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AFTER RECORDING RETURN TO:
Carrie Collins
1000 Technology Drive
O'Fallon, MO 63304

Vol M04 Page 71704

State of Oregon, County of Klamath
Recorded 10/21/04 1:33 P m
Vol M04 Pg 71704-24
Linda Smith, County Clerk
Fee \$ 116 # of Pgs 26

CONSTRUCTION LOAN AGREEMENT

CitiMortgage, Inc.

THIS CONSTRUCTION LOAN AGREEMENT ("Loan Agreement") dated October 14, 2004 is made by and between: *Albert T. Christian, A/K/A A. Todd Christian, Trustee and Marilyn M. Christian, Trustee* ** ("Borrower", "I", "me" or "my"), and CitiMortgage, Inc., a Delaware corporation having a place of business at 1000 Technology Drive, O'Fallon, MO 63304 and a mailing address at CitiMortgage, Inc. c/o Granite Loan Management, LLC, 10770 East Briarwood Avenue, Suite 280, Centennial, Colorado 80112 ("Lender"). ** OF THE ALBERT CHRISTIAN AND MARILYN M. CHRISTIAN LIVING TRUST

1. ABOUT THIS LOAN AGREEMENT

1.1. Certain Terms of This Loan Agreement. The terms of this Loan Agreement preceded by a "□" are part of this Loan Agreement only if the box is checked.

1.2. Lender's Loan to Me. I have signed a Promissory Note payable to Lender ("Note"). The Note is for the loan by Lender to me in the principal amount of *Four Hundred Forty Four Thousand One Hundred Fifty Dollars (\$444,150.00)* ("Loan"). The purpose of the Loan is:

☐ to purchase the real property described in Exhibit "A" to this Loan Agreement ("Property");

☒ to pay in full any outstanding liens on the Property;

and to pay for labor and materials to construct certain improvements ("Improvements") on the Property ("Work").

"Property" includes the Improvements. The Work is described in the Schedule of Advances attached as "Exhibit D" to this Loan Agreement. I also have executed a Mortgage, Open-end Mortgage, Deed of Trust, Credit Line Deed of Trust or Trust Indenture ("Security Instrument") granting Lender a ☒ first ☐ second priority lien on the Property. In this Loan Agreement, "Loan Documents" means the Note, the Security Instrument, and this Loan Agreement. All terms defined in the Note and the Security Instrument shall have the same meaning in this Loan Agreement.

11600 am

AFTER RECORDING RETURN TO:
Carrie Collins
1000 Technology Drive
O'Fallon, MO 63304

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CONSTRUCTION LOAN AGREEMENT

2. MY AGREEMENTS

2.1. The Work.

2.1.1. My Contractor. I will enter into a written agreement ("Construction Contract") with *Amuchastequi Building, Inc.* with offices at *Amuchastequi Building, Inc., 520 Klamath Avenue, Oregon, Oregon 97601* ("Contractor") for all the Work. The Construction Contract will state the total amount that I will pay Contractor for the Work ("Contract Price"), and will include (i) the blueprints, shop drawings, plans and specifications for the Work ("Plans"); (ii) a written itemization of the Work and the Contract Price ("Construction Budget"); and (iii) an itemized description of each segment of the Work (each a "Stage") that sets the timetable for completing the Work, and the corresponding payments for the Work ("Work and Payment Schedule"). I will give Lender a copy of the Construction Contract. Except as provided in Section 2.1.2, I will have no other agreements for the Work. The Contractor will make reasonable efforts to give Lender the name, address and telephone number of each person that has a contract with Contractor to supply materials or labor for Work (each, a "Supplier") I will give Contractor a copy of this Loan Agreement.

I will not hire a new contractor without Lender's prior written consent, which Lender may withhold in Lender's sole discretion. If I replace Contractor, I will pay Lender a fee of *Three Hundred Fifty Dollars (\$)*.

2.1.2. Other Contractors and Suppliers

☐ In addition to the Construction Contract, I will enter into other written agreements for Work ("Secondary Contracts") with the contractors and suppliers identified in "Exhibit B" ("Secondary Contractors"). Work to be performed by Secondary Contractors is described in the Schedule of Advances attached as "Exhibit D" to this Loan Agreement.

Each Secondary Contract will state the total amount that I will pay the Secondary Contractor for the Work ("Secondary Contract Price"). Each Secondary Contract will include (i) Plans; (ii) a written itemization of the Work and the Secondary Contract Price ("Secondary Construction Budget"); and (iii) a Work and Payment Schedule for the Secondary Contract Work. I will give Lender a copy of each Secondary Contract. Each Secondary Contractor will make reasonable efforts to give Lender the name, address and telephone number of each person that has a contract with the Secondary Contractor to supply materials or labor for Work (each, a "Supplier"). I will give each Secondary Contractor a copy of this Loan Agreement.

Except as provided in Section 1.1.1 of this Loan Agreement, the term "Contractor" also means each Secondary Contractor, the term "Construction Contract" also means each Secondary Contract, and the term "Supplier" also means each person that has a contract with the Secondary Contractor to supply materials or labor for Work.

I will not hire a new contractor without Lender's prior written consent, which Lender may withhold in Lender's sole discretion. If I replace a Secondary Contractor, I will pay Lender a fee of *Three Hundred Fifty Dollars (\$350.00)*

2.1.3. Permits. I will get, and keep in force, all approvals of the Work (each, a "Permit") that are required by any federal, state, county, or local government agency (each, a "Government Authority"). I will comply with all applicable laws

of any Government Authority ("Government Regulations"). Contractor will have any license required by any Government Authority. I will get from Contractor and give Lender copies of all licenses and Permits required by Government Authorities.

- 2.1.4. Change Orders.** Any change in the Contract Price, the Work or the Work and Payment Schedule must be in a written agreement signed by me and Contractor and approved by Lender ("Change Order").
- 2.1.5. Care of the Property.** If Lender requests, I will provide Lender with a certified report that the Property is free of wood-boring insects. I will comply with all of the recommendations of any engineer making any soil report for the Property. I will notify Lender immediately of any fire or other casualty relating to the Property or the Work.
- 2.1.6. Completing the Work.** The Work will begin promptly after I sign the Loan Documents. The Work will continue diligently and in a good and workmanlike manner in strict accordance with the Construction Contract and all Government Regulations. The Work will not violate any of the conditions, covenants or restrictions on the Property.

I will notify Lender immediately in writing if (i) I think that the Work does not comply with the Construction Contract or this Loan Agreement; (ii) any notice of lien on the Property is served on me or Contractor; or (iii) any Government Authority issues any notice or claim relating to the Property.

I promise the Work will be completed on or before ("Completion Date"). Lender will accept the Work as completed when I satisfy all of the conditions in Section 2.8.4.8 of this Loan Agreement ("Substantial Completion").

2.1.7. Loan Administration.

I will pay Lender a non-refundable loan administration fee of *Two Thousand Four Hundred Forty Two Dollars and Eighty Three Cents* (\$2,442.83). Lender has the right to retain a third party to assist with Loan administration during the Construction Phase ("Loan Administrator").

Loan Administrator's services are for Lender's benefit only. Loan Administrator's services create no liability or responsibility to me, Contractor, any Suppliers, or any third parties. Lender is not obligated to use Loan Administrator.

2.1.8. Inspections.

Lender has the right to enter the Property to inspect the Work, without notice to me, during normal business hours, or any other times that Lender arranges with me. I will pay for all inspections performed at the request of Lender or any Government Authority.

Lender inspections are for Lender's benefit only. Lender's inspections create no liability or responsibility to me, Contractor, any Suppliers, or any third parties. Lender is not obligated to inspect the Property or the Work.

- 2.1.9. I Am Responsible for the Work.** I have full and sole responsibility to make sure that the Work complies with the Plans and all Government Regulations. Lender has no liability, obligation or responsibility for the Work. Lender is not liable for any failure to construct, complete, protect, or insure the Work. Lender

is not liable for any costs of the Work. Nothing Lender does (including inspecting the Work or making an advance) will be a representation or warranty by Lender that the Work complies with the Construction Contract, this Loan Agreement, the Permits or any Government Regulations. If Lender asks, I will repair or replace at my expense any Work that does not comply with the Plans. I have no right to assert or claim any offset, counterclaim or defense against Lender because of any claim I may have against Contractor or any Suppliers.

2.2. Costs and Expenses. I will pay all costs and expenses required to satisfy the conditions of this Loan Agreement, including any Change Orders.

2.3. No Other Financing. ☒ Until paid in full, the Loan will be my only financing for ☐ the Work ☒ the Property and the Work.

2.4. My Title to the Property.

☐ I will get a title report as described in Section 2.4.1 of this Loan Agreement.

☒ I will get title insurance as described in Section 2.4.2 of this Loan Agreement.

2.4.1. Title Report. I will get a title report, prepared by a title company or an attorney admitted to practice in the jurisdiction where the Property is located, certified to Lender ("Title Report"). The Title Report must show that the lien of the Security Instrument will be a valid ☐ first ☐ second priority lien on my interest in the Property, and that the title to my interest in the Property is free and clear of all defects and encumbrances except those Lender approves in writing.

2.4.2. Title Insurance. I will get and keep in force a mortgagee's or lender's policy of title insurance ("Title Policy"). The Title Policy will insure: (i) that the total amount of the lien of Lender's Security Instrument is a valid ☒ first ☐ second priority lien on my interest in the Property; and (ii) that the title to my interest in the Property is free and clear of all defects and encumbrances except those Lender approves in writing.

At or prior to the closing of the Loan, I will provide Lender with the commitment of the Title Company to issue the Title Policy ("Title Commitment"). When the Work is completed, I will provide Lender with endorsements to the Title Policy insuring Lender to the full amount of the Loan disbursed.

2.5. Survey. If Lender requests, I will provide and certify ☒ to Lender ☒ to the Title Company ☒ a survey of the Property ☐ a final as-built survey of the Property and the Improvements, including dimensions and locations of all completed Improvements and all easements or other rights or restrictions (each, a "Survey"). Each Survey must be satisfactory to Lender ☒ and to the Title Company.

2.6. Appraisal. If Lender requests, I will get an appraisal of the Property and the Improvements. I will get the appraisal ☒ before Lender disburses any part of the Loan ("Initial Appraisal") ☐ before the final advance of the Loan ("Final Appraisal"). The appraisal will show the value of the Property and the Improvements, using the ☒ "as built" ☐ "drive-by" ☐ property value estimate ☐ tax assessment method. ☐ I ☒ Lender will choose the appraiser. Each appraisal shall reflect an appraised value and be in form and substance satisfactory to Lender.

2.7. Hazard Insurance. ☒ Contractor must get and keep in force the insurance policies described in Section 2.7.1 ("Contractor's Insurance"). ☐ Borrower must get and keep in

force the insurance policies described in Section 2.7.2.2 ☒ and Section 2.7.2.1 ("Borrower's Insurance").

2.7.1. Contractor's Insurance. Contractor must get and keep in force the following insurance policies ("Contractor's Insurance"): (i) a builder's all risk insurance policy (with a mortgagee's loss payable clause in favor of Lender and with a physical loss form endorsement), without co-insurance, in an amount not less than one hundred percent (100%) of the replacement cost of the Improvements, with the standard conditions; (ii) public liability insurance with limits of liability equal to at least \$500,000 per occurrence; and (iii) workers' compensation insurance as required by applicable state law. Contractor's Insurance will be in force until I accept the Improvements.

I will give Lender a copy of each insurance policy.

2.7.2. Borrower's Insurance.

2.7.2.1. During Construction. I will get and keep in force the following insurance policies ("My Construction Phase Insurance"): (i) a builder's all risk insurance policy (with a mortgagee's loss payable clause in favor of Lender and with a physical loss form endorsement), without co-insurance, in an amount not less than one hundred percent (100%) of the replacement cost of the Improvements, with the standard conditions; (ii) public liability insurance with limits of liability equal to at least \$500,000 per occurrence; and (iii) workers' compensation insurance as required by applicable state law.

My Construction Phase Insurance will (i) not terminate until the Permanent Mortgage Date; (ii) permit me to occupy the project prior to Substantial Completion; (iii) will not contain an interval dollar limitation on the "theft of building materials" coverage; (iv) not exclude coverage for "resultant losses" from errors in design, defective materials or faulty workmanship; (v) cover weather-related claims for a property in the open; (vi) cover me, Lender, Contractor and subcontractors of every tier; (vii) have a term of not less than twelve (12) months; and (viii) have a deductible not greater than one percent (1%) of the coverage amount or one thousand dollars (\$1,000.00), which ever is less.

I will give Lender a copy of each insurance policy.

2.7.2.2. My Insurance After Construction. I will get a standard hazard insurance policy as required by the Security Instrument. This insurance will be effective when the Contractor's Insurance or my Construction Phase insurance terminates.

2.8. The Loan.

2.8.1. Administration. Lender shall disburse the Loan proceeds ("Loan Proceeds"):

- ☐ on the date the Loan closes ("Closing Date"), (\$), in escrow, to a federally insured interest bearing account ("Disbursement Account" or "Account"), to be disbursed by Lender, or Lender's escrow agent ("Escrow Agent"), as provided in Section 2.8.4.4 of this Loan Agreement.

- ☐ on the date the Loan closes ("Closing Date"), (\$) in escrow, to a federally insured interest bearing account ("Equity Disbursement Account" or "Account"), to be disbursed by Lender, or Lender's escrow agent ("Escrow Agent"), as provided in Section 2.8.4.4 of this Loan Agreement ("Borrower Equity Deposit").
- ☐ on the Closing Date, (\$), to me in the form of one or more checks, payable jointly to me and Contractor or one or more Suppliers.
- ☒ Six Hundred Seven Thousand Five Hundred Four Dollars (\$607,504.00), directly to me or to Contractor or to Suppliers, as provided in Section 2.8.4.4 of this Loan Agreement.

2.8.2. Use of the Loan Funds.

- 2.8.2.1. Advances.** "Advance" means Lender's advance of any part of the Loan or Borrower's Equity Deposit under this Loan Agreement, or my endorsement and delivery of any Loan Proceeds check to Contractor or a Supplier
- 2.8.2.2. Loan Commitment Amount.** As of the Closing Date, Lender commits to disburse Loan principal in the total amount of the Loan ("Loan Commitment Amount"). After the Closing Date, the Loan Commitment Amount will equal the principal amount of the Loan less the total amount of Advances made to date. Any Loan Commitment Amount that remains after all Advances have been made will be credited as a partial prepayment of the principal amount of the Loan at the time of the final Advance. The partial prepayment will reduce the ☒ amount of ☐ number of my monthly payments. If, at any time, the Loan Commitment Amount is not enough to pay the amount scheduled for any Advance, I will pay the difference from my own funds.
- 2.8.2.3. No Changes.** Unless Lender agrees in writing first, I will not change the Plans or the Construction Contract, or permit any part of any Advance to be paid except as specified in the Schedule of Advances, or in a Construction Loan Disbursement Request/Authorization.
- 2.8.2.4. Contingency Reserve.** If my Loan Commitment Amount includes an amount to pay unanticipated costs ("Contingency Reserve"), (i) I may request Lender, in its sole discretion, to fund Advances from my Contingency Reserve, and (ii) I will provide any information Lender reasonably requests to support my request.
- 2.8.2.5. Trust Fund.** I will receive all Advances in trust. I will apply the Advances first to the payment of the cost of the Work before using any part for any other purpose.

- 2.8.3. The Accounts.** If the Loan will be disbursed from a Disbursement Account or an Equity Disbursement Account, I will enter into an agreement with Lender governing the Account. All interest on the Account, if any, will be paid to me. If Lender is a depository institution that offers demand deposit accounts, the Account must be with Lender.

2.8.4. Advances; Conditions To Advances. Each of the promises I make in this Loan Agreement shall be considered made again as of the time (i) Lender, or Loan Administrator, or Escrow Agent, receives any request from me and Contractor for an Advance ("Construction Loan Disbursement Request/Authorization"); or (ii) I endorse any Loan Proceeds check to Contractor or a Supplier; or Lender disburses funds from the Equity Deposit Account. ☒ Lender will hold *Zero* percent (0.000%) of each Advance for the Work ("Holdback"). Lender will disburse Holdback only as part of the final Advance. Lender will pay for Work as itemized in the Schedule of Advances ("Exhibit D"), but only if all the following conditions are satisfied:

2.8.4.1. Plans Approved. I have reviewed the Plans; the Plans are satisfactory and have been approved by all Government Authorities having jurisdiction over the Property and the Work.

2.8.4.2. Work Completed. The Work for which an Advance is requested has been completed in a good and workmanlike manner, and complies with the Construction Contract, the Plans, the Permits, and all Government Regulations.

2.8.4.3. My Financial Condition; No Defaults. There is no material adverse change in my financial condition or employment status since the time I applied for the Loan. I am not in default under any of the Loan Documents or the Construction Contract. I have complied completely with all of my promises about the Work (including the promises in Section 2.1.6 of this Loan Agreement).

2.8.4.4. Construction Loan Disbursement Request/Authorization; Invoices and Lien Waivers. If the Loan will be disbursed from an a Disbursement Account or an Equity Deposit Account, or directly by Lender, Contractor, or one or more Suppliers will deliver to Lender, Escrow Agent, or Loan Administrator (i) a Construction Loan Disbursement Request/Authorization, in the form set forth in Exhibit "C," properly completed, and signed by me and Contractor; (ii) the invoices for the Work; (iii) construction lien waivers from Contractor and each Supplier for all Work covered by the Construction Loan Disbursement Request/Authorization and (iv) all other required information described in the Construction Loan Disbursement Request/Authorization.

If I have an Equity Deposit Account, following the Closing Date, Lender shall not disburse any Loan Proceeds, other than Advances from the Interest Reserve, until Lender disburses all funds in the Account ("Borrower Equity") in payment of Construction Loan Disbursement Requests/Authorizations.

Lender may rely on my statements, and on Contractor's or Supplier's statements in the Construction Loan Disbursement Request/Authorization, and on the invoices and lien waivers submitted by Contractor or Supplier. Lender does not have to verify any of that information. The funds obtained with the Construction Loan Disbursement Request/Authorization will be used to pay for

the Work described in the Construction Loan Disbursement Request/Authorization.

Lender, in its sole discretion may wire Advances directly to Contractor or Suppliers.

2.8.4.5. Limits on Construction Loan Disbursement Requests/Authorizations

The first Construction Loan Disbursement Request/Authorization shall be submitted no sooner than ten days following the Closing Date.

No more than 10 Construction Loan Disbursement Requests/Authorizations shall be submitted. No more than two Construction Loan Disbursement Requests/Authorizations shall be submitted in any calendar month.

I will pay Loan Administrator *One Hundred Seventy-five Dollars* \$175.00 for each Construction Loan Disbursement Requests/Authorizations exceeding either limit.

After the Advance, the Loan Commitment Amount remaining will be sufficient to complete all Improvements described in this Loan Agreement, the Plans and the Construction Contract

If Lender makes Advances with the assistance of an Escrow Agent or a Loan Administrator, Lender will provide me with written guidelines that will supplement procedures for Advances described in this Loan Agreement. I will follow those procedures.

2.8.4.6. Interest Reserve. I will establish an Interest Reserve from which Lender shall make Advances to pay interest during the Construction Phase. If the amount in the Interest Reserve is not enough to pay interest that is due prior to the Permanent Mortgage Date, I will pay those amounts directly to Lender from my own funds. Unless and until Interest Reserves are paid into a Disbursement Account, no interest shall be paid by Lender on the Interest Reserve.

2.8.4.7. Monthly Payment Reserve. ☐ My Loan is a Renovation Mortgage.
☐ I elect ☒ Lender requires me to pay from the Loan Commitment Amount the first 12 monthly payments of principal and interest and
☐ Escrow Items on the dates those payments become due. These payments designated by Lender are called the "Monthly Payment Reserve Account."

If the amount in the Monthly Payment Reserve Account is not enough to pay in full a payment of principal and interest or Escrow Item, I will pay those amounts directly to Lender from my own funds.

2.8.4.8. Loan Commitment Amount. The Loan Commitment Amount remaining after each Advance will be enough to complete all the Work.

2.8.4.9. Completion of Improvements. The Work will be completed as required by this Loan Agreement.

☒ Before the final Advance, I will deliver to Lender a copy of ☒ the final inspection report, ☒ the final title endorsement, ☐ a completion certificate signed by me and Contractor, ☐ a notice of completion, ☒ the final, unconditional certificate of occupancy issued by the Government Authority, if required by law.

☐ Within six months after the Work is completed, I will deliver to Lender a copy of ☐ the final inspection report, ☐ the final title endorsement, ☐ a completion certificate signed by me and Contractor, ☐ a notice of completion, ☐ the final, unconditional certificate of occupancy issued by the Government Authority, if required by law.

3. DEFAULT AND REMEDIES

3.1. Events of Default. I will be in default under this Loan Agreement and the other Loan Documents if any of the following events ("Events of Default") occurs:

3.1.1. Nonpayment. I fail to make any payment due under any Loan Document.

3.1.2. Other Broken Promises. I fail to keep any promise in this Loan Agreement or any other Loan Document.

3.1.3. False Statements. Any statement of fact, representation or warranty I make to Lender in my loan application, this Loan Agreement or in any other Loan Document is false, inaccurate, or incomplete.

3.2. Lender's Rights and Remedies. Subject to my right to notice of default and right to cure the default(s), to the extent required by law, if an Event of Default occurs, Lender has the following rights and remedies ("Rights and Remedies"):

3.2.1. Declare a Default. Lender may declare the Note, the Security Instrument, or both, in default.

3.2.2. Finish the Construction and Protect the Property. Lender may take possession of the Property. Lender may do every act and thing I or any subsequent owner of the Property might or could do for the protection, construction, repair, operation, maintenance and leasing of the Property.

I authorize Lender, as my attorney-in-fact, to exercise any right I may have in or under the Construction Contract, any Secondary Contract, or any Permit. I irrevocably authorize and direct each party to any Construction Contracts or Permits to provide Lender the benefits of the Permits and the Construction Contracts upon Lender's written notice. I agree that any such party shall have the right to rely upon any written notice from Lender without any obligation or right to inquire as to whether an Event of Default actually exists and notwithstanding any notice from me or claim by me to the contrary. I will have no right or claim against any such party for any benefit provided to Lender by such party. If I cure the Event of Default, or if Lender reinstates the Loan in good standing, Lender will give written notice of reinstatement to each such party and authorize each such party to render such benefits to me.

3.2.3. Take the Escrow Account. Lender may take any funds in the Disbursement Account or the Equity Deposit Account, if any, to apply to any amounts I owe under the Loan Documents.

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- 3.2.4. Indemnity.** I will indemnify and hold Lender and Lender's affiliates, and the officers, directors, employees and agents of Lender and its affiliates ("Indemnified Parties"), harmless from any liability, claim, loss, cost, legal expenses (including suits, claims, proceedings, damages, and costs arising from or relating to any third-party claim), incurred by or alleged against any of the Indemnified Parties arising from or related to (i) the Property, (ii) the Work, or (iii) my default under this Loan Agreement.
- 3.2.5. Lender's Fees, Costs, and Expenses.** I shall promptly pay to Lender all attorney's fees including, but not limited to any attorney's fees and costs incurred in any bankruptcy proceeding, costs, and other expenses paid or incurred by Lender in enforcing or exercising Lender's Rights and Remedies under this Loan Agreement. Interest will accrue on these amounts at the rate in the Note from the date the expense is incurred. The expense plus interest will be secured by Lender's Security Instrument.
- 3.2.6. Remedies Cumulative.** Lender may (but is not required to) exercise any or all of the rights under this Loan Agreement. All of Lender's Rights and Remedies contained in this Loan Agreement are cumulative and are in addition to any other Rights and Remedies created in any other Loan Document or existing at law or in equity.

4. GENERAL

- 4.1. My Cooperation.** I will, at my own cost and expense, sign any other instruments or documents, and supply any information and data that Lender considers necessary to accomplish the purposes of this Loan Agreement. If, in Lender's opinion, a material modification of the terms of this Loan Agreement is required, or occurs, I will execute an appropriate Construction Loan Modification Agreement. All documents delivered to Lender by me shall become Lender's property.
- 4.2. Credit Information.** I will provide Lender with updated financial or credit information when Lender requests it. Lender may get consumer reports from consumer reporting agencies when Lender reviews my Loan.
- 4.3. No Waivers.** Lender may choose to delay enforcing any of Lender's rights or waive any of Lender's rights under this Loan Agreement. Lender may delay enforcing or waive any of Lender's rights without affecting Lender's other rights. If Lender waives a right, Lender may enforce the same right later.
- 4.4. Entire Agreement.** This Loan Agreement and the other Loan Documents are the entire understanding between Lender and me about the Loan, the Improvements, and the Work, and may not be modified, amended, or terminated except by written agreement signed by Lender and me.
- 4.5. Binding Agreement; Assignment.** This Loan Agreement is for the benefit of Lender and Lender's successors and assigns, and binds me, my heirs, executors, administrators, successors and assigns. I may not assign this Loan Agreement without Lender's prior written consent, which Lender may withhold in Lender's sole discretion.
- 4.6. Survival of Representations.** Any promise I make shall survive the termination of this Loan Agreement and the repayment of the Loan.
- 4.7. Joint and Several Liability.** Each person executing this Loan Agreement as a Borrower has joint and several liability.

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- 4.8. **Notices.** Any communication required by this Loan Agreement shall be in writing and addressed to the addressee at the address indicated on the first page of this Loan Agreement.
- 4.9. **No Third Party Beneficiary.** This Loan Agreement is for the sole benefit of Lender, Escrow Agent, Loan Administrator and me, and is not for the benefit of anyone else. All conditions to Lender's obligation to make any Advance are solely for Lender's benefit. No other person or entity shall have standing to require satisfaction of those conditions or be deemed to be the beneficiary of those conditions.
- 4.10. **Governing Law.** This Loan Agreement is entered into in the state where the Property is located (the "State") and shall be controlled and interpreted by the laws of the United States and the State.
- 4.11. **Exhibits.** The following exhibits are attached to and a part of this Loan Agreement.
- Exhibit "A" - Description of the Property
 - Exhibit "B" - Secondary Contractors
 - Exhibit "C" - Construction Loan Disbursement Request/Authorization
 - Exhibit "D" - Schedule of Advances

Under Oregon law, most agreements, promises and commitments made by us after October 3, 1989, concerning loans and other credit extensions which are not for personal, family or household purposes or secured solely by the borrower's residence must be in writing, express consideration and be signed by us to be enforceable.

IN WITNESS WHEREOF, Borrower and Lender have executed this Loan Agreement as of the date first set forth on page one.

LENDER: CitiMortgage, Inc.

BY: Stephen Towry

ITS: Vice President

Albert Todd Christian, Trustee

Albert T. Christian, A/K/A A. Todd Christian, Trustee

Marilyn M. Christian, Trustee

Marilyn M. Christian, Trustee

State of Oregon)

County of Clatsop)

This instrument was acknowledged before me on October 14, 2001
by Albert T. Christian, A/K/A A. Todd Christian, Trustee and Marilyn M. Christian, Trustee .

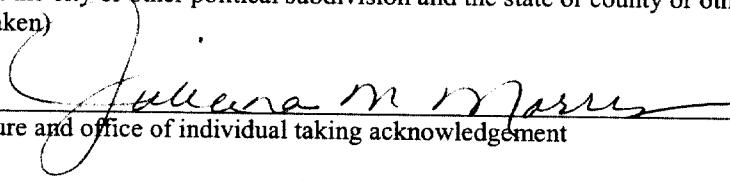
UNIFORM ACKNOWLEDGEMENT

(For use on Documents being Acknowledged Outside Of Oregon)

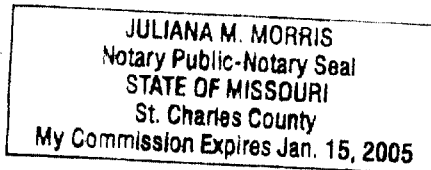
State, Missouri, Territory, Possession or Foreign County)

On the 14th day of October in the year 2004 before me, the undersigned, personally appeared Stephen Lowry, personally known to me or proved to me on the basis of satisfactory evidence to be the Individual(s) is (are) subscribed to the within instrument and acknowledged to me that he capacity(ies), and that by his signature(s) on the instrument, the individual(s) or the person upon behalf of which the individual(s) acted, executed the instrument and that such individual made such appearance before the undersigned in the County of St. Charles and State of Missouri.

(Insert the city or other political subdivision and the state or county or other place the acknowledgement was taken)

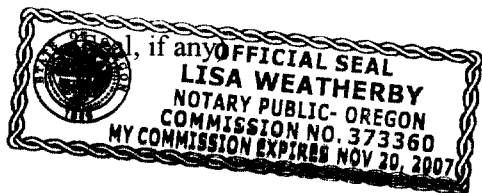


Signature and office of individual taking acknowledgement



CONSTRUCTION LOAN AGREEMENT

Lisa Weatherby
Signature of Notarial Officer



Notary Public
Title (and Rank)
My commission expires: 11/20/07

State of _____)

County of _____)

This instrument was acknowledged before me on _____ by
_____ as _____ of _____.

Signature of Notarial Officer

(Seal, if any)

Title (and Rank)

My commission expires: _____

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EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

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Lot 885, RUNNING Y RESORT, PHASE 11, FIRST ADDITION, according to
the official plat thereof on file in the office of the County
Clerk of Klamath County Oregon.

Account No.: 3808-003C0-02300-000

Key No.: 889134

CONSTRUCTION LOAN AGREEMENT**EXHIBIT B****SECONDARY CONTRACTORS**

Secondary Contractor Name	Nature of Work	Secondary Contract Date	Secondary Contract Price	Secondary Contractor Address	Secondary Contractor Contact Person	Secondary Contractor License Number

CONSTRUCTION LOAN AGREEMENT

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EXHIBIT C

CONSTRUCTION LOAN DISBURSEMENT REQUEST/AUTHORIZATION

Date	Loan Number 2001819650
Borrower Albert T. Christian, A/K/A A. Todd Christian, Trustee	Telephone (area code) 925-736-2649 Fax (are
Contractor Amuchastequi Building, Inc. Telephone (area code) 541-883-8387	Fax (area code) 541-882-7621
Property Address Lot 885 Running Y Resort Phase II 1st Addition, Klamath Falls, Oregon 97601	
City Klamath Falls	State Oregon Zip Code 97601

By signing below, Borrower and Contractor each represent and agree that:

1. They have reviewed the Plans; the Plans are satisfactory and have been approved by all Governmental Authorities having jurisdiction over the Property and the Work;
2. The Improvements do not violate any of the conditions, covenants or restrictions on the Property;
3. There are no defaults under the terms of the Loan Agreement, any other Loan Document, or under the Construction Contract;
4. Borrower acknowledges and reaffirms the terms and conditions set forth in the Loan Documents;
5. Borrower and Contractor acknowledge and reaffirm the terms and conditions set forth in the Construction Contract Modification Agreement;
6. The Work for which this Construction Loan Disbursement Request/Authorization is made has been duly completed in a good and workmanlike manner, in accordance with the Plans and in compliance with all Governmental Regulations;
7. There are no claims or disputes concerning the Work;
8. The Loan Commitment Amount remaining will be sufficient to complete all Improvements contemplated by the Loan Agreement, the Plans and the Construction Contract;
9. Lender has received invoices, and unconditional construction lien releases from the General Contractor, and each Supplier for all Work covered by for all Construction Loan Disbursement Requests/Authorizations previously submitted;
10. The funds obtained with each prior Construction Loan Disbursement Request/Authorization were used to pay in full the costs of labor performed or materials supplied as requested in each such Construction Loan Disbursement Request/Authorization;
11. The funds obtained with the Construction Loan Disbursement Request/Authorization will be used to pay in full the costs of labor performed or materials supplied as requested in this Construction Loan Disbursement Request/Authorization;
12. There has been no material adverse change in Borrower's financial condition or employment status since the time Borrower applied for the Loans.

By signing below Borrower and Contractor request Lender to make following payments:

Line Number	Payee	Amount (\$)
Current Request:		Total in the amount of (\$)

Contractor

By: _____
Authorized Signature

Date

Its: _____
Title

CONSTRUCTION LOAN AGREEMENT

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Borrower also represents and agrees that Borrower has forwarded to CitiMortgage's fund administrator, Granite Loan Management, LLC, certified mail return receipt requested, at Denver Technological Center, 5251 DTC Parkway, Suite 625, Englewood, Colorado 80111, any notices, preliminary notices, lien claims or documents relating thereto, claims or the like, and agrees to indemnify and hold harmless CitiMortgage and CitiMortgage's fund control administrator, as a result of Borrower's failure to do so. Borrower expressly acknowledges that CitiMortgage has not waived any of its rights by reason of any acts occurring on or before this date and hereby represents that Borrower has no claims or causes of action against CitiMortgage and/or releases CitiMortgage and its agents, from any and all acts from the date of the Loan Documents through the date of this Advance.

Borrower's Signature

Date

If you do not follow the procedures outlined in the Construction Loan Operating Guide, your Advance will be delayed.

By signing below the authorized CitiMortgage representative named below approves the disbursement requested in this Construction Loan Disbursement Request/Authorization but, to the extent permitted by applicable law, makes no warranty or representation as to the quality of work completed and/or materials delivered thus far.

CitiMortgage, Inc. ("Lender")

By:

Authorized Representative

Date

CONSTRUCTION LOAN AGREEMENT

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EXHIBIT D SCHEDULE OF ADVANCES

Item	Amount	Reference
Loan Commitment Amount	<i>444,150.00</i>	The principal amount of the Loan
Hard Cost	<i>607,504.00</i>	Hard cost includes the cost of labor and materials for the Work.
Soft Cost		Soft cost includes fees for permits, inspections, architects, engineers, consultants and the Loan Administrator
Loan/Closing Cost		See your Settlement Statement (HUD-1)
Interest Reserve	<i>14,767.99</i>	See Section 2.8.4.6 of the Loan Agreement
Contingency Reserve	<i>0</i>	See Section 2.8.4.2 of the Loan Agreement
Property Purchase Price		See your Settlement Statement (HUD-1)
Existing Mortgage Payoff		See your Settlement Statement (HUD-1)
[reserved]		[reserved]
Total Project Cost	<i>719,714.82</i>	The total of the Hard Cost, Soft Cost, Loan/Closing Cost, Interest Reserve, Contingency Reserve and Existing Mortgage Payoff or Property Purchase Price
Seller/Builder Contribution		The total of the amount, if any, paid by Seller/Builder to the Total Project Cost.
Cash Due from Borrower	<i>183,945.62</i>	A positive number represents funds Borrower must pay at closing. A negative number equals the proceeds Lender will pay Borrower at closing.
Loan Commitment Amount	<i>444,150.00</i>	The Total Project Cost <i>minus</i> the sum of Seller/Builder Contribution <i>plus</i> Cash Due from Borrower.

The "Project Budget Listing" on the following pages is part of this Schedule of Advances. The Project Budget Listing is a schedule of each Hard Cost included in the Total Project Cost. Following the Closing Date, Lender or Loan Administrator may restate the Project Budget Listing in a form called the Project Cost Report ("Form N"). I must notify Lender in writing within thirty (30) days after I receive Form N if I disagree with any information in Form N. If I do not, the information will be deemed to be correct.