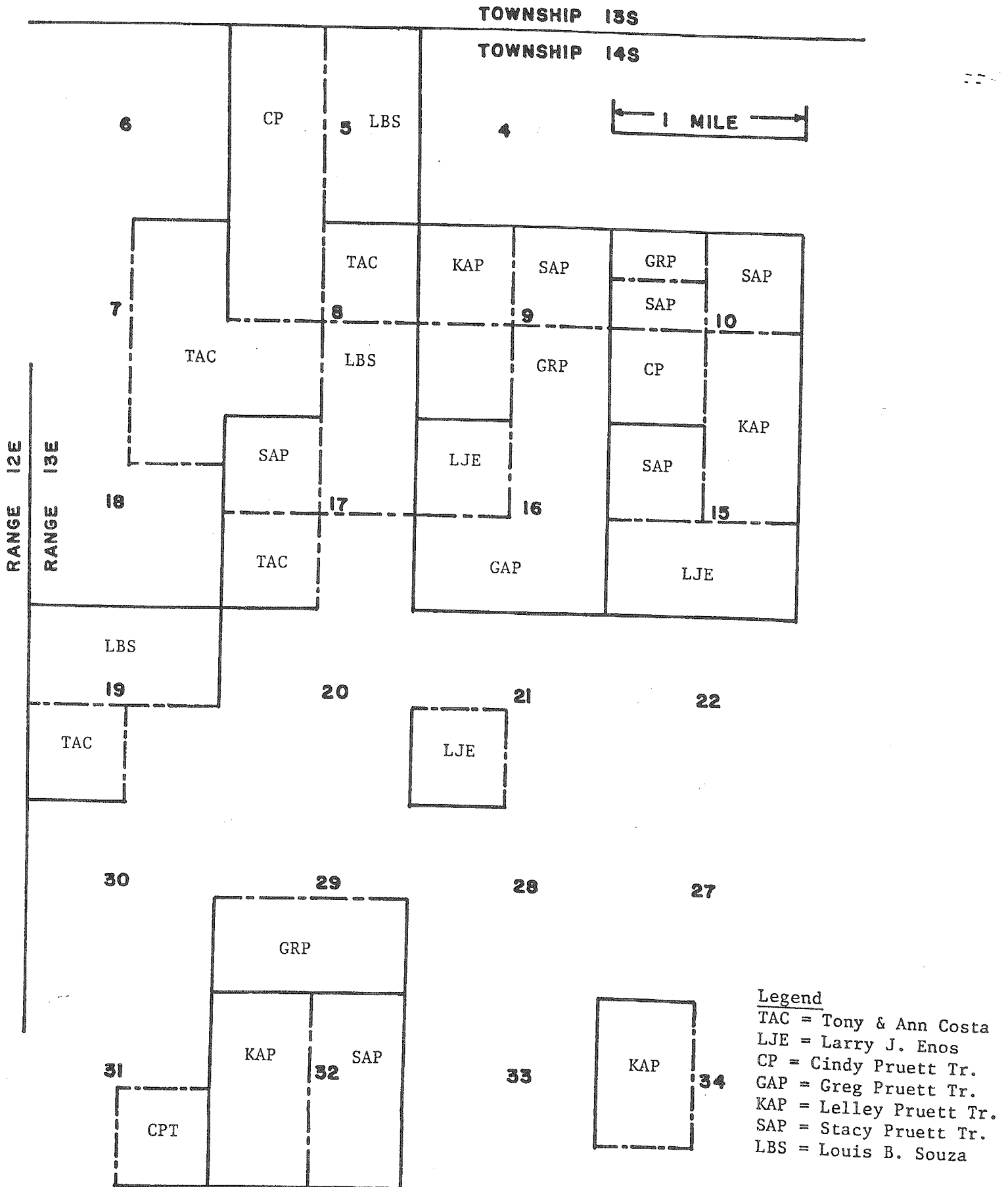


Figure 2

FRESNO COUNTY RECORDERS OFFICE

85009877

This FINANCING STATEMENT is presented for filing pursuant to the California Uniform Commercial Code.

1. DEBTOR (LAST NAME FIRST—IF AN INDIVIDUAL) VAQUERO FARMS, INC.		1A SOCIAL SECURITY OR FEDERAL TAX ID NO 94-1661566	
1B MAILING ADDRESS 121 E. 11th Street		1C CITY, STATE Tracy, CA	1D ZIP CODE 95376
2. ADDITIONAL DEBTOR (IF ANY) (LAST NAME FIRST—IF AN INDIVIDUAL) LOUIS B. SOUZA, JR. TRUST		2A SOCIAL SECURITY OR FEDERAL TAX ID NO 94-6474226	
2B MAILING ADDRESS 121 E. 11th Street		2C CITY, STATE Tracy, CA	2D ZIP CODE 95376
3. DEBTOR'S TRADE NAMES OR STYLES (IF ANY)		3A FEDERAL TAX NUMBER	
4. SECURED PARTY NAME Wells Fargo Bank, N.A. MAILING ADDRESS P. O. Box 949 CITY Modesto STATE CA ZIP CODE 95353		4A SOCIAL SECURITY OR FEDERAL TAX ID NO WFB 250	
5. ASSIGNEE OF SECURED PARTY (IF ANY) NAME MAILING ADDRESS CITY STATE ZIP CODE		5A SOCIAL SECURITY OR FEDERAL TAX ID NO	

6. This FINANCING STATEMENT covers the following types or items of property (include description of real property on which located and owner of record when required by instruction 4).
 All farm supplies, farm products, crops, and all natural increase thereof now owned or hereafter acquired by the Debtor, now or at any time hereafter located or growing or to be grown on the real property described as follows:...SEE ATTACHED..., or wherever any of the same may be located and all such crops after they have been severed and removed from said real property, and the proceeds thereof, including without limitation, all rights to payment with respect to any insurance, including returned premiums, or any cause of action relating to any of the foregoing.

7. CHECK IF APPLICABLE <input checked="" type="checkbox"/>	7A. <input checked="" type="checkbox"/> PRODUCTS OF COLLATERAL ARE ALSO COVERED	7B. DEBTOR(S) SIGNATURE NOT REQUIRED IN ACCORDANCE WITH INSTRUCTION B(4) ITEM: <input type="checkbox"/> (1) <input type="checkbox"/> (2) <input type="checkbox"/> (3) <input type="checkbox"/> (4)
8. CHECK IF APPLICABLE <input checked="" type="checkbox"/>	<input type="checkbox"/> DEBTOR IS A "TRANSMITTING UTILITY" IN ACCORDANCE WITH UCC § 9108 (1) (b)	

9. SIGNATURE OF DEBTOR(S) AND DATE <i>[Signature]</i> 11/23/85 LOUIS B. SOUZA, JR., President X ANN P. COSTA, Trustee		10. THIS SPACE FOR USE OF FILING OFFICER (DATE, TIME, FILE NUMBER AND FILING OFFICER)
TYPE OF PRINT NAME (BY DEBTOR(S)) VAQUERO FARMS, INC. LOUIS B. SOUZA, JR. TRUST		
SIGNATURE OF SECURED PARTY (IF ANY) <i>[Signature]</i> Larry Scheidt, VP		
TYPE OF PRINT NAME (BY SECURED PARTY(IES)) WELLS FARGO BANK, N.A.		

11. Return copy to:

NAME	
ADDRESS	Wells Fargo Bank, N.A.
CITY	P. O. Box 949
STATE	Modesto, CA 95353
ZIP CODE	

(1) FILING OFFICER COPY

FORM UCC-1—Filing Fee \$3.00
Approved by the Secretary of State

RECORDED AT REQUEST OF
 AT 16 MIN PAST 3P H.
 JAN 31 1985
 FRESNO COUNTY, CALIFORNIA
 GALEN LARSON, County Recorder
[Signature]
 BY DEPUTY RECORDER

JAN 31 1985

Figure 3

FRESNO COUNTY RECORDERS OFFICE

85009876

This FINANCING STATEMENT is presented for filing pursuant to the California Uniform Commercial Code.

1. DEBTOR (LAST NAME FIRST—IF AN INDIVIDUAL) VAQUERO FARMS, INC.		1A SOCIAL SECURITY OR FEDERAL TAX NO. 94-1661546	
1B. MAILING ADDRESS 121 E. 11th Street		1C CITY, STATE Tracy, CA	1D ZIP CODE 95376
2. ADDITIONAL DEBTOR (IF ANY) (LAST NAME FIRST—IF AN INDIVIDUAL) LOUIS B. SOUZA, JR. AKA LOUIS B. SOUZA		2A SOCIAL SECURITY OR FEDERAL TAX NO. 560-52-8688	
2B. MAILING ADDRESS 121 E. 11th Street		2C CITY, STATE Tracy, CA	2D ZIP CODE 95376
3. DEBTOR'S TRADE NAMES OR STYLES (IF ANY)		3A FEDERAL TAX NUMBER	
4. SECURED PARTY NAME Wells Fargo Bank, N.A. MAILING ADDRESS P. O. Box 949 CITY Modesto STATE CA ZIP CODE 95353		4A SOCIAL SECURITY NO. FEDERAL TAX NO. OR BANK TRANSIT AND A.C.A. NO. WFB 250	
5. ASSIGNOR OF SECURED PARTY (IF ANY) NAME MAILING ADDRESS CITY STATE ZIP CODE		5A SOCIAL SECURITY NO. FEDERAL TAX NO. OR BANK TRANSIT AND A.C.A. NO.	

6. This FINANCING STATEMENT covers the following types or items of property (include description of real property on which located and owner of record when required by instruction 4).
All farm supplies, farm products, crops, and all natural increase thereof now owned or hereafter acquired by the Debtor, now or at any time hereafter located or growing or to be grown on the real property described as follows:...SEE ATTACHED.... or wherever any of the same may be located and all such crops after they have been severed and removed from said real property, and the proceeds thereof, including without limitation, all rights to payment with respect to any insurance, including returned premiums, or any cause of action relating to any of the foregoing.

7. CHECK IF APPLICABLE <input checked="" type="checkbox"/>	7A. <input checked="" type="checkbox"/> PRODUCTS OF COLLATERAL ARE ALSO COVERED	7B. DEBTOR(S) SIGNATURE NOT REQUIRED IN ACCORDANCE WITH INSTRUCTION 8 (2) ITEM: <input type="checkbox"/> (1) <input type="checkbox"/> (2) <input type="checkbox"/> (3) <input type="checkbox"/> (4)
8. CHECK IF APPLICABLE <input checked="" type="checkbox"/>	<input type="checkbox"/> DEBTOR IS A "TRANSMITTING UTILITY" IN ACCORDANCE WITH UCC § 910B (1) (a)	

9. SIGNATURE(S) OF DEBTOR(S) <i>[Signature]</i> 1/23/85 President LOUIS B. SOUZA		10. THIS SPACE FOR USE OF FILING OFFICER (DATE, TIME, FILE NUMBER AND FILING OFFICER) RECORDED AT REQUEST OF AT 16 MIN PAST 3 P M JAN 31 1985 FRESNO COUNTY CALIFORNIA GALEN LARSON, County Recorder <i>[Signature]</i> FEES BY DEPUTY RECORDER
11. Return copy to: NAME ADDRESS CITY STATE ZIP CODE Wells Fargo Bank, N.A. P. O. Box 949 Modesto, CA 95353		
TYPE OR PRINT NAME (S) OF DEBTOR(S)		
TYPE OR PRINT NAME (S) OF SECURED PARTY (IES)		

(1) FILING OFFICER COPY FORM UCC-1 FILING FEE \$3.00 Approved by the Secretary of State

JAN 31 1985

Figure 4

FRESNO COUNTY RECORDERS OFFICE

85009875

The FINANCING STATEMENT is presented for filing pursuant to the California Uniform Commercial Code.

1. DEBTOR (LAST NAME FIRST—IF AN INDIVIDUAL) VAQUERO FARMS, INC.		1A SOCIAL SECURITY OR FEDERAL TAX ID NO 94-1661546	
1B. MAILING ADDRESS 121 E. 11th Street		1C CITY, STATE Tracy, CA	1D ZIP CODE 95376
2. ADDITIONAL DEBTOR (IF ANY) (LAST NAME FIRST—IF AN INDIVIDUAL) ENOS: LARRY J.		2A SOCIAL SECURITY OR FEDERAL TAX ID NO 564-72-1625	
2B. MAILING ADDRESS 121 E. 11th Street		2C CITY, STATE Tracy, CA	2D ZIP CODE 95376
3. DEBTOR'S TRADE NAMES OR STYLES (IF ANY)		3A FEDERAL TAX NUMBER	
4. SECURED PARTY NAME Wells Fargo Bank, N.A. MAILING ADDRESS P. O. Box 949 CITY Modesto STATE CA ZIP CODE 95353		4A SOCIAL SECURITY OR FEDERAL TAX ID NO OF BANK THROUGH AND C O A NO WFB 250	
5. ASSIGNEE OF SECURED PARTY (IF ANY) NAME MAILING ADDRESS CITY STATE ZIP CODE		5A SOCIAL SECURITY OR FEDERAL TAX ID NO OF BANK THROUGH AND C O A NO	

6. This FINANCING STATEMENT covers the following types or items of property (include description of real property on which located and owner of record when required by instruction 4).
All farm supplies, farm products, crops, and all natural increase thereof now owned or hereafter acquired by the Debtor, now or at any time hereafter located or growing or to be grown on the real property described as follows:...SEE ATTACHED..., or wherever any of the same may be located and all such crops after they have been severed and removed from said real property, and the proceeds thereof, including without limitation, all rights to payment with respect to any insurance, including returned premiums, or any cause of action relating to any of the foregoing.

7. CHECK IF APPLICABLE <input checked="" type="checkbox"/>	7A. <input checked="" type="checkbox"/> PRODUCTS OF COLLATERAL ARE ALSO COVERED	7B. DEBTOR(S) SIGNATURE NOT REQUIRED IN ACCORDANCE WITH INSTRUCTION 9(6) ITEM: <input type="checkbox"/> (1) <input type="checkbox"/> (2) <input type="checkbox"/> (3) <input type="checkbox"/> (4)
8. CHECK IF APPLICABLE <input checked="" type="checkbox"/>	<input type="checkbox"/> DEBTOR IS A "TRANSMITTING UTILITY" IN ACCORDANCE WITH UCC § 9106 (1) (a)	

9. SIGNATURE(S) OF DEBTOR(S) LARRY J. ENOS DATE: 1/23/85		C O D E	1 2 3 4 5 6 7 8 9 0	10. THIS SPACE FOR USE OF FILING OFFICER (DATE, TIME, FILE NUMBER AND FILING OFFICER)
TYPE OR PRINT NAME(S) OF DEBTOR(S) VAQUERO FARMS, INC.				RECORDED AT REQUEST OF AT 16 MIN PAST 32 P. JAN 31 1985 FRESNO COUNTY CALIFORNIA GALEN LARSON, County Recorder Deputy Recorder BY DEPUTY RECORDER
SIGNATURE(S) OF SECURED PARTY(IES) Larry Schaidt, VP				
TYPE OR PRINT NAME(S) OF SECURED PARTY(IES) WELLS FARGO BANK, N.A.				

11. Return copy to: NAME ADDRESS CITY STATE ZIP CODE Wells Fargo Bank, N.A. P. O. Box 949 Modesto, CA 95353	
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(1) FILING OFFICER COPY

FORM UCC 1—FILING FEE \$3.00
As used by the Secretary of State

JAN 31 1985

Figure 5

FRESNO COUNTY RECORDERS OFFICE

85009874

This FINANCING STATEMENT is presented for filing pursuant to the California Uniform Commercial Code.

1. DEBTOR (LAST NAME FIRST—IF AN INDIVIDUAL) VAQUERO FARMS, INC.		1A. SOCIAL SECURITY OR FEDERAL TAX NO. 94-1661546
1B. MAILING ADDRESS 121 E. 11th Street		1C. CITY, STATE Tracy, CA
2. ADDITIONAL DEBTOR (IF ANY) (LAST NAME FIRST—IF AN INDIVIDUAL) STACEY ANN PRUETT TRUST		2A. SOCIAL SECURITY OR FEDERAL TAX NO. 68-6003421
2B. MAILING ADDRESS 121 E. 11th Street		2C. CITY, STATE Tracy, CA
3. DEBTOR'S TRADE NAMES OR STYLES (IF ANY)		2D. ZIP CODE 95376
4. SECURED PARTY NAME Wells Fargo Bank, N.A. MAILING ADDRESS P. O. Box 949 CITY Modesto STATE CA ZIP CODE 95353		3A. FEDERAL TAX NUMBER WFB 250
5. ASSIGNEE OF SECURED PARTY (IF ANY) NAME MAILING ADDRESS CITY STATE ZIP CODE		4A. SOCIAL SECURITY OR FEDERAL TAX NO. OR DATA TRANSMITTED AND A D A NO. WFB 250
6. This FINANCING STATEMENT covers the following types or items of property (include description of real property on which located and owner of record when required by instruction 4). All farm supplies, farm products, crops, and all natural increase thereof now owned or hereafter acquired by the Debtor, now or at any time hereafter located or growing or to be grown on the real property described as follows:...SEE ATTACHED..., or wherever any of the same may be located and all such crops after they have been severed and removed from said real property. and the proceeds thereof, including without limitation, all rights to payment with respect to any insurance, including returned premiums, or any cause of action relating to any of the foregoing.		
7. CHECK IF APPLICABLE <input checked="" type="checkbox"/>	7A. PRODUCTS OF COLLATERAL ARE ALSO COVERED <input checked="" type="checkbox"/>	7B. DEBTOR(S) SIGNATURE NOT REQUIRED IN ACCORDANCE WITH INSTRUCTION 8 (a) ITEM: <input type="checkbox"/> (1) <input type="checkbox"/> (2) <input type="checkbox"/> (3) <input type="checkbox"/> (4)
8. CHECK IF APPLICABLE <input checked="" type="checkbox"/>	DEBTOR IS A "TRANSMITTING UTILITY" IN ACCORDANCE WITH UCC § 9106 (1) (a) <input type="checkbox"/>	
9. SIGNATURE(S) OF DEBTOR(S) X Louis R. Souze, President DATE 1/23/85 X Ann P. Costa, Trustee		10. THIS SPACE FOR USE OF FILING OFFICER (DATE, TIME, FILE NUMBER AND FILING OFFICER)
11. Return copy to: NAME ADDRESS CITY STATE ZIP CODE Wells Fargo Bank, N.A. P. O. Box 949 Modesto, CA 95353		1 2 3 4 5 6 7 8 9 0 RECORDED AT REQUEST OF AT <u>16</u> MIN PAST <u>32</u> P. JAN 31 1985 FRESNO COUNTY CALIFORNIA GALEN LARSON, County Recorder BY DEPUTY RECORDER <i>[Signature]</i>
(1) FILING OFFICER COPY		

FORM UCC-1—FILING FEE \$3.00
Approved by the Secretary of State

JAN 31 1985

Figure 6

FRESNO COUNTY RECORDERS OFFICE

85009A69

This FINANCING STATEMENT is presented for filing pursuant to the California Uniform Commercial Code.

1. DEBTOR (LAST NAME FIRST—IF AN INDIVIDUAL) VAQUERO FARMS, INC.		1A SOCIAL SECURITY OR FEDERAL TAX ID NO 94-1661546	
1B. MAILING ADDRESS 121 E. 11th Street		1C. CITY, STATE Tracy, CA	1D. ZIP CODE 95376
2. ADDITIONAL DEBTOR (IF ANY) (LAST NAME FIRST—IF AN INDIVIDUAL) KELLY ANN PRUETT TRUST		2A SOCIAL SECURITY OR FEDERAL TAX ID NO 94-6516163	
2B. MAILING ADDRESS 121 E. 11th Street		2C. CITY, STATE Tracy, CA	2D. ZIP CODE 95376
3. DEBTOR'S TRADE NAMES OR STYLES (IF ANY)		3A. FEDERAL TAX NUMBER	
4. SECURED PARTY NAME Wells Fargo Bank, N.A. MAILING ADDRESS P. O. Box 949 CITY Modesto STATE CA ZIP CODE 95353		4A SOCIAL SECURITY OR FEDERAL TAX ID NO OR DATA TRUSTEE AND A D A NO WFB 250	
5. ASSIGNEE OF SECURED PARTY (IF ANY) NAME MAILING ADDRESS CITY STATE ZIP CODE		5A SOCIAL SECURITY OR FEDERAL TAX ID NO OR DATA TRUSTEE AND A D A NO	

6. This FINANCING STATEMENT covers the following types or items of property (include description of real property on which located and owner of record when required by instruction 4).
All farm supplies, farm products, crops, and all natural increase thereof now owned or hereafter acquired by the Debtor, now or at any time hereafter located or growing or to be grown on the real property described as follows:...SEE ATTACHED..., or wherever any of the same may be located and all such crops after they have been severed and removed from said real property, and the proceeds thereof, including without limitation, all rights to payment with respect to any insurance, including returned premiums, or any cause of action relating to any of the foregoing.

7. CHECK IF APPLICABLE <input checked="" type="checkbox"/>	7A. <input checked="" type="checkbox"/> PRODUCTS OF COLLATERAL ARE ALSO COVERED	7B. DEBTOR(S) SIGNATURE NOT REQUIRED IN ACCORDANCE WITH INSTRUCTION 8 (c) ITEM: <input type="checkbox"/> (1) <input type="checkbox"/> (2) <input type="checkbox"/> (3) <input type="checkbox"/> (4)
8. CHECK IF APPLICABLE <input checked="" type="checkbox"/>	<input type="checkbox"/> DEBTOR IS A "TRANSMITTING UTILITY" IN ACCORDANCE WITH UCC § 9108 (1) (b)	

9. SIGNATURE(S) OF DEBTOR(S) <i>[Signature]</i> Thomas A. Souza, President <i>[Signature]</i> X Ann P. Costa, Trustee		10. THIS SPACE FOR USE OF FILING OFFICER (DATE, TIME, FILE NUMBER AND FILING OFFICER)	
DATE 1/23/85			
TYPE OR PRINT NAME(S) OF DEBTOR(S) VAQUERO FARMS, INC. KELLY ANN PRUETT TRUST			
SIGNATURE(S) OF SECURED PARTY(IES) <i>[Signature]</i> Larry Scheidt, VP			
TYPE OR PRINT NAME(S) OF SECURED PARTY(IES) WELLS FARGO BANK, N.A.			
11. Return copy to: NAME ADDRESS CITY STATE ZIP CODE		1 2 3 4 5 6 7 8 9 0 RECORDED AT REQUEST OF AT 16 MIN PAST 32 M. JAN 31 1985 FRESNO COUNTY CALIFORNIA GALEN LARSON, County Recorder <i>[Signature]</i> BY DEPUTY RECORDER	
(1) FILING OFFICER COPY		FORM UCC-1—FILING FEE \$3.00 Approved by the Secretary of State	

JAN 31 1985

Figure 7

85009868

FRESNO COUNTY RECORDERS OFFICE

This FINANCING STATEMENT is presented for filing pursuant to the California Uniform Commercial Code.

1. DEBTOR (LAST NAME FIRST—IF AN INDIVIDUAL) VAQUERO FARMS, INC.		1A SOCIAL SECURITY OR FEDERAL TAX NO 94-1661546	
1B. MAILING ADDRESS 121 E. 11th Street		1C. CITY, STATE Tracy, CA	
2. ADDITIONAL DEBTOR (IF ANY) (LAST NAME FIRST—IF AN INDIVIDUAL) GREGORY ROBERT PRUETT TRUST		2A SOCIAL SECURITY OR FEDERAL TAX NO 94-6514162	
2B. MAILING ADDRESS 121 E. 11th Street		2C CITY, STATE Tracy, CA	
3. DEBTOR'S TRADE NAMES OR STYLES (IF ANY)		2D ZIP CODE 95376	
4. SECURED PARTY NAME Wells Fargo Bank, N.A. MAILING ADDRESS P. O. Box 949 CITY Modesto STATE CA ZIP CODE 95353		3A FEDERAL TAX NUMBER WFB 250	
5. ASSIGNER OF SECURED PARTY (IF ANY) NAME MAILING ADDRESS CITY STATE ZIP CODE		4A SOCIAL SECURITY NO FEDERAL TAX NO OR DATA TRANSIT AND A D A NO 5A SOCIAL SECURITY NO FEDERAL TAX NO OR DATA TRANSIT AND A D A NO	

6. This FINANCING STATEMENT covers the following types or items of property (include description of real property on which located and owner of record when required by instruction 4).
All farm supplies, farm products, crops, and all natural increase thereof now owned or hereafter acquired by the Debtor, now or at any time hereafter located or growing or to be grown on the real property described as follows:...SEE ATTACHED..., or wherever any of the same may be located and all such crops after they have been severed and removed from said real property, and the proceeds thereof, including without limitation, all rights to payment with respect to any insurance, including returned premiums, or any cause of action relating to any of the foregoing.

7. CHECK IF APPLICABLE <input checked="" type="checkbox"/>	7A. <input checked="" type="checkbox"/> PRODUCTS OF COLLATERAL ARE ALSO COVERED	7B. DEBTOR(S) SIGNATURE NOT REQUIRED IN ACCORDANCE WITH INSTRUCTION 9 (C) ITEM: <input type="checkbox"/> (1) <input type="checkbox"/> (2) <input type="checkbox"/> (3) <input type="checkbox"/> (4)
8. CHECK IF APPLICABLE <input checked="" type="checkbox"/>	<input type="checkbox"/> DEBTOR IS A "TRANSMITTING UTILITY" IN ACCORDANCE WITH UCC § 9106 (1) (H)	

9. SIGNATURE(S) OF DEBTOR(S) AND SECURED PARTY(IES)
John A. Souza, President *John A. Souza*
Ann P. Costa, Trustee *Ann P. Costa*
Larry Scheidt, VP *Larry Scheidt*
WELLS FARGO BANK, N.A.
 TYPE OR PRINT NAME(S) OF SECURED PARTY(IES)
 TYPE OR PRINT NAME(S) OF SECURED PARTY(IES)
 TYPE OR PRINT NAME(S) OF SECURED PARTY(IES)

10. THIS SPACE FOR USE OF FILING OFFICER (DATE, TIME, FILE NUMBER AND FILING OFFICER)
 RECORDED AT REQUEST OF
 AT 16 MIN PAST 37 JAN 31 1985
 PRESNO COUNTY CALIFORNIA
 GALEN LARSON, County Recorder
 BY DEPUTY RECORDER *Christine Hinata* FEE \$ 7

11. Return copy to:
 NAME
 ADDRESS
 CITY
 STATE
 ZIP CODE
Wells Fargo Bank, N.A.
P. O. Box 949
Modesto, CA 95353

(1) FILING OFFICER COPY FORM UCC-1—FILING FEE \$3.00 Approved by the Secretary of State

JAN 31 1985

Figure 8

FRESNO COUNTY RECORDERS OFFICE

85009867

This FINANCING STATEMENT is presented for filing pursuant to the California Uniform Commercial Code.

1. DEBTOR (LAST NAME FIRST—IF AN INDIVIDUAL) VAQUERO FARMS, INC.		1A. SOCIAL SECURITY OR FEDERAL TAX NO. 94-1661546	
1B. MAILING ADDRESS 121 E. 11th Street		1C. CITY, STATE Tracy, CA	1D. ZIP CODE 95376
2. ADDITIONAL DEBTOR (IF ANY) (LAST NAME FIRST—IF AN INDIVIDUAL) SEE ATTACHED		2A. SOCIAL SECURITY OR FEDERAL TAX NO. SEE ATTACHED	
2B. MAILING ADDRESS 121 E. 11th Street		2C. CITY, STATE Tracy, CA	2D. ZIP CODE 95376
3. DEBTOR'S TRADE NAMES OR STYLES (IF ANY)		3A. FEDERAL TAX NUMBER	
4. SECURED PARTY NAME Wells Fargo Bank, N.A. MAILING ADDRESS P. O. Box 949 CITY Modesto STATE CA ZIP CODE 95353		4A. SOCIAL SECURITY NO. FEDERAL TAX NO. OR BANK YEARSITY AND A & A DO WFB 250	
5. ASSIGNEE OF SECURED PARTY (IF ANY) NAME MAILING ADDRESS CITY STATE ZIP CODE		5A. SOCIAL SECURITY NO. FEDERAL TAX NO. OR BANK YEARSITY AND A & A DO	
6. This FINANCING STATEMENT covers the following types or items of property (include description of real property on which located and owner of record when required by instruction 4). All farm supplies, farm products, crops, and all natural increase thereof now owned or hereafter acquired by the Debtor, now or at any time hereafter located or growing or to be grown on the real property described as follows:...SEE ATTACHED..., or wherever any of the same may be located and all such crops after they have been severed and removed from said real property, and the proceeds thereof, including without limitation, all rights to payment with respect to any insurance, including returned premiums, or any cause of action relating to any of the foregoing.			
7. CHECK IF APPLICABLE <input checked="" type="checkbox"/>	7A. PRODUCTS OF COLLATERAL ARE ALSO COVERED <input checked="" type="checkbox"/>	7B. DEBTOR(S) SIGNATURE NOT REQUIRED IN ACCORDANCE WITH INSTRUCTION 8 (5) ITEM <input type="checkbox"/> (1) <input type="checkbox"/> (2) <input type="checkbox"/> (3) <input type="checkbox"/> (4)	
8. CHECK IF APPLICABLE <input checked="" type="checkbox"/>	8. DEBTOR IS A "TRANSMITTING UTILITY" IN ACCORDANCE WITH UCC § 9108 (1) (A) <input type="checkbox"/>		
9. SIGNATURE OF DEBTOR(S) VAQUERO FARMS, INC. TONY L. COSTA ALEN P. COSTA DATE: 1/23/85 X TONY L. COSTA X ALEN P. COSTA		10. THIS SPACE FOR USE OF FILING OFFICER (DATE, TIME, FILE NUMBER AND FILING OFFICER)	
11. Return copy to: NAME ADDRESS Wells Fargo Bank, N.A. CITY P. O. Box 949 STATE Modesto, CA ZIP CODE 95353		RECORDED AT REQUEST OF AT 16 MIN PAST 3P M. JAN 31 1985 FRESNO COUNTY CALIF. DIV. GALEN LARSON, County Recorder BY DEPUTY RECORDER FEEL 7	

FORM UCC-1 FILING FEE \$3.00
Approved by the Secretary of State

JAN 31 1985

Figure 9 - EL DORADO FARMS

