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Vol M05 Page 55677

APN: 752064

RECORDING REQUESTED BY:
WHEN RECORDED RETURN TO:

Loan No: 1095-06-05
Vestin Mortgage, Inc.
8379 W. Sunset Road
Las Vegas, NV 89113

State of Oregon, County of Klamath
Recorded 07/20/05 11:43 a m
Vol M05 Pg 55677-98
Linda Smith, County Clerk
Fee \$ 136⁰⁰ # of Pgs 22

MAIL TAX STATEMENTS TO:

Attention: _____
Plum Ridge Care Community, LLC
3723 Fairview Industrial Drive SE
Suite 270, P.O. Box 3006
Salem, Oregon 97302

1st 587950

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

This Leasehold Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents ("**Deed of Trust**") is made as of this 15th day of July, 2005, by Plum Ridge Care Community, LLC, an Oregon limited liability company, ("**Trustor**" or "**Debtor**"), to First American Title Insurance Company of Oregon ("**Trustee**"), for the benefit of Vestin Mortgage, Inc., a Nevada corporation ("**Beneficiary**" or "**Secured Party**"), as to **Four Million Six Hundred Thousand and no/100 Dollars (\$4,600,000.00)** (the "**Loan**").

I. **GRANTS AND OBLIGATIONS SECURED**

A. **Grants**

1.01. Trustor hereby irrevocably grants, transfers and assigns to Trustee, in trust, with power of sale and right of entry and possession, all right, title and interest of Trustor in and to Trustor's leasehold interest in certain real property situated in the County of Klamath, State of Oregon, described in Exhibit "A" attached hereto and made a part hereof (the "**Land**") under that certain Plum Ridge Sublease dated June 8, 2001, evidenced by that certain Memorandum of Lease recorded in Klamath County, Oregon under recording number M01 page 27305 (the "**Lease**"), together with all right, title and interest of Trustor therein and in and to:

(a) All buildings and other improvements now or hereafter located on the Land, all water and water rights (whether riparian, appropriative, or otherwise, and whether or not appurtenant), pumps and pumping stations used in connection therewith, all machinery, equipment, appliances, furnishings, inventory, fixtures, and other property used or useable in connection with the Land and the improvements thereon, including, but not limited to, all storage tanks and pipelines, all gas, electric, heating, cooling, air conditioning, refrigeration and plumbing

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fixtures and equipment, which have been or may hereafter be attached or affixed in any manner to any building now or hereafter on the Land (the ***"Improvements"***).

(b) All the rights, rights of way, easements, licenses, profits, privileges, tenements, hereditaments and appurtenances, now or hereafter in any way appertaining and belonging to or used in connection with the Land and/or the Improvements, and any part thereof or as a means of access thereto, including, but not limited to, any claim at law or in equity, and any after acquired title and reversion in or to each and every part of all streets, roads, highways and alleys adjacent to and adjoining the same.

(c) All rentals, earnings, income deposits, security deposits, receipts, royalties, revenues, issues and profits which, after the date hereof, and while any portion of the indebtedness secured hereby remains unpaid, may accrue from the Land and/or the Improvements and any part thereof, subject, however, to the right, power and authority conferred upon Trustor to collect and apply such proceeds as set forth herein.

(d) All deposits made with or other security given to utility companies by Trustor with respect to the Land and/or the Improvements, and all advance payments of insurance premiums made by Trustor with respect thereto and claims or demands relating to insurance. Any of the foregoing arising or acquired by Trustor after the date hereof, the Land, the Improvements, and the other property described in subparagraphs (a), (b), (c), and (d) of this Paragraph 1.01 are collectively defined hereinafter as the ***"Property"***.

1.02. Trustor hereby grants a security interest to Beneficiary in all of the following described property and any and all proceeds thereof (sometimes all of such being collectively referred to herein as the ***"Collateral"***):

(a) All of Debtor's presently owned and hereafter acquired machinery, apparatus, equipment, fittings, fixtures and articles of personal property of every kind and nature whatsoever, including consumable goods, now or hereafter located in or upon the Property or any part thereof, and used or useable in connection with any present or future operation of the Property, including by way of description but without limiting the generality of the foregoing, all heating, lighting, laundry, incinerating, and power equipment, engines, pipes, pumps, tanks, motors, conduits, switchboards, plumbing apparatus, electrical apparatus (including, but not limited to all electrical transformers, switches, switch boxes, equipment boxes, cabinets, all whether used in the operation of the Property or any business operated within or upon the Property) lifting, cleaning, fire- prevention, fire-extinguishing, refrigerating, ventilating and communications apparatus, air-cooling, and air-conditions apparatus, elevators, escalators, shades, awnings, screens, storm doors and windows, stoves, wall beds, refrigerators, attached cabinets, partitions, ovens, ranges, disposals, dishwashers, carpeting, plants and shrubbery, ground maintenance equipment, ducts and compressors; together with all building materials, goods and personal property on or off the Property intended to be affixed to or incorporated in the Property but not yet affixed to or incorporated in the Property. Any and all rights to the name, signs and trade names used to operate the Property;

(b) All of Debtor's presently owned and hereafter acquired accounts, accounts receivable, contract rights, general intangibles, rents and profits and any other form of obligation requiring the payment of money to Debtor, and any claim by Debtor for any of the foregoing arising from the Property and Improvements now or hereafter located thereon;

(c) All of Debtor's presently owned and hereafter acquired inventory, goods, merchandise, products, commodities, raw materials, finished goods, consumable products and supplies now or hereafter located on or used in connection with the Property or the operation thereof;

(d) All of Debtor's interest in and to the Loan funds, and Debtor's own funds now or hereafter held on deposit by or for the benefit of Beneficiary;

(e) All of Debtor's assignable licenses, permits, registrations and governmental approvals relating to the operation of the Property;

(f) All of Debtor's Leases and Income (as such terms are hereinafter defined) with respect to the Property;

(g) All accessions, parts, attachments, and accessories used or intended for use in connection with any of the foregoing;

(h) All proceeds, products, proceeds of hazard insurance and eminent domain proceedings relating to the Property, and condemnation awards of all of the foregoing; and

(i) All substitutions, replacements, repossessions, returns and records of any of the foregoing.

For the purposes of the foregoing, the following definitions shall apply:

"Income" shall mean all rents, security or similar deposits, revenues, issues, royalties, earnings, products or proceeds, profits and income from operation of the Property.

The personal property in which Beneficiary has a security interest includes goods which are or shall become fixtures on the Property. This Deed of Trust is intended to serve as a fixture filing pursuant to the terms of the Oregon Uniform Commercial Code. This filing is to be recorded in the real estate records of the county in which the Property is located. In that regard, the following information is provided:

Name of Debtor: Plum Ridge Care Community, LLC, an
Oregon limited liability company

Address of Debtor: See paragraph 5.11

Name of Secured Party: Vestin Mortgage, Inc., a Nevada corporation

Address of Secured Party: See paragraph 5.11

Trustor warrants and agrees that there is no financing statement covering the foregoing Collateral, the Property, or any part thereof, on file in any public office, except for those in favor of Beneficiary or as otherwise consented to by Beneficiary.

1.03. Trustor hereby assigns and transfers to Beneficiary, as additional security, all damages, royalties and revenue of every kind, nature and description whatsoever that Trustor may be entitled to receive from any person or entity owning or having or hereafter acquiring a right to the oil, gas or mineral rights and reservations of the Property, with the right in Beneficiary to receive and receipt therefor, and apply the same to the indebtedness secured hereby either before or after any default hereunder, and Beneficiary may demand, sue for and recover any such payments but shall not be required to do so.

B. Obligations Secured.

1.04. This Deed of Trust is given for the purpose of securing, in such order of priority as Beneficiary may determine:

(a) Payment of the indebtedness evidenced by a Promissory Note Secured By Leasehold Deed of Trust of even date herewith and any renewals, extensions, modifications or amendments thereof, together with all future advances thereunder, in the principal amount of **Four Million Six Hundred Thousand and no/100 Dollars (\$4,600,000.00)** (the "**Note**") executed by Trustor and payable to Beneficiary, together with interest thereon and late charges as provided therein, which is made a part hereof by reference. The Note contains a provision for changes in the rate of interest charged thereunder from time to time as therein provided.

(b) Payment of such further sums as Trustor, or any successor in ownership, hereafter may borrow from Beneficiary when evidenced by another note or notes, reciting it is so secured, payable to Beneficiary or order and made by Trustor, or any successor in ownership, and all renewals, extensions, modifications or amendments of such note or notes.

(c) Payment of all other moneys herein agreed or provided to be paid by Trustor and performance of all other obligations of Trustor contained herein and any amendment, modification or change hereto, and any other loan documents (the "**Loan Documents**") executed and/or delivered by Trustor and/or others in connection with the Loan.

(d) Performance of each agreement of Trustor contained in any other agreement given by Trustor to Beneficiary which is for the purpose of further securing any indebtedness or obligation secured hereby.

1.05. The Maturity Date of the Note is July 15, 2006.

II. COVENANTS OF TRUSTOR

A. Condition and Operation of Property

2.01. Trustor agrees (i) to keep the Property in good condition and repair, (ii) not to commit or permit any waste or deterioration of the Property, (iii) not to commit or permit any removal, demolition or alteration of the Property except for such alterations as may be required by law, ordinance, rule, regulation or order of any governmental authority having jurisdiction over the Property, (iv) to complete in good and workmanlike manner any construction or restoration which may be performed on the Property, (v) to promptly restore any portion of the Property which may be damaged or destroyed and (vi) not to permit any mechanics' or materialmen's liens against the Property, and (vii) to perform each of Trustor's obligations set forth in the Note and other Loan Documents to which Trustor is a party.

2.02. Trustor shall not commit, permit or allow to exist, any violation of any law, ordinance, rule, regulation or order of any governmental authority having jurisdiction over the Property or of any matter or record affecting the Property.

2.03 Trustor shall maintain, or cause to be maintained, proper and accurate books, records and accounts reflecting all items of Income and expense in connection with the operation of the Property or in connection with any services, equipment or furnishings provided in connection with the operation of the Property, whether such Income or expense be realized by Trustor or by any other person or entity whatsoever excepting persons unrelated to and unaffiliated with Trustor and who leased from Trustor portions of the Property for the purposes of occupying the same. Upon the request of Beneficiary, Trustor shall prepare and deliver to Beneficiary such financial statements regarding operation of the Property as Beneficiary may reasonably request. Beneficiary, or its designee, shall have the right from time to time during normal business hours to examine such books, records and accounts and to make copies or extracts therefrom.

2.04 Trustor shall pay all rents and will strictly observe and perform all other terms, covenants, and conditions of the Lease. Trustor shall indemnify and hold Lender harmless against all losses, liabilities, actions, suits, proceedings and costs, including attorneys' fees, and any damages whatsoever which may be incurred by reason of Trustor's failure to fulfill its obligations under the Lease.

B. Insurance

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2.05. Trustor shall, at all times, provide, maintain and keep in force all of the following:

(a) A policy or policies of comprehensive general liability insurance with respect to the Property, including but not limited to owners and contractors liability, contractual liability, personal injury, completed operations, and broad form property damage, insuring Trustor and Beneficiary, as their interests may appear, against loss for any occurrence resulting in bodily injury to or the death of one or more persons and consequential damages arising therefrom and property damage involving injury or destruction of the tangible property of third parties in the amount of no less than \$2,000,000.00, combined single limit. All policies should be on an "occurrence" basis with Beneficiary named as an additional insured under such policy or policies.

(b) Upon commencement of construction of any structural improvements on the Property, a policy or policies of builder's risk insurance insuring the Property against loss or damage on an "All-Risk" basis and against such other risks or hazards as Beneficiary may from time to time reasonably designate in the amount of not less than replacement cost for such improvements without deduction for physical depreciation. Beneficiary shall be named as Mortgagee under such policy or policies.

(c) If requested by Beneficiary, flood insurance upon the Property in the event that such insurance is available pursuant to the provisions of the Flood Disaster Protection Act of 1973 or other applicable legislation. Beneficiary shall reserve the right to require that Trustor secure flood insurance in excess of the amount provided by the Flood Disaster Protection Act of 1973, if such insurance is commercially available, up to the amount provided in Paragraph 2.04(a) hereof.

(d) If requested by Beneficiary, statutory workers' compensation insurance (including employer's liability in amounts required by the State Industrial Insurance System and, if applicable, insurance covering claims of workers against employers arising under Federal law) covering Trustor and employees of Trustor, in such form as is reasonably satisfactory to Beneficiary and in amounts not less than any minimum amounts established by law.

(e) Such other insurance, and in such amounts, as may from time to time be reasonably required by Beneficiary.

Such insurance policies shall be updated at Beneficiary's request, but not less frequently than annually during the Loan term.

2.06. All policies required by Paragraph 2.05 shall (i) be issued by companies duly qualified and licensed to do such business in the State of Oregon and approved by Beneficiary; (ii) shall be subject to the reasonable approval of Beneficiary as to the insuring companies, amount, content and forms of policies and expiration date; (iii) contain a Non-

Contributory Standard Mortgagee Clause and the Lender's Loss Payable Endorsement (Form 438 BFU NS), or their equivalents, in favor of Beneficiary; (iv) provide that the proceeds thereof shall be payable to Beneficiary (to the extent of its interest); (v) provide that it cannot be modified or cancelled, to the extent that such modification or cancellation substantially effects the Property, or Beneficiary's interest thereon, without thirty (30) days' prior written notice to Beneficiary; and (vi) be primary and non-contributory with any other insurance of Beneficiary.

2.07. Trustor shall furnish to Beneficiary a certificate of each policy required under Paragraph 2.05 and, at least thirty (30) days prior to expiration of any such policy, proof of issuance of a policy continuing in force the coverage provided by the expiring policy. In the event Trustor shall fail to maintain the insurance coverage required by this Deed of Trust, Beneficiary may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefor by Beneficiary shall become an additional obligation of Trustor to Beneficiary, which amounts, together with interest thereon at the default rate of interest provided for in the Note, Trustor agrees to pay.

2.08. After the happening of any casualty insured against under Paragraph 2.05, Trustor shall give prompt written notice thereof to Beneficiary.

2.09. Trustor hereby assigns to Beneficiary all insurance proceeds which it may be entitled to receive and such proceeds shall be delivered to and held by Beneficiary to be applied to the restoration of any portion of the Property that has been damaged or destroyed to the same-condition, character and value as existed prior to such damage or destruction so long as the following conditions have been satisfied: (i) Trustor is not in default hereunder, (ii) Beneficiary's security is not materially impaired, and (iii) Trustor deposits with it the additional amounts necessary to accomplish such restoration. In the event that the above conditions are not satisfied, Beneficiary shall have the option to apply the insurance proceeds upon any indebtedness secured hereby in such order as Beneficiary may determine or release such proceeds to Trustor without such release being deemed a payment of any indebtedness secured hereby, rather than to apply such proceeds to the restoration of the Property. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. If the Property is restored at a cost less than the available insurance proceeds, then such excess proceeds shall, if Trustor is not then in default hereunder, be paid over to Trustor.

2.10. In the event of the foreclosure of this Deed of Trust or other transfer of the title to the Property in extinguishment, in whole or in part, of the indebtedness secured hereby, all right, title and interest of Trustor in and to any insurance policy then in force shall pass to the purchaser or grantee to the extent that such insurance policy affects the Property.

2.11 WARNING

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UNLESS YOU (BORROWER) PROVIDE US (LENDER) WITH EVIDENCE OF THE INSURANCE COVERAGE AS REQUIRED, WE MAY PURCHASE INSURANCE AT YOUR EXPENSE TO PROTECT OUR INTEREST. THIS INSURANCE MAY, BUT NEED NOT, ALSO PROTECT YOUR INTEREST. IF THE COLLATERAL BECOMES DAMAGED AND/OR IF THERE IS ANY TYPE OF INSURANCE CLAIM, THE COVERAGE WE PURCHASE MAY NOT PAY ANY CLAIM YOU MAKE OR ANY CLAIM MADE AGAINST YOU. YOU MAY LATER CANCEL THIS COVERAGE BY PROVIDING EVIDENCE THAT YOU HAVE OBTAINED PROPER INSURANCE COVERAGE ELSEWHERE.

YOU ARE RESPONSIBLE FOR THE COST OF ANY INSURANCE PURCHASED BY US. THE COST OF THIS INSURANCE MAY BE ADDED TO YOUR CONTRACT OR LOAN BALANCE, AND THE COST FOR SAME SHALL ACCRUE INTEREST AT THE RATE OF TWENTY-ONE PERCENT (21.0%) PER ANNUM. THE EFFECTIVE DATE OF COVERAGE MAY BE THE DATE YOUR PRIOR COVERAGE LAPSED OR THE DATE YOU FAILED TO PROVIDE PROOF OF COVERAGE.

THE COVERAGE WE PURCHASE MAY BE CONSIDERABLY MORE EXPENSIVE THAN INSURANCE YOU CAN OBTAIN ON YOUR OWN AND MAY NOT SATISFY ANY NEED FOR PROPERTY DAMAGE OR ANY MANDATORY LIABILITY INSURANCE REQUIREMENTS IMPOSED BY APPLICABLE LAW.

C. Payments

2.12. Trustor shall pay the principal, interest and other charges due under the Note according to its terms.

2.13. Trustor shall pay or cause to be paid:

(a) Prior to the assessment of any penalty or delinquency, all taxes, assessments and other governmental or public charges affecting the Property, including assessments on appurtenant water stock, and any accrued interest, cost and/or penalty thereon and shall submit paid receipt therefor to Beneficiary upon request.

(b) When due, all encumbrances, liens, and/or charges, with interest, on the Property or any part thereof which appear to be prior or superior hereto and all costs, fees and expenses related thereto.

(c) When due, all charges for utilities or services including, but not limited to, electricity, gas, water and sewer.

2.14. In the event of a default hereunder or under the Note, or under the Loan Agreement (the "*Loan Agreement*") of even date herewith entered into by and between Trustor

and Beneficiary, and upon request by Beneficiary, Trustor shall pay to Beneficiary on the twenty-fifth (25th) day of each month, together with and in addition to the regular installments of interest due under the Note, until the indebtedness secured hereby is paid in full, an amount equal to one-twelfth (1/12) of the yearly taxes and assessments, insurance premiums, lease rentals and other similar charges as estimated by Beneficiary to be sufficient to enable Beneficiary to pay at least thirty (30) days before they become due, all taxes, assessments, insurance premiums, and other similar charges against the Property. Beneficiary shall not be obligated to pay interest on any such sums. Upon demand of Beneficiary, Trustor shall deliver to Beneficiary such additional sums as are necessary to enable Beneficiary to pay such taxes, assessments, insurance premiums and similar charges.

2.15. Trustor shall pay immediately, upon demand, after expenditure, all sums expended or expenses incurred by Trustee and/or Beneficiary under any of the terms of this Deed of Trust, including without limitation, any fees and expenses (including reasonable attorneys' fees) incurred in connection with any reconveyance of the Property or any portion thereof, or to compel payment of the Note or any portion of the indebtedness evidenced thereby or in connection with any default thereunder, including without limitation reasonable attorneys' fees incurred in any bankruptcy or judicial or nonjudicial foreclosure proceeding, with interest from date of expenditure at the rate of interest provided for in the Note.

D. Condemnation

2.16. If the Property, or any part thereof, is taken or damaged by reason of any public improvement or condemnation proceeding, or in any other manner, Beneficiary shall be entitled to all compensation, awards and other payments or relief therefor to which Trustor shall be entitled, and shall be entitled at its option to commence, appear in and prosecute in its own name any action or proceeding or to make any compromise or settlement in connection with such taking or damage to the extent of the interests of Trustor therein. All such compensation, awards, damages, rights of action and proceeds to which Trustor shall be entitled (the "**Proceeds**") are hereby assigned to Beneficiary, who shall after deducting therefrom all its reasonable expenses, including reasonable attorneys' fees, apply or release the Proceeds with the same effect and as provided in Paragraph 2.09 above with respect to disposition of insurance proceeds; provided, that if there are any excess Proceeds after application thereof to the restoration of the Property, Beneficiary shall be entitled to apply such excess to the reduction of the principal balance due under the Note without any adjustment in the dollar amount of the monthly installments due under the Note. Trustor agrees to execute such further assignments of the Proceeds as Beneficiary or Trustee may reasonably require. Nothing herein contained shall prevent the accrual of interest as provided in the Note on any portion of the Proceeds to be applied to the principal balance due under the Note until the Proceeds are received by Beneficiary.

E. Rents and Leases

2.17. Trustor shall submit to Beneficiary for its prior written approval, which approval shall not be unreasonably withheld, the form of the tenant lease to be used by Trustor for leasing any portion of the Improvements, and after approval by Beneficiary, shall not materially

modify such form of lease without the prior written consent of Beneficiary. Trustor shall not accept prepayments of rent for any period in excess of one month and shall perform all covenants of the Lessor under all leases affecting the Property ("**Leases**"). "**Leases**", as used herein, includes any extensions or renewals thereof and any amendments consented to by the Beneficiary. Trustor shall not amend or terminate any Leases without the prior written consent of Beneficiary and shall not consent to any assignment or subletting under any Leases without the prior written consent of Beneficiary, which consent shall not be unreasonably withheld. Trustor shall immediately give notice to Beneficiary of any default under any of the Leases it receives or delivers. Beneficiary shall have the right but not the obligation, to cure any default of Trustor under any of the Leases and all amounts disbursed in connection with said cure shall be deemed to be disbursements under the Note.

2.18. Each lease of any portion of the Property shall be absolutely subordinate to the lien of this Deed of Trust but shall contain a provision satisfactory to Beneficiary that in the event of the exercise of the private power of sale or a judicial foreclosure hereunder such lease, at the option of the purchaser at such sale, shall not be terminated and the tenant thereunder shall attorn to such purchaser and, if requested to do so, shall enter into a new lease for the balance of the term of such lease then remaining upon the same terms and conditions. Each such lease shall, at the request of Beneficiary, be assigned to Beneficiary and each such assignment shall be recorded and acknowledged by the tenant thereunder.

2.19. Notwithstanding anything to the contrary contained herein, Trustor hereby absolutely and unconditionally assigns and transfers to Beneficiary all the leases, Income, rent, issues, deposits, profits and proceeds of the Property to which Trustor may be entitled, whether now due, past due or to become due, and hereby gives to and confers upon Beneficiary the right, power and authority to collect such Income, rents, issues, deposits, profits and proceeds of the Property to which Trustor may be entitled, whether now due, past due or to become due. The assignment of the Leases constitutes an irrevocable direction and authorization of all tenants under the Leases to pay all rent, Income and profits into an account specified by Beneficiary upon demand and without further consent or other action by Trustor. Trustor irrevocably appoints Beneficiary its true and lawful attorney, at the option of Beneficiary following an Event of Default (as such term is hereinafter defined) to demand, receive and enforce payment, to give receipts, releases, and satisfactions, and to sue, either in the name of Trustor or in the name of Beneficiary, for all such Income, rents, issues, deposits, profits and proceeds and apply the same to the indebtedness secured hereby. It is understood and agreed that neither the foregoing assignment of leases, Income, rents, issues, deposits, profits and proceeds to Beneficiary nor the exercise by Beneficiary of any of its rights or remedies under this Paragraph 2.19 shall be deemed to make Beneficiary a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Property or the use, occupancy, enjoyment or operation of all or any portion thereof. The assignment contained herein shall be fully operative upon recordation of this Deed of Trust without any further action on the part of either party and specifically Beneficiary is entitled hereunder to all Income, whether or not Beneficiary takes possession of the Property. Trustor hereby further grants to Beneficiary the right (i) to enter upon and take possession of the Property for the purpose of collecting the said Income; (ii) to dispossess by the usual summary proceedings any tenant defaulting in the payment thereof to Beneficiary; (iii) to let the Property or any part

thereof; and (iv) to apply said Income after payment of all necessary charges and expenses on account of the indebtedness and other sums secured hereby. Notwithstanding anything to the contrary contained herein or in the Note secured hereunder, so long as no Event of Default (as such term is hereinafter defined) shall have occurred, Trustor shall have a license to collect all Income, rents, issues, profits and proceeds from the Property as trustee for the benefit of Beneficiary and Trustor shall apply all such Income, rents, issues, profits and proceeds to the payment of all necessary and reasonable operating costs and expenses of the Property, debt service on the indebtedness secured hereby, and a reasonable reserve for further expenses, repairs and replacements for the Property, before using same for Trustor's personal use or any other purpose not for the direct benefit of the Property. Upon the occurrence of an Event of Default, such license shall be deemed revoked and any rents received thereafter by Trustor shall be delivered in kind to Beneficiary. Trustor hereby irrevocably constitutes and appoints Beneficiary its true and lawful attorney-in-fact to enforce in Trustor's name or in Beneficiary's name or otherwise, all rights of Trustor in the instruments, including without limitation checks and money orders, tendered as payments of rents and to do any and all things necessary and proper to carry out the purposes hereof.

F. Other Rights and Obligations

2.20. In addition to any other grant, transfer or assignment effectuated hereby, without in any manner limiting the generality of the grants in Article I hereof, Trustor shall assign to Beneficiary Trustor's interest in all agreements, contracts, leases, licenses and permits affecting the Property in any manner whatsoever, such assignments to be made, if so requested by Beneficiary, by instruments in form satisfactory to Beneficiary but no such assignment shall be construed as a consent by Beneficiary to any agreement, contract, license or permit so assigned, or to impose upon Beneficiary any obligations with respect thereto.

2.21. In the event of the passage, after the date of this Deed of Trust, of any law deducting from the value of the Property for the purpose of taxation, any lien thereon, or changing in any way the laws now in force for the taxation of deeds of trust or debts secured by deeds of trust, or the manner of the collection of any such taxes, so as to affect this Deed of Trust, or imposing payment of the whole or any portion of any taxes, assessments or other similar charges against the Property upon the Beneficiary, the indebtedness secured hereby shall immediately become due and payable at the option of the Beneficiary; provided, however, that such election by Beneficiary shall be ineffective if such law either (a) shall not impose a tax upon Beneficiary nor increase any tax now payable by Beneficiary or (b) shall impose a tax upon Beneficiary or increase any tax now payable by Beneficiary and prior to the due date: (i) Trustor is permitted by law and can become legally obligated to pay such tax or the increased portion thereof (in addition to all interest, additional interest and other charges payable hereunder and under the Note without exceeding the applicable limits imposed by the usury laws of the State of Nevada); (ii) Trustor does pay such tax or increased portion; and (iii) Trustor agrees with Beneficiary in writing to pay, or reimburse Beneficiary for the payment of, any such tax or increased portion thereof when thereafter levied or assessed against the Property or any portion thereof. The obligations of Trustor under such agreement shall be secured hereby.

2.22. If required by Beneficiary at any time during the term of this Deed of Trust, Trustor will execute and deliver to Beneficiary, in form reasonably satisfactory to Beneficiary, an additional security agreement and/or financing statement covering all personal property of Trustor which may at any time be furnished, placed on, or annexed or made appurtenant to the Property and used, useful or held for use, in the operation of the Improvements thereon. Any breach of or default under such security agreement shall constitute an Event of Default under this Deed of Trust.

2.23. Trustor shall do any and all acts which, from the character or use of the Property or the Collateral, may be reasonably necessary to protect and preserve the security of Beneficiary, the specific enumerations herein not excluding the general.

2.24. Trustor will faithfully perform each and every covenant to be performed by Trustor under any lien or encumbrance upon or affecting the Property, including, without limiting the generality hereof, mortgages, deeds of trust, leases, declaration of covenants, easements, conditions and/or restrictions and other agreements which affect the Property, in law or in equity, which Beneficiary reasonably believes may be prior and superior to the lien or charge of this Deed of Trust. A breach of or a default under any such lien or encumbrance shall constitute an Event of Default under this Deed of Trust.

2.25. Upon election of either Beneficiary or Trustee so to do, employment of an attorney is authorized and payment by Trustor of all reasonable attorneys' fees, costs and expenses in connection with any action and/or actions (including the cost of evidence or search of title), which may be brought for the foreclosure of this Deed of Trust, and/or for possession of the Property covered hereby, and/or for the appointment of a receiver, and/or for the enforcement of any covenant or right in this Deed of Trust contained as hereinafter provided shall be secured hereby.

2.26. No personal property covered by the security interest granted herein may be removed from the Property without the prior written consent of Beneficiary unless Trustor shall immediately replace such personal property with similar property of equivalent value on which Beneficiary has a valid first lien.

2.27. In the event that the interest of Trustor in the Property, or any part thereof, or any interest therein is sold, conveyed (except for easements for utilities and other such services reasonably necessary for the operation of the Property), alienated, further encumbered or otherwise transferred by the Trustor, voluntarily or involuntarily, whether by operation of law or otherwise, the Note, irrespective of the maturity date expressed therein, at the option of Beneficiary, and without demand or notice, shall immediately become due and payable. In the event that Beneficiary does not elect to declare the Note immediately due and payable, then, unless indicated otherwise in writing by Beneficiary, Trustor shall nevertheless remain primarily liable for the obligations hereunder and under the Note and any other instrument securing the Note. This provision shall apply to each and every sale, transfer, encumbrance or conveyance, regardless whether or not Beneficiary has consented to, or waived, Beneficiary's rights hereunder, whether by action or non-action in connection with any previous sale, transfer, encumbrance or

conveyance and whether or not the holder has received any payments after said transfer. For the purposes hereof, a change in the composition of Trustor which causes Trustor to be dissolved or terminated pursuant to applicable Federal taxation laws shall be deemed a sale hereunder.

2.28. Trustor agrees to execute such documents and take such action as Beneficiary shall reasonably determine to be necessary or desirable to further evidence, perfect or continue the perfection of the lien and security interest granted by Trustor herein.

2.29. Following a ten (10) day written notice to Trustor (unless Beneficiary reasonably determines that emergency circumstances exist which would make the giving of such notice impractical), at the time and in the manner herein provided, Beneficiary may, without releasing Trustor from any obligation hereunder and without waiving its right to declare a default or impairing any declaration of default as herein provided or any sale proceeding predicated thereon:

(a) Make any payment or perform any act in such manner and to such extent as either may deem reasonably necessary to protect the security hereof, Beneficiary and Trustee being authorized to enter upon and take possession of the Property for such purposes;

(b) Commence, appear in and/or defend any action or proceedings purporting to affect the security hereof, and/or any additional or other security therefor, the interests, rights, powers and/or duties of Trustee and/or Beneficiary hereunder, whether brought by or against Trustor, Trustee or Beneficiary;

(c) Pay, purchase, contest or compromise any claim, debt, lien, charge or encumbrance which in the reasonable judgment of either may affect or appear to affect the security of this Deed of Trust, the interest of Beneficiary or the rights, powers and/or duties of Trustee and/or Beneficiary hereunder; and

(d) Upon an Event of Default hereunder, or under the Note, or under the Loan Agreement, or under any of the other Loan Documents executed by Trustor or others in connection with the Loan, Beneficiary is authorized either by itself or by its agents to be appointed by it for that purpose or by a receiver appointed by a court of competent jurisdiction to enter into and upon and take and hold possession of any portion or all of the Property, both real and personal, and exclude Trustor and all other persons therefrom; and to operate and manage the Property and rent and lease the same, perform such reasonable acts of repair or protection as may be reasonably necessary or proper to conserve the value thereof, and collect any and all Income, rents, issues, profits and proceeds therefrom, the same being hereby assigned and transferred to Beneficiary for the benefit and protection of Beneficiary, and from time to time apply and/or accumulate such Income, rents, issues, profits and proceeds in such order and manner as Beneficiary or such receiver in its sole discretion shall consider advisable, to or upon the following: the expense of receivership, if any, the proper costs of upkeep, maintenance, repair and/or operation of the Property, the repayment of any sums theretofore or thereafter advanced pursuant to the terms of this Deed of Trust upon the indebtedness secured hereby, the taxes and assessments upon the Property then due or next to become due, and/or upon the unpaid principal

of such indebtedness. The collection and/or receipt of Income, rents, issues, profits and/or proceeds from the Property by Beneficiary, its agent or receiver, after declaration of default and election to cause the Property to be sold under and pursuant to the terms of this Deed of Trust shall not affect or impair such default or declaration of default or election to cause the Property to be sold or any sale proceedings predicated thereon, but such proceedings may be conducted and sale effected notwithstanding the receipt and/or collection of any such Income, rents, issues, profits and/or proceeds. Any such Income, rents, issues, profits and/or proceeds in the possession of Beneficiary, its agent or receiver, at the time of sale and not theretofore applied as herein provided, shall be applied in the same manner and for the same purposes as the proceeds of the sale. Neither Trustee nor Beneficiary shall be under any obligation to make any of the payments or do any of the acts referred to in this Paragraph and any of the actions referred to in this Paragraph may be taken by Beneficiary irrespective of whether any notice of default or election to sell has been given hereunder and without regard to the adequacy of the security for the indebtedness evidenced by the Note.

2.30. Trustor agrees not to surrender, terminate or cancel the Lease. Trustor will not modify, change, supplement, alter or amend the Lease without Lender's prior written consent. Any attempt to do any of the foregoing without Lender's prior written consent shall be void and of no force or effect.

2.31 Should Trustor acquire all or a portion of the fee simple title, or any other leasehold or subleasehold title to the Property, that title will immediately become subject to the terms of this Deed of Trust, and Trustor will execute, deliver and record all documents necessary to insure that such title is secured by this Deed of Trust.

2.32. Trustor shall promptly notify Lender in writing of any events, defaults, notices of default received, insurance proceeds, or any other notices associated with the Lease.

2.33 Lender, at Lender's option, may cure any default by Trustor under the Lease.

III. DEFAULTS AND REMEDIES

A. Defaults

3.01. An event of default ("*Event of Default*") shall exist hereunder upon (i) the breach of any covenant or warranty contained herein, or (ii) the occurrence of any default or Event of Default under the Note, or (iii) the occurrence of any default or Event of Default under the Loan Agreement or any of the other Loan Documents executed by Trustor or others in connection with the Loan.

B. Remedies

3.02. Upon the occurrence of any Event of Default hereunder, or under the Note, or the Loan Agreement or any other Loan Document executed by Trustor or others in connection with the Loan, then and in each such event, Beneficiary may declare all sums secured hereby immediately due and payable either by commencing an action to foreclose this Deed of Trust as a mortgage, or by the delivery to Trustee of a written declaration of default and demand for sale and of written notice of default and of election to cause the Property to be sold, which notice Trustee shall cause to be duly filed for record in case of foreclosure by exercise of the power of sale herein. Should Beneficiary elect to foreclose by exercise of the power of sale herein, Beneficiary shall also deposit with Trustee this Deed of Trust, the Note and such receipts and evidence of expenditures made and secured hereby as Trustee may require, and notice of sale having been given as then required by law and after lapse of such time as may then be required by law after recordation of such notice of default, Trustee, without demand on Trustor, shall sell the Property at the time and place of sale fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed or deeds conveying the Property, or any portion thereof, so sold, but without any covenant or warranty, express or implied. The recitals in such deed or deeds of any matters or facts, shall be conclusive proof of the truthfulness thereof absent manifest error. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

3.03. Beneficiary, from time to time before Trustee's sale, may rescind any such notice of breach or default and of election to cause the Property to be sold by executing and delivering to Trustee a written notice of such rescission, which notice, when recorded, shall also constitute a cancellation of any prior declaration of default and demand for sale. The exercise by Beneficiary of such right of rescission shall not constitute a waiver of any breach or default then existing or subsequently occurring, or impair the right of Beneficiary to execute and deliver to Trustee, as above provided, other declarations of default and demand for sale, and notices of breach or default, and of election to cause the Property to be sold to satisfy the obligations hereof, nor otherwise affect any provision, agreement, covenant or condition of the Note, the Loan Agreement and/or of this Deed of Trust or any of the rights, obligations or remedies of the parties hereunder.

3.04. After deducting all reasonable costs, fees and expenses of Trustee and of this Trust, including the cost of evidence of title in connection with sale and reasonable attorneys' fees, Trustee shall apply the proceeds of sale as required by applicable law.

3.05. If Beneficiary at any time holds additional security for any obligations secured hereby, it may enforce the terms hereof or otherwise realize upon the same, at its option, either before or concurrently herewith or after a sale is made hereunder, and may apply the proceeds upon the indebtedness secured hereby without affecting the status of or waiving any right to exhaust all or any other security, including the security hereunder, and without waiving

any breach or default or any right or power whether exercised hereunder or contained herein or in any such other security.

3.06. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by this instrument to Trustee or Beneficiary or to which either of them may be otherwise entitled, may be exercised concurrently or independently, from time to time and as often as may be deemed expedient by Trustee or Beneficiary and either of them may pursue inconsistent remedies.

3.07. Subject to any notice requirement and opportunity to cure contained herein, in the event of a default hereunder, Beneficiary, as a matter of right and without notice to Trustor or anyone claiming under it, and without regard to the then value of the Property or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Property, and Trustor hereby irrevocably consents to such appointment and waives notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and all the powers and duties of Beneficiary in case of entry as provided herein and shall continue as such and exercise all such powers until the date of confirmation of sale of the Property unless such receivership; is sooner terminated.

IV. COLLATERAL

4.01. With respect to the security interest granted in Paragraph 1.02, Beneficiary shall have all the rights and remedies granted to a secured party under Article 9 of the Uniform Commercial Code, as well as all other rights and remedies available at law or in equity and, as such, this Deed of Trust shall also serve as a security agreement in connection therewith. Trustor shall, upon the demand of Beneficiary, assemble all of such personal property and make it available to Beneficiary at the Property, which is hereby agreed to be reasonably convenient to Beneficiary. The proceeds of any sale of such personal property shall be applied first to the expenses of Beneficiary in retaking, holding, preparing for sale, selling or similar matters, including reasonable attorney's fees.

4.02. Until Beneficiary exercises its right to collect proceeds of the Collateral pursuant hereto, Trustor will collect with diligence any and all proceeds of the Collateral. Upon written request by Beneficiary, any proceeds received by Trustor shall be in trust for Beneficiary, and Trustor shall keep all such collections separate and apart from all other funds and property so as to be capable of identification as the property of Beneficiary and shall deliver such collections at such time as Beneficiary may request to Beneficiary in the identical form received, properly endorsed or assigned when required to enable Beneficiary to complete collection thereof.

4.03. Trustor shall (i) permit representatives of Beneficiary to inspect the Collateral and Trustor's books and records relating to the Collateral and make extracts therefrom and to arrange for verification of the amount of Collateral, under procedures acceptable to

Beneficiary; (ii) promptly notify Beneficiary of any attachment or other legal process levied against any of the Collateral and any information received by Trustor relative to the Collateral, Trustor's debtors or other persons obligated in connection therewith, which may in any way affect the value of the Collateral or the rights and remedies of Beneficiary in respect thereto; (iii) reimburse Beneficiary upon demand for any and all costs, including without limitation reasonable attorneys' and accountants' fees, and other expenses incurred in collecting any sums payable by Trustor under any obligation secured hereby, or in the checking, handling and collection of the Collateral and the preparation and enforcement of any agreement relating thereto; (iv) notify Beneficiary of each location at which the Collateral is or will be kept, other than for temporary processing, storage or similar purposes, and of any removal thereof to a new location, including without limitation each office of Trustor at which records relating to the Collateral are kept; (v) provide, maintain and deliver to Beneficiary certificates of insurance insuring the Collateral against loss or damage by such risks and in such amounts, forms and by such companies as Beneficiary may reasonably require and with loss payable to Beneficiary, and in the event Beneficiary takes possession of the Collateral, the insurance policy or policies and any unearned or returned premium thereon shall at the option of Beneficiary become the sole property of Beneficiary; (vi) do all acts necessary to maintain, preserve and protect all Collateral, keep all Collateral in good condition and repair and prevent any waste or unusual or unreasonable depreciation thereof; and (vii) join with Beneficiary at its request from time to time in executing financing statements, amendments thereto and continuation statements, and pay the cost of the filing of the same whenever Beneficiary deems desirable, and execute and deliver to Beneficiary further documents and instruments and do such other acts and things as Beneficiary may reasonably request in order to effectuate fully the purposes and intent hereof.

4.04. Beneficiary may at any time, upon prior notice to Trustor, collect proceeds of the Collateral and may give notice of assignment to any and all of Trustor's debtors, and Trustor does hereby irrevocably constitute and appoint Beneficiary its true and lawful attorney-in-fact to enforce in Trustor's name or in Beneficiary's name or otherwise all rights of Trustor in the Collateral and to do any and all things necessary and proper to carry out the purposes hereof; provided, however, Trustor shall have the right to collect, retain, use and enjoy such proceeds subject to the terms hereof and the documents securing Trustor's obligations thereunder prior to any Event of Default under the Note or under any of the other Loan Documents executed by Trustor or others in connection with the Loan. It is hereby recognized that the power of attorney herein granted is coupled with an interest and shall not be revocable and Beneficiary shall have the right to exercise this power of attorney upon any Event of Default hereunder, under the Note or under any of the other Loan Documents executed by Trustor or others in connection with the Loan. (Beneficiary shall promptly notify Trustor of any action taken by Beneficiary pursuant to this provision but Beneficiary's failure to do so shall not invalidate any such act, affect any of Trustor's obligations to Beneficiary or give rise to any right, claim or defense on the part of Trustor).

V. MISCELLANEOUS PROVISIONS

5.01. By accepting payment of any sum secured hereby after its due date or in an amount less than the sum due, Beneficiary does not waive its rights either to require prompt payment when due of all other sums so secured or to declare an Event of Default as herein provided for failure to pay the total sum due.

5.02. At any time, or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby or the effect of this Deed of Trust upon the remainder of the Property, Trustee may: reconvey any part of the Property; consent in writing to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

5.03. Beneficiary shall be subrogated for further security to the lien, although released of record, of any and all encumbrances paid out of the proceeds of the Loan secured by this Deed of Trust.

5.04. Beneficiary is authorized by itself, its agents, employees or workmen, to enter at any reasonable time upon any part of the Property for the purpose of inspecting the same, and for the purpose of performing any of the acts it is authorized to perform under the terms of the Loan Agreement and this Deed of Trust.

5.05. Subject to the provisions of Paragraph 2.27 hereof, this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term "Beneficiary" shall mean the owner and holder, including pledgees, of the Note, now or hereafter and whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

5.06. Trustee, upon presentation to it of an affidavit signed by or on behalf of Beneficiary, setting forth any fact or facts showing a default by Trustor under any of the terms or conditions of this Deed of Trust, is authorized to accept as true and conclusive all facts and statements in such affidavit and to act hereunder in complete reliance thereon.

5.07. If any provision hereof should be held unenforceable or void, then such provision shall be deemed separable from the remaining provisions and shall in no way affect the validity of this Deed of Trust.

5.08. Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. The Trust created hereby is irrevocable by Trustor.

5.09. Trustee shall be under no obligation to notify any party hereto of any action or proceeding of any kind in which Trustor, Beneficiary and/or Trustee shall be a party, unless brought by Trustee, or of any pending sale under any other deed of trust.

5.10. Beneficiary may, from time to time, by a written instrument executed and acknowledged by Beneficiary and recorded in the county or counties where the Property is located, substitute a successor or successors for the Trustee named herein or acting hereunder.

5.11 All notices hereunder shall be deemed to have been duly given if personally delivered or mailed by United States registered or certified mail, with return receipt requested, postage prepaid to the parties at the following addresses (or at such other addresses as shall be given in writing upon any party to the others) and shall be deemed complete upon any such mailing:

To Trustor: Plum Ridge Care Community, LLC
3723 Fairview Industrial Drive SE, Suite 270
P.O. Box 3006
Salem, Oregon 97302
Attention: Jon Harder_____

To Beneficiary: Vestin Mortgage, Inc.
8379 W. Sunset Road
Las Vegas, Nevada 89113
Attention: Daniel B. Stubbs,
Senior Vice President - Underwriting

5.12. Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to Trustor at the address set forth above.

5.13. Upon written request of Beneficiary stating that all sums secured hereby have been paid and upon surrender to Trustee of this Deed of Trust and the Note for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof absent manifest error. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

5.14. Without affecting the liability or obligations of any person, including Trustor, for the performance of any obligations secured hereby (excepting only any person or property otherwise expressly released in writing by Beneficiary), Beneficiary may from time to time and without notice release any person liable for payment of any of said indebtedness or the performance of said obligations, extend the time of payment or otherwise alter the terms of any of said obligations, accept additional security therefor of any kind, including trust deeds or mortgages, or alter, substitute or release any property securing said obligations.

5.15. The provisions of this Deed of Trust governing the contractual rights and obligations of Trustor, Beneficiary and Trustee shall be construed according to the laws of the State of Nevada (except as to actions for foreclosure on this Deed of Trust, which shall be governed by the laws of the State of Oregon), and the courts of the State of Nevada shall have exclusive jurisdiction of any action between Trustor and Beneficiary. The provisions of this Deed of Trust are intended to be supplemental and in addition to the provisions contained in the Loan Agreement. Any assignment of this Deed of Trust shall be considered an assignment of the Note and the Loan Agreement.

5.16. This Deed of Trust may be executed in counterparts, all of which executed counterparts shall together constitute a single document. Signature pages may be detached from the counterparts and attached to a single copy of this document to physically form one document.

5.17 THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

5.18 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 USE TO BE ENFORCEABLE.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents as of the day and year first set forth above.

Plum Ridge Care Community, LLC, an
Oregon limited liability company

By: _____

Jon M. Harder, Manager

STATE OF OREGON

County of Marion

)
) ss.
)

55697

This instrument was acknowledged before me on the 15th day of July
2005 by Jon M. Harder, as Manager of Plum Ridge Care Community, LLC



Kristine Bernard
Notary Public for Oregon
My Commission Expires: 3-25-06

EXHIBIT A
Property Description

Real property in the City of Klamath Falls, County of Klamath, State of Oregon, described as follows:

A tract of land situated in the SW 1/4 of the NE 1/4 of Section 20, Township 38 South, Range 9 East, Willamette Meridian, Klamath County, Oregon, being a portion of Blocks 7 and 8 and vacated Hilltop Street, McLoughlin Heights Subdivision, more particularly described as follows:

Commencing at the Northeast corner of McLoughlin Heights; thence South 00°46'00" West, along the East boundary of McLoughlin Heights, 100.0 feet to the true point of beginning of this description; thence South 0°46'00" West, along the East boundary of McLoughlin Heights 572.30 feet to the North boundary of Foothills Boulevard; thence 40.57 feet along the arc of a 20.00 foot radius curve to the right (the long chord of which bears South 58°53' West, 33.97 feet); thence North 63°00'00" West, along the North boundary of Foothills Boulevard, 104.35 feet; thence 482.81 feet along the arc of a 774.83 foot radius curve to the left (the long chord of which bears North 80°51'03" West, 475.03 feet); thence leaving said road boundary North 20°39'40" East, 504.11 feet; thence South 89°21'00" East, 420.87 feet to the true point of beginning.

TOGETHER with the northerly one-half of vacated Foothill boulevard abutting the Southerly boundary of the above described parcel.

SAVING AND EXCEPTING the following described parcel:

Beginning at a point on the East boundary of McLoughlin Heights which bears South 0°46' West a distance of 100.0 feet from the Northeast corner thereof, said point being the Northeast corner of tract conveyed by Presbyterian Intercommunity Hospital, Inc. to Klamath County by Deed recorded in Volume M75 page 8321, Deed records of Klamath County, Oregon; thence North 89°21' West, along the North line of said tract a distance of 420.87 feet to the Northwest corner thereof; thence South 20°39'40" West along the Westerly line of said tract a distance of 173.0 feet to a point; thence South 86°54'35" East a distance of 480.13 feet to a point on the East line of said tract; thence North 0°46' East along said East line a distance of 183.0 feet to the point of beginning.

TOGETHER with Access as disclosed in Reciprocal Access Easement, recorded June 8, 2001 in M-01 on page 27242, records of Klamath County, Oregon.

APN: 752064