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**RECORDING REQUESTED BY AND
WHEN RECORDED, RETURN TO:**

Latham & Watkins
701 B Street, Suite 2100
San Diego, CA 92101-8197
Attention: George A. Rice, Esq.

Vol M02 Page 3384

State of Oregon, County of Klamath
Recorded 01/17/2002 3:11 p m.
Vol M02, Pg 3384-3411
Linda Smith, County Clerk
Fee \$ 171.40 # of Pgs 28

LINE OF CREDIT TRUST DEED

**DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**

GRANTOR: ALDERWOODS (OREGON), INC.
BENEFICIARY: THE CIT GROUP/BUSINESS CREDIT, INC.
TRUSTEE: CHICAGO TITLE INSURANCE COMPANY OF OREGON

Maximum Principal Amount to be Advanced pursuant to ORS 86.155(2)(c): \$650,000,000

Term or Maturity Date, exclusive of any option to renew or extend: January 2, 2007

Real Property Tax Account No.: 3809-032AB-12100-000

AMERITITLE, has recorded this
instrument by request as an accommodation only,
and has not examined it for regularity and sufficiency
or as to its effect upon the title to any real property
that may be described therein.

**DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY
AGREEMENT AND FIXTURE FILING**

This Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (this "**Deed of Trust**") is executed as of December 17, 2001 and to be effective as of January 2, 2002, by Alderwoods (Oregon), Inc., an Oregon corporation ("**Grantor**"), formerly known as Bateman Funeral Chapel, Inc. (by name change evidenced on Exhibit B attached hereto), successor by merger with O'Hairs Funeral Chapel, Inc. (as evidenced on Exhibit B attached hereto), whose address for notice hereunder is 2225 Sheppard Avenue E., Atria North III, 11th Floor, Toronto, Ontario, Canada M2J 5B5, Attention: Chief Treasurer, in favor of Chicago Title Insurance Company of Oregon, an Oregon corporation, as trustee (together with its successors and assigns, "**Trustee**"), having an address at 10001 SE Sunnyside Rd., Clackamas, OR 97015-9782, for the benefit of **THE CIT GROUP/BUSINESS CREDIT, INC.**, a New York corporation, as collateral agent for the Senior Secured Parties (as hereinafter defined; and in such capacity, together with its successors and assigns in such capacity, "**Beneficiary**"), whose address for notice is 10 South LaSalle Street, 22nd Floor, Chicago, Illinois 60603, Attention: Portfolio Manager.

RECITALS

A. Grantor has entered into this Deed of Trust pursuant to the Fourth Amended Joint Plan of Reorganization of Loewen Group International, Inc., Its Parent Corporation and Certain of Their Debtor Subsidiaries, dated September 10, 2001 (the "**Plan**"). The Plan was confirmed by order of the United States Bankruptcy Court for the District of Delaware entered on December 5, 2001 pursuant to Section 1129 of Title 11, United States Code. Loewen Group International, Inc. is the predecessor in interest to Alderwoods Group, Inc., a Delaware corporation ("**Alderwoods**").

B. Grantor is a direct or indirect wholly owned subsidiary of Alderwoods and is the fee owner of the Mortgaged Property (as hereinafter defined).

C. Alderwoods, Wells Fargo Bank Minnesota, National Association, as trustee ("**Wells Fargo**"), the Credit Parties named therein, and Beneficiary entered into that certain Collateral Agency Agreement dated on or about the date hereof (said Collateral Agency Agreement and any amendments, modifications, restatements, extensions, renewals, or replacements of said Collateral Agency Agreement, the "**Collateral Agency Agreement**") whereby Beneficiary agreed to act as a collateral agent for the Senior Secured Parties (as defined in the Collateral Agency Agreement).

D. Beneficiary, as agent, the lenders named therein, and Alderwoods, as borrower, are parties to the Senior Credit Agreement (as hereinafter defined) whereby such lenders have agreed to provide to Alderwoods certain loans and other credit accommodations.

E. Alderwoods, as issuer, and Wells Fargo are parties to the Indenture (as defined in the Collateral Agency Agreement) pursuant to which Alderwoods has issued senior notes.

F. Wells Fargo, Alderwoods and Beneficiary, as agent for the lenders named therein have entered into that certain Intercreditor and Subordination Agreement dated on or about the date hereof (said Intercreditor and Subordination Agreement and any amendments, modifications, restatements, extensions, renewals, or replacements of said Intercreditor and Subordination Agreement, the "**Intercreditor and Subordination Agreement**") with respect to intercreditor rights among parties thereto.

NOW THEREFORE, in consideration of ten dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and pursuant to the Plan, the undersigned hereby enters into this Deed of Trust:

ARTICLE 1 **DEFINITIONS**

Section 1.1 **Definitions.** As used herein, the following terms shall have the following meanings:

- (a) **"Affiliates"**: As defined in the Senior Credit Agreement.
- (b) **"Alderwoods"**: As defined in Recital A.
- (c) **"Collateral Agency Agreement"**: As defined in Recital C.
- (d) **"Collateral Agent"**: As defined in the Collateral Agency Agreement.
- (e) **"Default Rate"**: (i) The Default Rate as defined in the Senior Credit Agreement with respect to the Indebtedness arising under the Senior Credit Agreement, and (ii) the interest rate set forth in the Notes issued pursuant to the Indenture with respect to the Indebtedness arising under the Indenture.
- (f) **"Event of Default"**: As defined in the Collateral Agency Agreement.
- (g) **"Guaranties"**: Collectively, the Guaranty (as defined in the Senior Credit Agreement) of the Grantor and the Subsidiary Guaranty (as defined in the Indenture) of the Grantor.
- (h) **"Indebtedness"**: All obligations of Grantor under the Guaranties, including all (1) principal, interest and other amounts due under or secured by the Transaction Documents, (2) principal, interest and other amounts which may hereafter be loaned by the Senior Secured Parties, their successors or assigns, to or for the benefit of Alderwoods or the owner of the Mortgaged Property, when evidenced by promissory notes or other instruments which, by their terms, are secured hereby, and (3) all other indebtedness, obligations and liabilities now or hereafter existing of any kind of Alderwoods or Grantor to Beneficiary or the Senior Secured Parties under documents executed by Alderwoods, Grantor or any of their Affiliates which recite that they are intended to be secured by this Deed of Trust.
- (i) **"Indenture"**: As defined in Recital E.
- (j) **"Intercreditor and Subordination Agreement"**: As defined in Recital F.

(k) **"Mortgaged Property"**: (1) the real property described in Exhibit A, together with any greater estate therein as hereafter may be acquired by Grantor (the **"Land"**), (2) all buildings, structures and other improvements, now or at any time situated, placed or constructed upon the Land (the **"Improvements"**), (3) all materials, supplies, equipment, apparatus and other items of personal property now owned or hereafter acquired by Grantor and now or hereafter attached to, installed in or used in connection with any of the Improvements or the Land, and water, gas, electrical, storm and sanitary sewer facilities and all other utilities whether or not situated in easements (the **"Fixtures"**), (4) all reserves, escrows or impounds required under the Transaction Documents and all deposit accounts maintained by Grantor with respect to the Mortgaged Property, (5) all of Grantor's right, title and interest in and to all plans, specifications, shop drawings and other technical descriptions prepared for construction, repair or alteration of the Improvements, and all amendments and modifications thereof (the **"Plans"**), (6) all leases, subleases, licenses, concessions, occupancy agreements or other agreements (written or oral, now or at any time in effect) which grant a possessory interest in, or the right to use, all or any part of the Mortgaged Property, together with all related security and other deposits (the **"Leases"**), (7) all of the rents, revenues, income, proceeds, profits, security and other types of deposits, and other benefits paid or payable by parties to the Leases other than Grantor for using, leasing, licensing, possessing, operating from, residing in, selling or otherwise enjoying the Mortgaged Property (the **"Rents"**), (8) all of Grantor's right, title and interest in and to all other agreements, such as construction contracts, architects' agreements, engineers' contracts, utility contracts, maintenance agreements, management agreements, service contracts, permits, licenses, certificates and entitlements in any way relating to the development, construction, use, occupancy, operation, maintenance, enjoyment, acquisition or ownership of the Mortgaged Property (the **"Property Agreements"**), (9) all rights, privileges, tenements, hereditaments, rights-of-way, easements, appendages and appurtenances appertaining to the foregoing, and all right, title and interest, if any, of Grantor in and to any streets, ways, alleys, strips or gores of land adjoining the Land or any part thereof, (10) all accessions, replacements and substitutions for any of the foregoing and all proceeds thereof, (11) all insurance policies, unearned premiums therefor and proceeds from such policies covering any of the above property now or hereafter acquired by Grantor, (12) all of Grantor's right, title and interest in and to all mineral, water, oil and gas rights now or hereafter acquired and relating to all or any part of the Mortgaged Property, and (13) all of Grantor's right, title and interest in and to any awards, remunerations, reimbursements, settlements or compensation heretofore made or hereafter to be made by any governmental authority pertaining to the Land, Improvements, or Fixtures. As used in this Deed of Trust, the term "Mortgaged Property" shall mean all or, where the context permits or requires, any portion of the above or any interest therein.

(l) **"Notes"**: As defined in Section 1.1(r).

(m) **"Obligations"**: All of the agreements, covenants, conditions, warranties, representations and other obligations (other than to repay the Indebtedness) made or undertaken by Grantor or any other person or entity to Trustee, Beneficiary, the Senior Secured Parties or others as set forth in the Transaction Documents.

(n) **"Permitted Encumbrances"**: The liens and security interests in favor of Beneficiary created by the Transaction Documents and "Permitted Encumbrances" (as such term is defined in the Senior Credit Agreement), none of which, individually or in the aggregate, materially interferes with the benefits intended to be provided by this Deed of Trust, materially

and adversely affects the value of the Mortgaged Property, impairs the use or operations of the Mortgaged Property, or impairs Grantor's ability to pay its obligations in a timely manner.

(o) **"Plan"**: As defined in Recital A.

(p) **"Senior Credit Agreement"**: The Senior Credit Agreement as defined in the Collateral Agency Agreement and any amendments, modifications, restatements, extensions, renewals or replacements of said Senior Credit Agreement.

(q) **"Senior Secured Parties"**: As defined in Recital C.

(r) **"Transaction Documents"**: Collectively: (1) the Collateral Agency Agreement and all the Transaction Documents as defined in the Collateral Agency Agreement, (2) each of the Promissory Notes (as defined in the Senior Credit Agreement) and each of the Five-Year Notes (as defined in the Indenture), having an aggregate stated original principal amount of approximately Three Hundred Twenty Five Million Dollars (\$325,000,000) (collectively, together with all promissory notes delivered in substitution or exchange therefor, in each case as the same may be consolidated, severed, split, modified, amended, restated or extended from time to time, the **"Notes"**), the longest of which matures on January 2, 2007, (3) this Deed of Trust, (4) the Unsecured Environmental Indemnity Agreement, (5) all other documents now or hereafter executed by Grantor, Alderwoods or any of their Affiliates to evidence or secure the payment of the Indebtedness or the performance of the Obligations and (6) all amendments, modifications, restatements, extensions, renewals and replacements of the foregoing.

(s) **"UCC"**: The Uniform Commercial Code of the state in which the Mortgaged Property is located or, if the creation, perfection and enforcement of any security interest herein granted is governed by the laws of a state other than the state in which the Mortgaged Property is located, then, as to the matter in question, the Uniform Commercial Code in effect in that state.

(t) **"Unsecured Environmental Indemnity Agreement"**: That certain Unsecured Environmental Indemnity Agreement dated as of January 2, 2002 by the Grantor, The Portland Memorial, Inc., Universal Memorial Centers I, Inc., Universal Memorial Centers II, Inc., Universal Memorial Centers III, Inc. and Alderwoods as the Indemnitors (as defined therein), for the benefit of the Collateral Agent.

ARTICLE 2

GRANT

Section 2.1 **Grant**. To secure the full and timely payment of the Indebtedness and the full and timely performance of the Obligations, Grantor hereby irrevocably grants, bargains, sells, releases, conveys, warrants, assigns, transfers, mortgages, deeds, pledges, hypothecates, sets over and confirms unto Trustee, IN TRUST WITH POWER OF SALE AND RIGHT OF ENTRY AND POSSESSION, for the benefit and security of Beneficiary (on behalf of the Senior Secured Parties) the Mortgaged Property, subject, however, to the Permitted Encumbrances, TO HAVE AND TO HOLD the Mortgaged Property with all privileges and appurtenances thereunto belonging to Trustee and Grantor does hereby bind itself, its successors and assigns to

WARRANT AND FOREVER DEFEND the title to the Mortgaged Property unto Trustee and Beneficiary forever. Notwithstanding anything contained in any of the Transaction Documents to the contrary, this Deed of Trust does not secure the Unsecured Environmental Indemnity Agreement or the obligations of the Indemnitors under the Unsecured Environmental Indemnity Agreement, so that the Unsecured Environmental Indemnity Agreement shall not be subject to the provisions and limitations of ORS 86.770 or any other anti-deficiency laws, including judicial decisions interpreting such rules.

Section 2.2 **Subordination.** This Deed of Trust is subject to that certain Intercreditor and Subordination Agreement pursuant to which the parties have agreed to the relative priorities of their debts and liens.

ARTICLE 3 **WARRANTIES, REPRESENTATIONS AND COVENANTS**

Grantor hereby warrants, represents and covenants to Beneficiary and the Senior Secured Parties as follows:

Section 3.1 **Title to Mortgaged Property and Lien of this Instrument.** Grantor owns the Mortgaged Property free and clear of any liens, claims or interests, except the Permitted Encumbrances. This Deed of Trust creates valid, enforceable first priority liens and security interests against the Mortgaged Property.

Section 3.2 **First Lien Status.** Grantor shall preserve and protect the first lien and security interest status of this Deed of Trust and the other Transaction Documents. If any lien or security interest other than Permitted Encumbrances is asserted in writing against the Mortgaged Property or otherwise known to Grantor or its Affiliates, Grantor shall promptly, and at its expense, (a) give Beneficiary a detailed written notice of such lien or security interest (including origin, amount and other terms), and (b) pay the underlying claim in full or take such other action so as to cause it to be released or contest the same in compliance with the requirements of the Transaction Documents.

Section 3.3 **Payment and Performance.** Grantor shall pay when due under the Guaranties and shall perform the obligations in full under the Guaranties when they are required to be performed.

Section 3.4 **Replacement of Fixtures and Personalty.** Grantor shall not, without the prior written consent of Beneficiary, permit any of the Fixtures to be removed at any time from the Land or Improvements, unless the removed item is removed temporarily for maintenance and repair or, if removed permanently, is obsolete and is replaced by an article of equal or better suitability and value, owned by Grantor subject to the liens and security interests of this Deed of Trust and the other Transaction Documents, and free and clear of any other lien or security interest except such as may be first approved in writing by Beneficiary and except for Permitted Encumbrances.

Section 3.5 **Maintenance of Rights of Way, Easements and Licenses.** Grantor shall maintain all rights of way, easements, grants, privileges, licenses, certificates, permits, entitlements and franchises necessary for the use of the Mortgaged Property and will not, without the prior consent of Beneficiary, consent to any public restriction (including any zoning ordinance) or private restriction as to the use of the Mortgaged Property. Grantor shall comply

with all restrictive covenants affecting the Mortgaged Property, and all zoning ordinances and other public or private restrictions as to the use of the Mortgaged Property.

Section 3.6 **Inspection**. Grantor shall permit Trustee and Beneficiary and their respective agents, representatives and employees, upon reasonable prior notice to Grantor, to inspect the Mortgaged Property and conduct such environmental and engineering studies as Beneficiary may require, provided that such inspections and studies shall not materially interfere with the use and operation of the Mortgaged Property. Grantor shall be responsible for the costs of (A) any inspections or studies if an Event of Default has occurred and is continuing, and (B) any other inspections or studies for which Grantor is required to reimburse Beneficiary pursuant to the Transaction Documents. Nothing herein shall limit any inspection, collateral examination or audit rights (and related reimbursement rights) provided pursuant to any Transaction Documents other than this Deed of Trust.

Section 3.7 **Other Covenants**. All of the covenants in the Transaction Documents are incorporated herein by reference and, together with covenants in this Article 3, shall be covenants running with the land. The covenants set forth in the Transaction Documents include, among other provisions: (a) except as otherwise provided in the Transaction Documents, the prohibition against the further sale, transfer or encumbering of any of the Mortgaged Property, (b) the obligation to pay when due all taxes on the Mortgaged Property or assessed against Beneficiary with respect to the Transaction Documents, (c) the obligation to keep the Mortgaged Property insured as Beneficiary or the Senior Secured Parties may require, (d) the obligation to comply with all legal requirements (including environmental laws), maintain the Mortgaged Property in good condition, and promptly repair any damage or casualty, and (e) except as otherwise permitted under the Transaction Documents, the obligation of Grantor to obtain Beneficiary's consent prior to entering into, modifying or taking other actions with respect to Leases.

Section 3.8 **Condemnation Awards and Insurance Proceeds**.

(a) **Condemnation Awards**. Grantor assigns all awards and compensation for any condemnation or other taking, or any purchase in lieu thereof, to Beneficiary (on behalf of the Senior Secured Parties) and authorizes Beneficiary to collect and receive such awards and compensation and to give proper receipts and acquittances therefor, subject to the terms of the Transaction Documents.

(b) **Insurance Proceeds**. Subject to the terms of the Transaction Documents, (i) Grantor assigns to Beneficiary all proceeds of any insurance policies insuring against loss or damage to the Mortgaged Property, and (ii) Grantor authorizes Beneficiary to collect and receive such proceeds and authorizes and directs the issuer of each of such insurance policies to make payment for all such losses directly to Beneficiary, instead of to Grantor and Beneficiary jointly.

ARTICLE 4

DEFAULT AND FORECLOSURE

Section 4.1 **Remedies**. If an Event of Default has occurred and is continuing, Beneficiary may, at its election and by or through Trustee, any substitute trustee, or any nominee, assignee or otherwise, exercise any or all of the following rights, remedies and recourses:

(a) **Acceleration.** Declare the Indebtedness to be immediately due and payable, without further notice, presentment, protest, notice of intent to accelerate, notice of acceleration, demand or action of any nature whatsoever (each of which hereby is expressly waived by Grantor), whereupon the same shall become immediately due and payable.

(b) **Entry on Mortgaged Property.** Enter the Mortgaged Property and take exclusive possession thereof and of all books, records and accounts relating thereto. If Grantor remains in possession of the Mortgaged Property after an Event of Default has occurred and is continuing and without Beneficiary's prior written consent, Beneficiary may invoke any legal remedies to dispossess Grantor.

(c) **Operation of Mortgaged Property.** Hold, lease, develop, manage, operate or otherwise use the Mortgaged Property upon such terms and conditions as Beneficiary may deem reasonable under the circumstances (making such repairs, alterations, additions and improvements and taking other actions, from time to time, as Beneficiary deems necessary or appropriate), and apply all Rents and other amounts collected by Beneficiary in connection therewith in accordance with the provisions of Section 4.7.

(d) **Foreclosure and Sale.** Institute proceedings for the complete foreclosure of this Deed of Trust, in which case the Mortgaged Property may be sold for cash or credit in one or more parcels. With respect to any notices required or permitted under the UCC, Grantor agrees that five (5) business days' prior written notice shall be deemed commercially reasonable. At any such sale by virtue of any judicial proceedings or any other legal right, remedy or recourse, the title to and right of possession of any such property shall pass to the purchaser thereof, and to the fullest extent permitted by law, Grantor shall be completely and irrevocably divested of all of its right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the property sold and such sale shall be a perpetual bar both at law and in equity against Grantor, and against all other persons claiming or to claim the property sold or any part thereof, by, through or under Grantor. Trustee, Beneficiary, the Senior Secured Parties or their respective nominee may be a purchaser at such sale and if such person is the highest bidder, may credit the portion of the purchase price that would be distributed to Beneficiary (on behalf of the Senior Secured Parties) against the Indebtedness in lieu of paying cash. If this Deed of Trust is foreclosed by judicial procedure, Beneficiary and/or the Senior Secured Parties will be entitled to a judgment which will provide that if the foreclosure sale proceeds are insufficient to satisfy the judgment, execution may issue for any amount by which the unpaid balance of the Indebtedness secured by this Deed of Trust exceeds the net sale proceeds payable to Beneficiary and/or the Senior Secured Parties.

(e) **Receiver.** Make application to a court of competent jurisdiction for, and obtain from such court as a matter of strict right and without notice to Grantor or regard to the adequacy of the Mortgaged Property for the repayment of the Indebtedness, the appointment of a receiver of the Mortgaged Property, and Grantor irrevocably consents to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise operate the Mortgaged Property upon such terms as may be approved by the court, and shall apply such Rents in accordance with the provisions of Section 4.7.

(f) **Other.** Exercise all other rights, remedies and recourses granted under the Transaction Documents or otherwise available at law or in equity (including an action for

specific performance of any covenant contained in the Transaction Documents, or a judgment on the Notes either before, during or after any proceeding to enforce this Deed of Trust).

Section 4.2 **Separate Sales.** The Mortgaged Property may be sold in one or more parcels and in such manner and order as Beneficiary in its sole discretion, may elect; the right of sale arising out of any Event of Default shall not be exhausted by any one or more sales.

Section 4.3 **Remedies Cumulative, Concurrent and Nonexclusive.** Beneficiary shall have all rights, remedies and recourses granted in the Transaction Documents and available at law or equity (including the UCC), which rights (a) shall be cumulative and concurrent, (b) may be pursued separately, successively or concurrently against Grantor or others obligated under the Notes and the other Transaction Documents, or against the Mortgaged Property, or against any one or more of them, at the sole discretion of Beneficiary, (c) may be exercised as often as occasion therefor shall arise, and the exercise or failure to exercise any of them shall not be construed as a waiver or release thereof or of any other right, remedy or recourse, and (d) are intended to be, and shall be, nonexclusive. No action by Beneficiary or any Senior Secured Party or by Trustee, or any substitute or successor trustee, in the enforcement of any rights, remedies or recourses under the Transaction Documents or otherwise at law or equity shall be deemed to cure any Event of Default.

Section 4.4 **Release of and Resort to Collateral.** Beneficiary may release, regardless of consideration and without the necessity for any notice to or consent by the holder of any subordinate lien on the Mortgaged Property, any part of the Mortgaged Property without, as to the remainder, in any way impairing, affecting, subordinating or releasing the lien or security interests created in or evidenced by the Transaction Documents or their stature as a first and prior lien and security interest in and to the Mortgaged Property. For payment of the Indebtedness, Beneficiary and the Senior Secured Parties may resort to any other security in such order and manner as Beneficiary and/or the Senior Secured Parties may elect.

Section 4.5 **Waiver of Redemption, Notice and Marshalling of Assets.** To the fullest extent permitted by law, Grantor hereby irrevocably and unconditionally waives and releases (a) all benefit that might accrue to Grantor by virtue of any present or future statute of limitations or law or judicial decision exempting the Mortgaged Property from attachment, levy or sale on execution or providing for any appraisal, valuation, stay of execution, exemption from civil process, redemption or extension of time for payment, (b) all notices of any Event of Default or of Beneficiary's and/or the Senior Secured Parties' election to exercise or their actual exercise of any right, remedy or recourse provided for under the Transaction Documents, and (c) any right to a marshalling of assets or a sale in inverse order of alienation.

Section 4.6 **Discontinuance of Proceedings.** If Beneficiary and/or the Senior Secured Parties shall have proceeded to invoke any right, remedy or recourse permitted under the Transaction Documents, by Beneficiary or by or through Trustee or any substitute or successor trustee, and shall thereafter elect to discontinue or abandon it for any reason, Beneficiary and the Senior Secured Parties shall have the unqualified right to do so and, in such an event, Grantor, Beneficiary and the Senior Secured Parties shall be restored to their former positions with respect to the Indebtedness, the Obligations, the Transaction Documents, the Mortgaged Property and otherwise, and the rights, remedies, recourses and powers of Beneficiary and the Senior Secured Parties shall continue as if the right, remedy or recourse had never been invoked, but no such discontinuance or abandonment shall waive any Event of Default which may then exist or the

right of Beneficiary or the Senior Secured Parties thereafter to exercise any right, remedy or recourse under the Transaction Documents for such Event of Default.

Section 4.7 **Application of Proceeds.** The proceeds of any sale of, and the Rents and other amounts generated by the holding, leasing, management, operation or other use of the Mortgaged Property, shall be applied by Beneficiary (or the receiver, if one is appointed) as set forth in the Intercreditor and Subordination Agreement.

Section 4.8 **Occupancy After Foreclosure.** The purchaser at any foreclosure sale pursuant to Section 4.1(d) shall become the legal owner of the Mortgaged Property. All occupants of the Mortgaged Property shall, at the option of such purchaser, become tenants of the purchaser at the foreclosure sale and shall deliver possession thereof immediately to the purchaser upon demand. It shall not be necessary for the purchaser at said sale to bring any action for possession of the Mortgaged Property other than any required statutory action of forcible detainer in any justice court having jurisdiction over the Mortgaged Property.

Section 4.9 **Additional Advances and Disbursements; Costs of Enforcement.**

(a) If any Event of Default has occurred and is continuing, Beneficiary and the Senior Secured Parties shall have the right, but not the obligation, to cure such Event of Default in the name and on behalf of Grantor in accordance with the Transaction Documents. All sums advanced and expenses incurred at any time by Beneficiary or the Senior Secured Parties under this Section 4.9, or otherwise under this Deed of Trust or any of the other Transaction Documents or applicable law, shall bear interest from the date that such sum is advanced or expense incurred, to and including the date of reimbursement, computed at the Default Rate, and all such sums, together with interest thereon, shall be secured by this Deed of Trust.

(b) In accordance with the Transaction Documents, Grantor shall pay all expenses (including reasonable attorneys' fees and expenses) of or incidental to the perfection and enforcement of this Deed of Trust or the enforcement, compromise or settlement of the Indebtedness or any claim under this Deed of Trust, and for the curing thereof, or for defending or asserting the rights and claims of Beneficiary and the Senior Secured Parties in respect thereof, by litigation or otherwise.

(c) **WARNING TO GRANTOR.** Unless Grantor provides Beneficiary with evidence of the insurance coverage as required by the Transaction Documents, Beneficiary may purchase insurance at Grantor's expense to protect Beneficiary's interest. This insurance may, but need not, also protect Grantor's interest. If any of the Collateral (as defined in the Collateral Agency Agreement) becomes damaged, the coverage Beneficiary purchases may not pay any claim Grantor makes or any claim made against Grantor. Grantor may later request that Beneficiary cancel this coverage by providing Beneficiary with evidence that Grantor has obtained property coverage elsewhere. Grantor is responsible for the cost of any insurance purchased by Beneficiary. The cost of this insurance may be added to the Indebtedness. If the cost is added to the Indebtedness, the interest rate on the Indebtedness will apply to this added amount. The effective date of coverage may be the date Grantor's prior coverage lapsed or the date Grantor failed to provide proof of coverage. The coverage Beneficiary purchases may be considerably more expensive than insurance Grantor can obtain on its own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

Section 4.10 **No Mortgagee in Possession.** Neither the enforcement of any of the remedies under this Article 4, the assignment of the Rents and Leases under Article 5, the security interests under Article 6, nor any other remedies afforded to Beneficiary and/or the Senior Secured Parties under the Transaction Documents, at law or in equity shall cause Beneficiary or any Senior Secured Party to be deemed or construed to be a mortgagee in possession of the Mortgaged Property, to obligate Beneficiary or any Senior Secured Party to lease the Mortgaged Property or attempt to do so, or to take any action, incur any expense, or perform or discharge any obligation, duty or liability whatsoever under any of the Leases or otherwise.

Section 4.11 **No Residential Deed of Trust.** Grantor warrants that this Deed of Trust is not and will not at any time constitute a "residential trust deed," as that term is defined in ORS 86.705(3) or its successor statutes.

ARTICLE 5 **ASSIGNMENT OF RENTS AND LEASES**

Section 5.1 **Absolute Assignment.** Grantor unconditionally and absolutely assigns to Beneficiary (on behalf of Beneficiary and the Senior Secured Parties) all of Grantor's right, title and interest in and to all Leases and Rents. This assignment is an absolute assignment to Beneficiary and not an assignment as security for the performance of the Obligations under the Transaction Documents or any other Indebtedness.

Section 5.2 **Rights of Beneficiary.** During any period that an Event of Default shall have occurred and be continuing, Beneficiary (on behalf of the Senior Secured Parties) shall have the right, power and authority to: (a) notify any person that the Leases have been assigned to Beneficiary and that all Rents are to be paid directly to or at the direction of Beneficiary whether or not Beneficiary has commenced or completed foreclosure or taken possession of the Mortgaged Property; (b) settle, compromise, release, extend the time of payment of, and make allowances, adjustments and discounts of any Rents or other obligations under the Leases; (c) enforce payment of Rents and other rights under the Leases, prosecute any action or proceeding, and defend against any claim with respect to Rents and Leases; (d) enter upon, take possession of and operate the Mortgaged Property; (e) lease all or any part of the Mortgaged Property; and/or (f) perform any and all obligations of Grantor under the Leases and exercise any and all rights of Grantor therein contained to the full extent of Grantor's rights and obligations thereunder, with or without the bringing of any action or the appointment of a receiver. Grantor irrevocably directs any tenant, manager, managing agent, or operator of the Mortgaged Property, without any requirement for notice to or consent by Grantor, to comply with all demands of Beneficiary under this Deed of Trust and to turn over to Beneficiary on demand all Rents which it receives.

Section 5.3 **No Obligation.** Notwithstanding Beneficiary's rights hereunder, neither Trustee, Beneficiary nor any Senior Secured Party shall be obligated to perform, and neither Trustee, Beneficiary nor the Senior Secured Parties undertake to perform, any obligation, duty or liability with respect to the Leases, Rents or Mortgaged Property on account of this Deed of Trust. Neither Trustee, Beneficiary nor any Senior Secured Party shall have any responsibility on account of this Deed of Trust, except for the gross negligence or willful misconduct of any such party, for the control, care, maintenance or repair of the Mortgaged Property, for any waste committed on the Mortgaged Property, for any dangerous or defective condition of the Mortgaged

Property, or for any negligence in the management, upkeep, repair or control of the Mortgaged Property.

Section 5.4 **No Waiver.** The exercise or nonexercise by Trustee, Beneficiary or the Senior Secured Parties of the rights granted in this Deed of Trust or the collection and application of Rents by Beneficiary or its agent shall not be a waiver of any default under this Deed of Trust or any other Transaction Documents. No action or failure to act by Trustee, Beneficiary or any Senior Secured Party with respect to any obligations under the Transaction Documents, or any security or guaranty given for the payment or performance thereof, shall in any manner affect, impair or prejudice any of Trustee's, Beneficiary's or the Senior Secured Parties' rights and privileges under this Deed of Trust, or discharge, release or modify any of Grantor's duties or obligations hereunder.

Section 5.5 **Revocable License.** Notwithstanding that this Deed of Trust is an absolute assignment of the Rents and Leases and not merely the collateral assignment of, or the grant of a lien or security interest in the Rents and Leases, Beneficiary grants to Grantor a revocable license to collect and receive the Rents and to retain, use and enjoy such Rents. Such license may be revoked by Beneficiary upon the occurrence and during the continuance of an Event of Default.

Section 5.6 **No Merger of Estates.** So long as any part of the Indebtedness and the Obligations secured hereby remain unpaid and undischarged, the fee and leasehold estates to the Mortgaged Property shall not merge, but shall remain separate and distinct, notwithstanding the union of such estates either in Grantor, Beneficiary, any lessee or any third party by purchase or otherwise.

ARTICLE 6 **SECURITY AGREEMENT**

Section 6.1 **Security Interest.** This Deed of Trust constitutes a "Security Agreement" on personal property within the meaning of the UCC and other applicable law and with respect to the Fixtures, Plans, Leases, Rents and Property Agreements. To this end, Grantor grants to Beneficiary (for itself and the benefit of the Senior Secured Parties), a first and prior security interest in the Fixtures, Plans, Leases, Rents and Property Agreements and all other Mortgaged Property which is personal property to secure the payment of the Indebtedness and performance of the Obligations, and agrees that Beneficiary shall have all the rights and remedies of a secured party under the UCC with respect to such property. Any notice of sale, disposition or other intended action by Beneficiary or by Trustee with respect to the Fixtures, Plans, Leases, Rents and Property Agreements sent to Grantor at least five (5) business days prior to any action under the UCC shall constitute reasonable notice to Grantor.

Section 6.2 **Fixture Filing.** This Deed of Trust shall also constitute a "fixture filing" for the purposes of the UCC against all of the Mortgaged Property which is or is to become fixtures. Information concerning the security interest herein granted may be obtained at the addresses of Debtor (Grantor) and Secured Party (Beneficiary) as set forth in the first paragraph of this Deed of Trust.

Section 6.3 **Financing Statements.** Grantor shall execute and deliver to Beneficiary, in form and substance satisfactory to Beneficiary, such financing statements and such further assurances as Beneficiary may, from time to time, reasonably consider necessary to

create, perfect and preserve Beneficiary's security interest hereunder or under any of the Transaction Documents and Beneficiary may cause such statements and assurances to be recorded and filed, at such times and places as may be required or permitted by law to so create, perfect and preserve such security interest. Grantor shall pay all fees and costs that Beneficiary may incur in filing such documents and in obtaining such record searches as Beneficiary may reasonably require. If any financing statement or other document is filed in the records normally pertaining to personal property, that filing shall never be construed as in any way derogating from or impairing this Deed of Trust or the rights or obligations of the parties under it.

ARTICLE 7 TRUSTEE

Section 7.1 **Acceptance by Trustee.** Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

Section 7.2 **Compensation.** Trustee waives any statutory fee and shall accept reasonable compensation from Beneficiary in lieu thereof for any services rendered by it in accordance with the terms hereof.

Section 7.3 **Action In Accordance with Instructions.** Upon receipt by Trustee of instructions from Beneficiary at any time or from time to time, Trustee shall (a) give any notice or direction or exercise any right, remedy or power hereunder or in respect of any part or all of the Mortgaged Property as shall be specified in such instructions, and (b) approve as satisfactory all matters required by the terms hereof to be satisfactory to Trustee or to Beneficiary. In addition, at any time or from time to time, upon request of Beneficiary in presentation of this Deed of Trust for endorsement, and without affecting the liability of any person for payment of the Indebtedness, Trustee may, upon such request, reconvey all or any part of the Mortgaged Property, consent to the making of any map or plat thereof, join in granting an easement thereon, or join in any extension agreement or any agreement subordinating the lien and estate hereof.

Section 7.4 **Resignation.** Trustee may resign at any time upon giving not less than 60 days prior written notice to Beneficiary, but shall continue to act as trustee until its successor shall have been qualified and appointed pursuant to Section 7.5 hereof.

Section 7.5 **Substitute Trustee.** If Trustee shall die or become disqualified from acting or shall fail or refuse to act when requested by Beneficiary, or if, for any reason or for no reason at all, Beneficiary shall prefer to appoint a substitute trustee to act instead of the trustee herein named, or any substitute trustee previously appointed, Beneficiary shall have the full power to appoint, by written instrument signed and acknowledged by Beneficiary and recorded in the real property records of the county in which the Mortgaged Property is located, a substitute trustee, or several substitute trustees in succession, who shall succeed to all of the estate, right, power and duty of the trustee herein named.

ARTICLE 8 MISCELLANEOUS

Section 8.1 **Trust is Irrevocable.** The trust created hereby is irrevocable by the Grantor.

Section 8.2 **Notices.** Unless otherwise specifically herein provided, all notices required or permitted under the terms and provisions hereof shall be in writing and any such notice shall become effective if given in accordance with the provisions of the Intercreditor and Subordination Agreement (or in the address set forth below such party's signature in any supplemental agreement in the case of a successor "Collateral Agent" (as defined in the Collateral Agency Agreement)).

Section 8.3 **Covenants Running with the Land.** All obligations contained in this Deed of Trust are intended by Grantor and Beneficiary to be, and shall be construed as, covenants running with the Mortgaged Property. As used herein, "Grantor" shall refer to the party named in the first paragraph of this Deed of Trust and to any subsequent owner of all or any portion of the Mortgaged Property (without in any way implying that Beneficiary has or will consent to any such conveyance or transfer of the Mortgaged Property). All persons or entities who may have or acquire an interest in the Mortgaged Property shall be deemed to have notice of, and be bound by, the terms of the Transaction Documents; however, no such party shall be entitled to any rights thereunder without the prior written consent of Beneficiary.

Section 8.4 **Attorney-in-Fact.** Grantor hereby irrevocably appoints Beneficiary (on behalf of the Senior Secured Parties) and its successors and assigns, as its attorney-in-fact, which agency is coupled with an interest, (a) to execute and/or record any notices of completion, cessation of labor or any other notices that Beneficiary deems appropriate to protect Beneficiary's interest, if Grantor shall fail to do so within ten (10) days after written request by Beneficiary, (b) upon the issuance of a deed pursuant to the foreclosure of this Deed of Trust or the delivery of a deed in lieu of foreclosure, to execute all instruments of assignment, conveyance or further assurance with respect to the Leases, Rents, Fixtures, Plans and Property Agreements in favor of the grantee of any such deed and as may be necessary or desirable for such purpose, (c) to prepare, execute and file or record financing statements, continuation statements, applications for registration and like papers necessary to create, perfect or preserve Beneficiary's security interests and rights in or to any of the Mortgaged Property, and (d) while any Event of Default exists, to perform any obligation of Grantor hereunder; however: (1) Beneficiary shall not under any circumstances be obligated to perform any obligation of Grantor; (2) any sums advanced by Beneficiary in such performance shall be added to and included in the Indebtedness and shall bear interest at the Default Rate; (3) Beneficiary as such attorney-in-fact shall only be accountable for such funds as are actually received by Beneficiary; and (4) neither Beneficiary or any Senior Secured Party shall be liable to Grantor or any other person or entity for any failure to take any action which it is empowered to take under this Section.

Section 8.5 **Successors and Assigns.** This Deed of Trust shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Grantor shall not, without the prior written consent of Beneficiary, assign any rights, duties or obligations hereunder.

Section 8.6 **No Waiver.** Any failure by Beneficiary to insist upon strict performance of any of the terms, provisions or conditions of the Transaction Documents shall not be deemed to be a waiver of same, and Beneficiary shall have the right at any time to insist upon strict performance of all of such terms, provisions and conditions.

Section 8.7 **Transaction Documents.** If any conflict or inconsistency exists between this Deed of Trust and the Transaction Documents, the Transaction Documents shall govern.

Section 8.8 **Release.** Upon (i) payment in full of the Indebtedness and performance in full of the Obligations, or (ii) as and when provided for or required by the Transaction Documents, Beneficiary, at Grantor's expense, shall release the liens and security interests created by this Deed of Trust.

Section 8.9 **Waiver of Stay, Moratorium and Similar Rights.** Grantor agrees, to the full extent that it may lawfully do so, that it will not at any time insist upon or plead or in any way take advantage of any appraisal, valuation, stay, marshalling of assets, extension, redemption or moratorium law now or hereafter in force and effect so as to prevent or hinder the enforcement of the provisions of this Deed of Trust or the Indebtedness secured hereby, or any agreement between Grantor and Beneficiary and/or the Senior Secured Parties or any rights or remedies of Beneficiary and/or the Senior Secured Parties.

Section 8.10 **Obligations of Grantor, Joint and Several.** If more than one person or entity has executed this Deed of Trust as "Grantor," the obligations of all such persons or entities hereunder shall be joint and several.

Section 8.11 **Governing Law.** This Deed of Trust shall be governed by the laws of the state in which the Mortgaged Property is located.

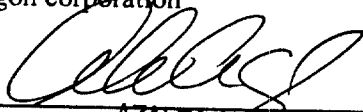
Section 8.12 **Headings.** The Article, Section and Subsection titles hereof are inserted for convenience of reference only and shall in no way alter, modify or define, or be used in construing, the text of such Articles, Sections or Subsections.

Section 8.13 **Entire Agreement.** This Deed of Trust and the other Transaction Documents embody the entire agreement and understanding between Trustee, Beneficiary, the Senior Secured Parties and Grantor and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof. Accordingly, the Transaction Documents may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

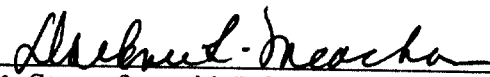
Section 8.14 **Future Advances.** This Deed of Trust is given to secure existing loans and a new multiple-advance revolving loan. A portion of such revolving loan may be advanced as one or more fundings that occur after the date hereof. This Deed of Trust secures not only present indebtedness but also future advances, whether such future advances are obligatory or are to be made at the option of Beneficiary, or otherwise, and the lien of such future advances shall relate to the date of this Deed of Trust. The amount of indebtedness secured hereby may increase or decrease from time to time, and the rate or rates of interest payable may vary from time to time.

EXECUTED as of the date first above written.


ALDERWOODS (OREGON), INC.,
an Oregon corporation

By: 
Name: AZALEA ANGELES
Title: ASSISTANT SECRETARY

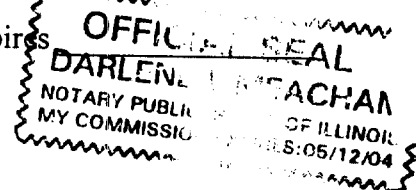
STATE OF ILLINOIS)
)SS.
COUNTY OF COOK)

I, , a notary public, in and for said County in the State aforesaid, DO HEREBY CERTIFY that Azalea Angeles personally known or identified to me to be the ASST SEC of Alderwoods (Oregon), Inc., an Oregon corporation, appeared before me this day in person and severally acknowledged that as such ASST SEC, he/she signed and delivered the said instrument pursuant to authority given by the Board of Directors of said corporation, as his/her free and voluntary act, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 19 day of December, 2001.


Notary Public

Commission Expires



ACCEPTED as of the date first above written.

THE CIT GROUP/BUSINESS CREDIT, INC.
as Collateral Agent

By: Terrence J. Broderick
Name: Terrence J. Broderick
Title: Vice Pres

STATE OF ILLINOIS)
)SS.
COUNTY OF COOK)

I, Darlene L. Meacham, a notary public, in and for
said County, in the State aforesaid, DO HEREBY CERTIFY that
Terrence J. Broderick personally known or identified to me to be the
V.P. of The CIT Group/Business Credit, Inc., a New York corporation,
appeared before me this day in person and severally acknowledged that as such
V.P., he/she signed and delivered the said instrument pursuant to authority
given by the Board of Directors of said corporation, as his/her free and voluntary act, and
as the free and voluntary act of said corporation, for the uses and purposes therein set
forth.

GIVEN under my hand and notarial seal this 19th day of December,
2001.

Darlene L. Meacham
Notary Public

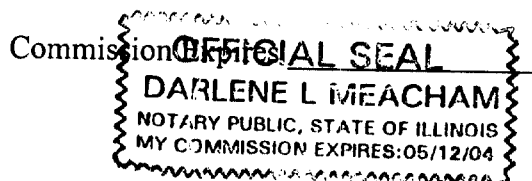


EXHIBIT A

3401

Legal Description
for
515 Pine Street, Klamath Falls, OR

PARCEL 1:

That portion of Lots 3 and 4 in Block 9 of ORIGINAL TOWN OF LINKVILLE, now the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, more particularly described as follows:

Beginning at the Southwesterly corner of Lot 4, Block 9, Original Town of Linkville, being the corner of Fifth and Pine Streets; thence Easterly along the Northerly line of Pine Street 70 feet to a point; thence Northerly and parallel with Fifth Street 70 feet to a point; thence Westerly and parallel with Pine Street 70 feet to a point; thence Southerly along the Easterly line of Fifth Street 70 feet to the point of beginning, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

AND

The Easterly 60 feet of Lot 3 in Block 9 of ORIGINAL TOWN OF LINKVILLE, now the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

PARCEL 2:

Lots 1 and 2 in Block 9 of ORIGINAL TOWN OF LINKVILLE, now the City of Klamath Falls, together with a strip of land 14 feet in width along the Southerly line of Lot 8, Block 9 of said Original Town of Linkville, now the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

EXHIBIT B**NAME CHANGE/MERGER CERTIFICATES**

(see following attached pages)

EXHIBIT B

3403 # 3128
OR

Phone: (503) 986-2200
Fax: (503) 378-4381

Restated Articles of Incorporation—Business/Professional/Nonprofit

For office use only

Secretary of State
Corporation Division
255 Capitol St. NE, Suite 151
Salem, OR 97310-1327

Check the appropriate box below:

- ☒ BUSINESS/PROFESSIONAL CORPORATION
(Complete only 1, 2, 3, 4, 6, 7)
☐ NONPROFIT CORPORATION
(Complete only 1, 2, 3, 5, 6, 7)

FILED

DEC 10 2001

OREGON
SECRETARY OF STATERegistry Number: 142481 -16

Attach Additional Sheet if Necessary
Please Type or Print Legibly in Black Ink

1) NAME OF CORPORATION PRIOR TO AMENDMENT BATEMAN FUNERAL CHAPEL, INC.2) NEW NAME OF THE CORPORATION (If changed) ALDERWOODS (OREGON), INC. *Reg # 042737-93*3) A COPY OF THE RESTATED ARTICLES MUST BE ATTACHED *Feb 10/02*

BUSINESS/PROFESSIONAL CORPORATION ONLY

4) CHECK THE APPROPRIATE STATEMENT

- ☐ The restated articles contain amendments which do not require shareholder approval. The date of the adoption of the amendments and restated articles was _____. These amendments were duly adopted by the board of directors.
- ☒ The restated articles contain amendments which require shareholder approval. The date of the adoption of the amendments and restated articles was 11/29/2001. The vote of the shareholders was as follows:

Class or series of shares	Number of shares outstanding	Number of votes entitled to be cast	Number of votes cast FOR	Number of votes cast AGAINST
Common	856	856	856	0

- ☐ The corporation has not issued any shares of stocks. Shareholder action was not required to adopt the restated articles. The restated articles were adopted by the incorporators or by the board of directors.

NONPROFIT CORPORATION ONLY

5) CHECK THE APPROPRIATE STATEMENT

- ☐ The restated articles contain amendments which do not require membership approval. The date of the adoption of the amendments and restated articles was _____. These amendments were duly adopted by the board of directors.
- ☐ The restated articles contain amendments which require membership approval. The date of the adoption of the amendments and restated articles was _____. The vote of the members was as follows:

Class(es) entitled to vote	Number of members entitled to vote	Number of votes entitled to be cast	Number of votes cast FOR	Number of votes cast AGAINST

6) EXECUTION

Printed Name

Laurel Langford

Signature

L. Langford

Title

Secretary

7) CONTACT NAME

Leanne G. Prusha

DAYTIME PHONE NUMBER — INCLUDING AREA CODE

(216) 586-3939

FEES

Make check for \$10 payable to
"Corporation Division."

NOTE: Filing fees may be paid with VISA or MasterCard. The card number and expiration date should be submitted on a separate sheet for your protection.

AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
ALDERWOODS (OREGON), INC.

ARTICLE I

The name of the corporation is ALDERWOODS (OREGON), INC.

ARTICLE II

The corporation is authorized to issue Five Thousand (5,000) shares of \$1.00 par value common stock.

ARTICLE III

The incorporator of this corporation is Charles A. Galford whose address is 3500 First National Tower, Portland, Oregon 97201.

ARTICLE IV

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of

any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article IV has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article IV (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article IV.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article IV shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article IV.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article IV shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

142487-16
3406

Section 9. Unless otherwise restricted by law, the provisions of this Article IV shall remain in full force and effect. If any word, clause or provision of this Article IV or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article IV is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article IV shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE V

The corporation elects to waive preemptive rights.

ARTICLE VI

The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on November 29, 2001; provided, however, that this Article (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

EXHIBIT B

Phone: (503) 986-2200
Fax: (503) 378-4381

3407 Articles of Merger

Secretary of State
Corporation Division
255 Capitol St. NE, Suite 151
Salem, OR 97310-1327

Check the appropriate box below:

☒ MULTI ENTITY MERGER

(Complete only 1, 2, 3, 4, 10, 11)

☐ FOR PARENT AND 90% OWNED SUBSIDIARY

WITHOUT SHAREHOLDER APPROVAL

(Complete only 5, 6, 7, 8, 9, 10, 11)

For office use only

FILED

JAN - 3 2002

**OREGON
SECRETARY OF STATE**

Survivor Registry Number: 142481-16

Attach Additional Sheet if Necessary
Please Type or Print Legibly in Black Ink

1) NAMES AND TYPES OF THE ENTITIES PROPOSING TO MERGE

NAME	TYPE	REGISTRY NUMBER
see attached		

2) NAME AND TYPE OF THE SURVIVING ENTITY Alderwoods (Oregon), Inc.

☐ Check here if there is a name change in this plan of merger.

3) A COPY OF THE MERGER PLAN IS ATTACHED.

4) THE PLAN OF MERGER WAS DULY AUTHORIZED AND APPROVED BY EACH ENTITY THAT IS A PARTY TO THE MERGER.

☒ A copy of the vote required by each entity is attached.

FOR PARENT AND 90% OWNED SUBSIDIARY WITHOUT SHAREHOLDER APPROVAL

5) NAME OF PARENT CORPORATION _____

Oregon Registry Number _____

6) NAME OF SUBSIDIARY CORPORATION _____

Oregon Registry Number _____

7) NAME OF SURVIVING CORPORATION _____

8) COPY OF PLAN

☐ A copy of the plan of merger setting forth the manner and basis of converting shares of the subsidiary into shares, obligations, or other securities of the parent corporation or any other corporation or into cash or other property is attached.

9) CHECK THE APPROPRIATE BOX

☐ A copy of the plan of merger or summary was mailed to each shareholder of record of the subsidiary corporation on or before _____ Date

☐ The mailing of a copy of the plan or summary was waived by all outstanding shares.

10) EXECUTION

Printed Name

Laurel Langford

Signature

L. Langford

Title

Secretary

FEES

Make check for \$20 payable to
"Corporation Division."

NOTE: Filing fees may be paid
with VISA or MasterCard. The
card number and expiration date
should be submitted on a separate
sheet for your protection.

11) CONTACT NAME

CT Corporation

DAYTIME PHONE NUMBER - INCLUDING AREA CODE

(216) 621-4270

PLAN OF MERGER

THIS PLAN OF MERGER (this "Plan"), dated as of ~~December 5~~ 5, 2001, is made by and among Advanced Planning, Inc., American Burial & Cremation Services, Inc., Beaverton Funeral Home, Inc., Belcrest Memorial Park, Inc., BFCI Holdings, Inc., Buell Chapel, Inc., Cemetery Services, Inc., Fir Lawn Chapel, Inc., Gable and Parkrose Funeral Chapels, Inc., Howell-Edwards-Doerksen Chapel of the Gardens, Inc., Litwiller Funeral Home, Inc., NMP Holdings, Inc., O'Hair's Funeral Chapel, Inc., Pacific Mausoleum Co., Inc., Peake Memorial Chapel, Inc., Portland Funeral Alternatives, Inc. and Young's Funeral Home, Inc., all of which are Oregon corporations (hereinafter sometimes referred to collectively as the "Merging Corporations") and Alderwoods (Oregon), Inc. an Oregon corporation ("Alderwoods" or the "Surviving Corporation").

RECITALS

The authorized capital stock of Alderwoods consists of 5,000 common shares, \$1.00 par value, 856 of which are issued and outstanding.

The authorized, issued and outstanding capital stock of the Merging Corporations is as follows:

Merging Corporation	Shares Authorized	Shares Issued and Outstanding	Par Value
Advanced Planning, Inc.	5,000	Issued = 1 Outstanding = 1	\$ 0.01
American Burial & Cremation Services, Inc.	1,000	Issued = 100 Outstanding = 100	no par value
Beaverton Funeral Home, Inc.	500	Issued = 200 Outstanding = 200	no par value
Belcrest Memorial Park, Inc.	5,000	Issued = 1,000 Outstanding = 1,000	no par value
BFCI Holdings, Inc.	500	Issued = 200 Outstanding = 200	no par value
Buell Chapel, Inc.	500	Issued = 156 Outstanding = 156	no par value
Cemetery Services, Inc.	2,000	Issued = 777 Outstanding = 777	no par value
Fir Lawn Chapel, Inc.	1,500	Issued = 1,150 Outstanding = 1,150	no par value
Gable and Parkrose Funeral Chapels, Inc.	500	Issued = 141 Outstanding = 141	\$100

Merging Corporation	Shares Authorized	Shares Issued and Outstanding	Par Value
Howell-Edwards-Doerksen Chapel of the Gardens, Inc.	500	Issued = 200 Outstanding = 200	no par value
Litwiller Funeral Home, Inc.	300	Issued = 213 Outstanding = 213	no par value
NMP Holdings, Inc.	5,000	Issued = 3,000 Outstanding = 3,000	no par value
O'Hair's Funeral Chapel, Inc.	100	Issued = 100 Outstanding = 100	no par value
Pacific Mausoleum Co., Inc.	100	Issued = 100 Outstanding = 100	\$50.00
Peake Memorial Chapel, Inc.	100	Issued = 100 Outstanding = 100	\$50.00
Portland Funeral Alternatives, Inc.	5,000	Issued = 5,000 Outstanding = 5,000	no par value
Young's Funeral Home, Inc.	500	Issued = 479 Outstanding = 479	no par value

The Merging Corporations desire to effect a merger whereby the Merging Corporations will merge with and into Alderwoods (the "Merger"), with Alderwoods to be the Surviving Corporation.

The Boards of Directors of each of the Merging Corporations have determined that it is advisable and in the best interests of their respective corporations to merge with and into Alderwoods subject to the terms and conditions provided herein and, pursuant to Oregon Revised Statutes §§60.341 and 60.487(1)-(2) have, by resolution duly adopted and approved this Plan, declared its advisability and directed that it be submitted to a vote of the Shareholder of each of the Merging Corporations.

The Board of Directors of Alderwoods has determined that it is advisable and in the best interests of Alderwoods to merge with the Merging Corporations subject to the terms and conditions provided herein. The Board of Directors of Alderwoods has by resolution duly adopted and approved this Plan, declared its advisability and has directed that it be submitted to a vote of the Shareholder of Alderwoods.

AGREEMENTS

The Merging Corporations and the Surviving Corporation hereby agree as follows:

ARTICLE I. THE MERGER

1.1 *The Merger.* Subject to the terms and conditions of this Plan, at the Effective Time (as defined in section 1.2), and in accordance with the terms and conditions of this Plan and Oregon Revised Statutes § 60.481, the Merging Corporations shall be merged with and into Alderwoods. At the Effective Time, the separate corporate existence of each of the Merging Corporations shall cease, and Alderwoods shall continue its existence as the Surviving Corporation under the laws of the State of Oregon.

1.2 *Effective Time of the Merger.* Upon the approval of this Plan, articles of merger shall be duly executed by the Surviving Corporation and filed with the Secretary of State for the State of Oregon pursuant to Oregon Revised Statutes § 60.494(1). The Merger shall become effective at 12:30 p.m. E.S.T. on January 2, 2002 in accordance with the provisions of the Oregon Revised Statutes §§ 60.011 and 60.494(2) (the "Effective Time").

1.3 *Effects of the Merger.* At the Effective Time of the Merger, the effects of the Merger shall occur as provided in the Oregon Revised Statutes §§ 60.497(1)-(2). Subject to, and without limiting the foregoing, the following shall also occur at the Effective Time:

1.3.1 *Articles of Incorporation of the Surviving Corporation.* The Amended and Restated Articles of Incorporation of Alderwoods, as in effect immediately prior to the Effective Time, will become, at the Effective Time, the Amended and Restated Articles of Incorporation of the Surviving Corporation until altered, amended or repealed in accordance with the provisions thereof and with the Oregon Revised Statutes.

1.3.2 *Bylaws of the Surviving Corporation.* The Bylaws of Alderwoods, as in effect immediately prior to the Effective Time, shall be the Bylaws of the Surviving Corporation until altered, amended or repealed in accordance with the provisions thereof and with the Oregon Revised Statutes.

1.3.3 *Directors of Surviving Corporation.* Each person who is a director of Alderwoods immediately prior the Effective Time shall continue to be a director of the Surviving Corporation from and after the Effective Time until his or her successor is duly elected or appointed, or until his or her death, resignation, or removal.

1.3.4 *Officers of Surviving Corporation.* The officers of Alderwoods immediately prior to the Effective Time shall be the officers of the Surviving Corporation, and each such officer shall serve until his or her successor is elected or appointed or until his or her death, resignation, or removal.

ARTICLE II

MANNER, BASIS, AND EFFECT OF CONVERTING SHARES

2.1 *Conversion of Shares.* At the Effective Time:

(a) Each common share of stock of the Merging Corporations issued and outstanding or held in treasury prior to the Effective Time shall, by virtue of the Merger and without any action on the part of the holder thereof, be canceled and all rights in respect thereof shall cease, and no shares of stock of the Surviving Corporation shall be issued in exchange therefor.

(b) Each common share of stock of Alderwoods issued and outstanding or held in treasury immediately prior to the Effective Time shall remain a share of common stock of the Surviving Corporation and will retain the same rights and privileges as it had prior to the Effective Time.

(c) Each share certificate which immediately prior to the Effective Time represented an outstanding share of the Merging Corporations' common stock shall be surrendered to the Surviving Corporation to be canceled and retired.

ARTICLE III

MISCELLANEOUS

3.1 *Severability.* In case any provision of this Plan shall be held invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions of the Plant will not in any way be affected or impaired thereby.

3.2 *Governing Law.* This Plan shall be construed and interpreted in accordance with the laws of the State of Oregon.

3.3 *Conditions.* The effectiveness of this Plan is expressly conditioned upon Alderwoods' ability to apply for and obtain the necessary licenses or certificates to operate the facilities, including, but not limited to, those licenses issued pursuant to Oregon Revised Statutes §§ 692.146 and 692.275.