

RECORDATION REQUESTED BY:

Peter C. McKittrick, Receiver
121 SW Morrison St., Suite 600
Portland, OR 97204

WHEN RECORDED MAIL TO:

Peter C. McKittrick, Receiver
121 SW Morrison St., Suite 600
Portland, OR 97204

SEND TAX NOTICES TO:

Southview Properties, LLC,
an Oregon limited liability company
Attn: Gregory P. Bessert, Manager
22101 NE 150th Avenue
Battle Ground, WA 98604

M06-07866

Klamath County, Oregon
04/21/2006 03:16:59 PM
Pages 17 Fee: \$101.00

M06-09495

Klamath County, Oregon
05/11/2006 11:54:27 AM
Pages 19 Fee: \$111.00

Rerecording M06-07866 to add correct legal
description for Trust Deed.

15801493
SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

DEED OF TRUST

THIS DEED OF TRUST IS DATED April 20, 2006, among Southview Properties, LLC, an Oregon limited liability company, whose address is 22101 NE 150th Avenue, Battle Ground, Washington 98604 (referred to below as "Grantor"); R.A.M. Southview, LLC, a Wyoming limited liability company, and PacEquities, Inc., a Nevada corporation, whose address is c/o Peter C. McKittrick, Receiver, 121 S.W. Morrison Street, Suite 600, Portland, Oregon 97204 (collectively referred to below as "Beneficiary"); and Valerie A. Tomasi, whose address is 121 S.W. Morrison Street, Suite 600, Portland, Oregon 97204 (referred to below as "Trustee").

THIS DEED OF TRUST IS INTENDED ALSO AS A FIXTURE FILING AND IS TO BE INDEXED NOT ONLY AS A DEED OF TRUST BUT ALSO AS A FIXTURE FILING.

CONVEYANCE AND GRANT. For valuable consideration, Grantor conveys to Trustee in trust with power of sale, right of entry and possession and for the benefit of Beneficiary as Beneficiary all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, timber, geothermal and similar matters, and all requisite approvals, licenses, permits, variances, cooperative agreements, tax credits (if applicable), tax abatement benefits (if applicable), recording engineering and entitlement maps, and land-use entitlements, located in Klamath County, State of Oregon (the "Real Property"):

See Exhibit "A" attached hereto and by this reference incorporated herein.

Tax Account No. 3809-3100-200
Property ID No. R428344

Grantor hereby assigns as security to Beneficiary, all of Grantor's right, title, and interest in and to all leases, Rents, and profits of the Property. Beneficiary grants to Grantor a license to collect the Rents and profits, which license may be revoked at Beneficiary's option and shall be automatically revoked upon acceleration of all or part of the Indebtedness. Grantor further grants to Beneficiary a security interest in all Personal Property.

DEFINITIONS. The following words shall have the following meanings when used in this Deed of Trust. Terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Uniform

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2nd
111-F

Commercial Code. All references to dollar amounts shall mean amounts in lawful money of the United States of America.

Beneficiary. The word "Beneficiary" collectively means R.A.M. Southview, LLC, a Wyoming limited liability company, and PacEquities, Inc., a Nevada corporation, and their respective successors and assigns.

Borrower. The word "Borrower" means Southview Properties, LLC, an Oregon limited liability company. Southview Properties, LLC, an Oregon limited liability company, is also referred to as "Grantor" herein.

Deed of Trust. The words "Deed of Trust" mean this Deed of Trust among Grantor, Beneficiary, and Trustee, and include without limitation all assignment and security interest provisions relating to the Personal Property and Rents.

Grantor. The word "Grantor" means Southview Properties, LLC, an Oregon limited liability company.

Guarantor. The word "Guarantor" means and includes without limitation, any and all guarantors, sureties, and accommodation parties in connection with the Indebtedness.

Improvements. The word "Improvements" means and includes without limitation all existing and future improvements, fixtures, buildings, structures, mobile homes affixed on the Real Property, facilities, additions and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means up to Six Hundred Thousand and no/100 Dollars (\$600,000.00) of all principal and interest payable under the Note as determined pursuant to that Order Authorizing Receiver's Motion for Approval of Payoff of Southview Properties LLC Trust Deed signed by Judge Thomas M. Coffin on April 12, 2006, in the United States District Court, District of Oregon, Case No. CR 05-60142-HO, and any amounts expended or advanced by Beneficiary to discharge obligations of Grantor or expenses incurred by Trustee or Beneficiary to enforce obligations of Grantor under this Deed of Trust or any of the Related Documents, together with interest on such amounts at the Wall Street Journal Prime Rate plus one percent (1.00%) per annum from the date of this Deed of Trust until paid in full.

Maturity. The maturity date of this Deed of Trust is April 30, 2010.

Note. The word "Note" collectively means the following Promissory Notes (and related Loan Agreements) from Borrower to Beneficiary, together with all renewals, extensions, modifications, refinancings, and substitutions for said Notes: (1) Promissory Note dated October 6, 2003, in the sum of One Million One Hundred Thousand and no/100 Dollars (\$1,100,000.00); (2) Promissory Note dated August 24, 2004, in the sum of One Million Five Hundred Thousand and no/100 Dollars (\$1,500,000.00); and (3) Promissory Note dated February 1, 2005, in the sum of One Million and no/100 Dollars (\$1,000,000.00).

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the property, interests and rights described above in the "Conveyance and Grant" section.

Related Documents. The words "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan agreements, guaranties, security agreements, mortgages, deeds of trust, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

Trustee. The word "Trustee" means Valerie A. Tomasi and any substitute or successor trustees.

Wall Street Journal Prime Rate. The words "Wall Street Journal Prime Rate" mean the Prime Rate per annum published in the Wall Street Journal Money Rates section as a guide to general levels for the Prime Rate or, if no longer published as described, such other rate published in the Wall Street Journal as Lender determines to be an appropriate substitute. The Wall Street Prime Rate may not be the lowest rate charged by the Lender for commercial or other extensions of credit. In the event of any change in the Prime Rate, the rate of interest applicable to Borrower's loans evidenced hereby shall be adjusted to immediately correspond with each such change, except such rate shall not exceed the highest rate permitted by law.

THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND (2) PERFORMANCE OF ANY AND ALL OBLIGATIONS OF GRANTOR UNDER THIS DEED OF TRUST. THIS DEED OF TRUST IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

GRANTOR'S REPRESENTATION AND WARRANTY. Grantor warrants that Grantor has the full power and right to enter into this Deed of Trust and to hypothecate the Property.

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Deed of Trust, Borrower shall pay to Beneficiary all Indebtedness secured by this Deed of Trust as it becomes due, and Grantor shall strictly perform all of Grantor's obligations under this Deed of Trust.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (a) remain in possession and control of the Property, (b) use, operate or manage the Property, and (c) collect any Rents from the Property. The following provisions relate to the use of the Property or to other limitations on the Property.

Duty to Maintain. Grantor shall maintain the Property in its current condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Hazardous Substances. The terms "hazardous waste," "hazardous substance," "disposal," "release," and "threatened release," as used in this Deed of Trust, shall have the same meanings as set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99 499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 49 U.S.C. Section 6901, et seq., or other applicable state or Federal laws, rules, or regulations adopted pursuant to any of the foregoing. Except as disclosed

to and acknowledged by Beneficiary in writing, Grantor represents and warrants to Beneficiary that: (a) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any hazardous waste or substance by any person on, under, or about the Property; (b) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Beneficiary in writing, (i) any use, generation, manufacture, storage, treatment, disposal, release, or threatened release of any hazardous waste or substance by any prior owners or occupants of the Property or (ii) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (c) Except as previously disclosed to and acknowledged by Beneficiary in writing, (i) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of, or release any hazardous waste or substance on, under, or about the Property and (ii) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation those laws, regulations, and ordinances described above. Grantor authorizes Beneficiary and its agents to enter upon the Property to make such inspections and tests as Beneficiary may deem appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by Beneficiary shall be for Beneficiary's purposes only and shall not be construed to create any responsibility or liability on the part of Beneficiary to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for hazardous waste. Grantor hereby (a) releases and waives any future claims against Beneficiary for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws, and (b) agrees to indemnify and hold harmless Beneficiary against any and all claims, losses, liabilities, damages, penalties, and expenses which Beneficiary may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Deed of Trust, including the obligation to indemnify, shall survive the payment of the Indebtedness and the satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by Beneficiary's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Specifically without limitation, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), soil, gravel or rock products without the prior written consent of Beneficiary.

Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property without the prior written consent of Beneficiary. As a condition to the removal of any Improvements, Beneficiary may require Grantor to make arrangements satisfactory to Beneficiary to replace such Improvements with Improvements of at least equal value.

Beneficiary's Right to Enter. Beneficiary and its agents and representatives may enter upon the Real Property at all reasonable times to attend to Beneficiary's interests and to inspect the Property for purposes of Grantor's compliance with the terms and conditions of this Deed of Trust.

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Beneficiary in writing prior to doing so and so long as, in Beneficiary's sole opinion, Beneficiary's interests in the Property are not jeopardized. Beneficiary may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Beneficiary, to protect Beneficiary's interest.

Duty to Protect. Grantor agrees neither to abandon nor leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

ADA/FHAA Compliance. So long as this Deed of Trust remains outstanding, Grantor will, at its own cost and expense, in respect of the Property and in respect of Grantor's business activities at or within the Property: (a) comply with all requirements of the federal Americans with Disabilities Act (the "ADA") and the federal Fair Housing Amendments Act of 1988 (the "FHAA") and the rules and regulations promulgated thereunder (the "Rules"), to the extent applicable to Grantor's ownership, management, operation, leasing, use, construction, reconstruction, repair, remodeling, rehabilitation, or alteration of the Property or any part thereof; (b) immediately provide to Beneficiary written notice (and copies of) any and all notices of actual, potential, or alleged violations of the ADA, the FHAA, or the Rules and any and all governmental investigations or regulatory actions instituted or threatened against Grantor or the Property or Grantor's business activities at or within the Property regarding the ADA, the FHAA, or the Rules; and (c) furnish to Beneficiary, from time to time whenever reasonably requested by Beneficiary, a Compliance Assessment, in form and substance reasonably satisfactory to Beneficiary, prepared by an architect or engineer with skill, experience, and reputation acceptable to Beneficiary, in the field of compliance with the ADA or the FHAA, as applicable.

Reappraisals. Beneficiary shall have the right to obtain at Grantor's cost and expense reappraisals of the Property from any licensed or certified appraiser designated by Beneficiary, from time to time (a) whenever such reappraisal may be required by any law, rule, or regulation applicable to the conduct of Beneficiary's business, or may be requested or directed by any governmental authority charged with the administration of such law, rule, or regulation or Beneficiary's compliance therewith, whether or not such request or direction has the force of law, or (b) whenever Beneficiary has reasonable cause to believe that the then-current loan-to-value ratio applicable to the loan or loans secured by the Property exceed the original loan-to-value ratio approved by Beneficiary with respect to such loan or loans, or (c) whenever reasonably deemed appropriate by Beneficiary following the occurrence or during the continuation of an Event of Default. Beneficiary may use the results of such reappraisal to evaluate and restructure such loan or loans if necessary in Beneficiary's reasonable discretion.

DUE ON SALE - CONSENT BY LENDER. Beneficiary may, at its option, (a) declare immediately due and payable all sums secured by this Deed of Trust or (b) increase the interest rate provided in the Note or other document evidencing the indebtedness and impose such other conditions as Beneficiary deems appropriate, upon the sale or transfer, without the Beneficiary's prior written consent which consent shall not be unreasonably withheld, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest therein; whether legal or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of Real Property interest. If any Grantor is a corporation or partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock or partnership interests or membership interests, as the case may be, of Grantor. However, this option shall not be exercised by Beneficiary if such exercise is prohibited by federal law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are a part of this Deed of Trust.

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens having priority over or

equal to the interest of Beneficiary under this Deed of Trust, except for the lien of taxes and assessments not due, and except as otherwise provided in this Deed of Trust.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Beneficiary's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Beneficiary, deposit with Beneficiary cash or a sufficient corporate surety bond or other security satisfactory to Beneficiary in an amount sufficient to discharge the lien plus any costs and attorneys' fees or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Beneficiary and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Beneficiary as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Beneficiary satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Beneficiary at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Beneficiary at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials and the cost exceeds \$50,000.00. Grantor will upon request of Beneficiary furnish to Beneficiary advance assurances satisfactory to Beneficiary that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Deed of Trust.

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Beneficiary. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Beneficiary may request with trustee and Beneficiary being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, liability, business interruption, and boiler insurance, as Beneficiary may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Beneficiary and issued by a company or companies reasonably acceptable to Beneficiary. Grantor, upon request of Beneficiary, will deliver to Beneficiary from time to time the policies or certificates of insurance in form satisfactory to Beneficiary, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days' prior written notice to Beneficiary. Each insurance policy also shall include an endorsement providing that coverage in favor of Beneficiary will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property at any time become located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance to the extent such insurance is required and is or becomes available, for the term of the loan and for the full unpaid principal balance of the loan, or the maximum limit of coverage that is available, whichever is less.

Application of Proceeds. Grantor shall promptly notify Beneficiary of any loss or damage to the Property if the estimated cost of repair or replacement exceeds \$25,000.00. Beneficiary may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Beneficiary may, at its election, receive and retain the proceeds and apply the same to the reduction of the Indebtedness and/or the payment of any lien affecting the Property, or may apply the proceeds to the repair, restoration and replacement of the Property. In the event Beneficiary elects to apply the insurance proceeds to the repair,

restoration and replacement of the Property, Grantor shall repair or replace the damaged or destroyed Improvements in a manner satisfactory to Beneficiary. Beneficiary shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Deed of Trust. Any proceeds which have not been disbursed within 180 days after their receipt and which Beneficiary has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Beneficiary under this Deed of Trust, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If Beneficiary holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

Unexpired Insurance at Sale. Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property covered by this Deed of Trust at any trustee's sale or other sale held under the provisions of this Deed of Trust, or at any foreclosure sale of such Property.

Grantor's Report on Insurance. Upon request of Beneficiary, however not more than once a year, Grantor shall furnish to Beneficiary a report on each existing policy of insurance showing: (a) the name of the insurer; (b) the risks insured; (c) the amount of the policy; (d) the property insured, the then current replacement value of such property, and the manner of determining that value; and (e) the expiration date of the policy. Grantor shall, upon request of Beneficiary, have an independent appraiser satisfactory to Beneficiary determine the cash value replacement cost of the Property.

WARNING

Unless Grantor provides Beneficiary with evidence of the insurance coverage as required herein, Beneficiary may purchase insurance at Grantor's expense to protect Beneficiary's interest. This insurance may, but need not, also protect Grantor's interest. If the Property becomes damaged, the coverage Beneficiary purchases may not pay any claim Grantor makes or any claim made against Grantor. Grantor may later cancel this coverage by providing evidence that Grantor has obtained property coverage elsewhere.

Grantor is responsible for the cost of any insurance purchased by Beneficiary. The cost of this insurance may be added to the Note balance. If the cost is added to the Note balance, the interest rate on the Note will apply to this added amount. The effective date of coverage may be the date Grantor's prior coverage lapsed or the date Grantor failed to provide proof of coverage.

The coverage Beneficiary purchases may be considerably more expensive than insurance Grantor can obtain on Grantor's own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

TAX AND INSURANCE RESERVES. Subject to the rights of any prior lien holder, any limitations set by applicable law and if Grantor fails to pay any taxes, assessments or insurance when due, Beneficiary may require Grantor to maintain with Beneficiary reserves for payment of annual taxes, assessments, and insurance premiums, which reserves shall be created by advance payment or monthly payments of a sum estimated by Beneficiary to be sufficient to produce, at least fifteen (15) days before due, amounts at least equal to the taxes, assessments, and insurance premiums to be paid. If fifteen (15) days before payment is due the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Beneficiary. The reserve funds shall be held by Beneficiary as a general deposit from Grantor, which Beneficiary will use to satisfy the payment of the taxes, assessments, and insurance premiums required to be paid by Grantor as they become due. Beneficiary shall have the right to draw upon the reserve funds to pay such items, and Beneficiary shall not be required to determine the validity or accuracy of any item before paying it. Nothing in the Deed of Trust shall be construed as requiring Beneficiary to advance other monies for such purposes, and Beneficiary shall not incur any liability for anything it may do or omit to do with respect to the reserve account. Subject to any limitations set by applicable law, if the reserve

funds disclose a shortage or deficiency, Grantor shall pay such shortage or deficiency as required by Beneficiary. All amounts in the reserve account are hereby pledged to further secure the Indebtedness, and Beneficiary is hereby authorized to withdraw and apply such amounts on the Indebtedness upon the occurrence of an Event of Default. Beneficiary shall not be required to pay any interest or earnings on the reserve funds unless required by law or agreed to by Beneficiary in writing. Beneficiary does not hold the reserve funds in trust for Grantor, and Beneficiary is not the agent of Grantor for payment of the taxes and assessments required to be paid by Grantor.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Beneficiary's interest in the Property or if Grantor fails to comply with any provision of this Deed of Trust, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Deed of Trust, Beneficiary on Grantor's behalf may (but shall not be obligated to) take any action that Beneficiary deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Beneficiary for such purposes will then bear interest at the rate charged hereunder from the date incurred or paid by Beneficiary to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Beneficiary's option, will (A) be payable on demand; (B) be added to the outstanding balance and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term; or (C) be treated as a balloon payment which will be due and payable at maturity. The Property also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Beneficiary may be entitled upon Default.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Deed of Trust.

Title. Grantor warrants that except for the first lien in favor of Sterling Savings Bank not to exceed the sum of \$900,000.00: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Beneficiary in connection with this Deed of Trust, and (b) Grantor has the full right, power, and authority to execute and deliver this Deed of Trust to Beneficiary.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Beneficiary under this Deed of Trust, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Beneficiary shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Beneficiary's own choice at Grantor's expense, and Grantor will deliver, or cause to be delivered, to Beneficiary such instruments as Beneficiary may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Deed of Trust.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Beneficiary may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property. However, Borrower shall be entitled to use the proceeds of any condemnation award to repair or restore the Property in a manner satisfactory to Beneficiary if (a) Borrower is not otherwise in default under this Deed of Trust and (b) upon completion of such repair or

restoration, the value of the Property (as determined by Beneficiary in its reasonable discretion) is no less than the value of the Property on the date of this Deed of Trust. If the proceeds are applied to repair or restoration, Beneficiary shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Deed of Trust. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees, of both the Trustee and Beneficiary in connection with the condemnation.

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Beneficiary in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Beneficiary shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice at Grantor's expense, and Grantor will deliver or cause to be delivered to Beneficiary such instruments as may be requested by it from time to time to permit such participation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Deed of Trust:

Current Taxes, Fees and Charges. Upon request by Beneficiary, Grantor shall execute such documents in addition to this Deed of Trust and take whatever other action is requested by Beneficiary to perfect and continue Beneficiary's lien on the Real Property. Grantor shall reimburse Beneficiary for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Deed of Trust, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Deed of Trust.

Taxes. The following shall constitute taxes to which this section applies: (a) a specific tax upon this type of Deed of Trust or upon all or any part of the Indebtedness secured by this Deed of Trust; (b) a specific tax on Borrower which Borrower is authorized or required to deduct from payments on the Indebtedness secured by this type of Deed of Trust; (c) a tax on this type of Deed of Trust chargeable against the Beneficiary or the holder of the Note; and (d) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Borrower; however, in no event will Grantor be liable for the income taxes of Beneficiary.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Deed of Trust, this event shall have the same effect as an Event of Default (as defined below), and Beneficiary may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (a) pays the tax before it becomes delinquent, or (b) contests the tax as provided above in the Taxes and Liens section and deposits with Beneficiary cash or a sufficient corporate surety bond or other security satisfactory to Beneficiary.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Deed of Trust as a security agreement are a part of this Deed of Trust.

Security Agreement. This instrument shall constitute a security agreement to the extent any of the Property constitutes fixtures or other personal property, and Beneficiary shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Grantor authorizes Beneficiary to file any number of financing statements and take whatever other action is required by Beneficiary to perfect and continue Beneficiary's security interest in the fixtures, Rents, and Personal Property. In addition to recording this Deed of Trust in the real property records, Beneficiary may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Grantor shall reimburse Beneficiary for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall assemble the Personal Property in a manner and at a place reasonably convenient to

Grantor and Beneficiary and make it available to Beneficiary within three (3) days after receipt of written demand from Beneficiary.

Addresses. The mailing addresses of Grantor (debtor) and Beneficiary (secured party), from which information concerning the security interest granted by this Deed of Trust may be obtained (each as required by the Uniform Commercial Code), are as stated on the first page of this Deed of Trust.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Deed of Trust.

Further Assurances. At any time, and from time to time, upon request of Beneficiary, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Beneficiary or to Beneficiary's designee, and when requested by Beneficiary, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Beneficiary may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Beneficiary, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (a) the obligations of Grantor and Borrower under the Note, this Deed of Trust, and the Related Documents, and (b) the liens and security interests created by this Deed of Trust on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or agreed to the contrary by Beneficiary in writing, Grantor shall reimburse Beneficiary for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Beneficiary may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Beneficiary as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Beneficiary's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Borrower pays all the Indebtedness when due and terminates the loan, and Grantor otherwise performs all the obligations imposed upon Grantor under this Deed of Trust, Beneficiary shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file evidencing Beneficiary's security interest in the Rents and the Personal Property. Grantor shall pay Beneficiary a reasonable reconveyance fee for said reconveyance. The grantee in any such reconveyance may be described as the "person or persons legally entitled thereto."

DEFAULT. Each of the following, at the option of Beneficiary, shall constitute an event of default ("Event of Default") under this Deed of Trust:

Default on Indebtedness. Failure of Borrower to make any payment when due on the Indebtedness.

Compliance Default. Failure of Grantor or Borrower to comply with any other term, obligation, covenant or condition contained in this Deed of Trust or the failure of Borrower or Grantor to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Beneficiary and Borrower or Grantor. If such a non-payment default is curable and if Borrower or Grantor has not been given a notice of a breach of the same provision of this Deed of Trust within the preceding twelve (12) months, it may be cured (and no Event of Default will have occurred) if Grantor, after Beneficiary sends written notice demanding cure of such failure: (a) cures the failure within thirty (30) days; or (b) if the cure requires more than thirty (30) days, immediately initiates steps sufficient to cure the failure and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance within ninety (90) days after notice is sent.

Breaches. Any warranty, representation or statement made or furnished to Beneficiary by or on behalf of Grantor or Borrower under this Deed of Trust is, or at the time made or furnished was, false in any material respect.

Insolvency. The insolvency of Borrower or Grantor; appointment of a receiver for any part of Borrower's or Grantor's property; any assignment for the benefit of creditors; the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower or Grantor; provided, however, that Borrower or Grantor shall have ninety (90) days in which to obtain a dismissal of any such proceedings; or the dissolution or termination of Borrower's or Grantor's existence as a going business (if Borrower or Grantor is a business). Except to the extent prohibited by federal law or state law, the death of Borrower or Grantor (or a member or partner of Borrower or Grantor) also shall constitute an Event of Default under this Deed of Trust; provided, however, that if Beneficiary determines in its reasonable discretion that its interests are not materially impaired, Beneficiary shall permit the deceased's estate to assume unconditionally the obligations arising hereunder in a manner reasonably acceptable to Beneficiary and, in so doing, cure the Event of Default.

Foreclosure, etc. Commencement of foreclosure, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor against any of the Property. However, this subsection shall not apply in the event of a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the foreclosure, provided that Grantor gives Beneficiary written notice of such claim and furnishes reserves or a surety bond for the claim satisfactory to Beneficiary.

Defective Collateralization. This Deed of Trust ceases to be in full force and effect (including the failure of this Deed of Trust to create a valid and perfected security interest or lien) at any time and for any reason.

Breach of Other Agreement. Any breach by Grantor under the terms of any other agreement between Grantor and Beneficiary that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Grantor to Beneficiary, whether existing now or later.

Events Affecting Guarantor. Any Guarantor seeks, claims, or otherwise attempts to limit, modify, or revoke such Guarantor's guaranty with Beneficiary or any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or such Guarantor dies or becomes incompetent; provided, however, that if Beneficiary determines in its reasonable discretion that its interests are not materially impaired, Beneficiary shall permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Beneficiary, and, in doing so, cure the Event of Default.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Beneficiary believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Beneficiary in good faith deems itself insecure.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any Event of Default and at any time thereafter, Trustee or Beneficiary, at its option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Beneficiary shall have the right at its option to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Borrower would be required to pay.

Foreclosure. With respect to all or any part of the Real Property, the Trustee shall have the right to foreclose by notice and sale, and Beneficiary shall have the right to foreclose by judicial foreclosure, in

either case in accordance with and to the full extent provided by applicable law. If this Deed of Trust is foreclosed by judicial foreclosure, Beneficiary will be entitled to a judgment which will provide that if the foreclosure sale proceeds are insufficient to satisfy the judgment, execution may issue for the amount of the unpaid balance of the judgment.

UCC Remedies. With respect to all or any part of the Personal Property, Beneficiary shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Collect Rents. Beneficiary shall have the right, without notice to Grantor, to take possession of and manage the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Beneficiary's costs, against the Indebtedness. In furtherance of this right, Beneficiary may require any tenant or other user of the Property to make payments of rent or use fees directly to Beneficiary. If the Rents are collected by Beneficiary, then Grantor irrevocably designates Beneficiary as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Beneficiary in response to Beneficiary's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Beneficiary may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Beneficiary shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Beneficiary's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Beneficiary shall not disqualify a person from serving as a receiver.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Beneficiary otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Beneficiary or the purchaser of the Property and shall, at Beneficiary's option, either (a) pay a reasonable rental for the use of the Property, or (b) vacate the Property immediately upon the demand of Beneficiary.

Other Remedies. Trustee or Beneficiary shall have any other right or remedy provided in this Deed of Trust or the Note or by law.

Notice of Sale. Beneficiary shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of Personal Property may be made in conjunction with any sale of the Real Property.

Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all rights to have the Property marshalled. In exercising its rights and remedies, the Trustee or Beneficiary shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Beneficiary shall be entitled to bid at any public sale on all or any portion of the Property.

Waiver; Election of Remedies. A waiver by any party of a breach of a provision of this Deed of Trust shall not constitute a waiver of or prejudice the party's rights otherwise to demand strict compliance with that provision or any other provision. Election by Beneficiary to pursue any remedy provided in this Deed of Trust, or provided by law shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Deed of Trust after failure of

Grantor to perform shall not affect Beneficiary's right to declare a default and to exercise any of its remedies.

Attorneys' Fees; Expenses. If Beneficiary institutes any suit or action to enforce any of the terms of this Deed of Trust, Beneficiary shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and on any appeal. Whether or not any court action is involved, all reasonable expenses incurred by Beneficiary which in Beneficiary's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Beneficiary's attorneys' fees whether or not there is a lawsuit, including attorneys' fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

Rights of Trustee. Trustee shall have all of the rights and duties of Beneficiary as set forth in this section.

POWERS AND OBLIGATIONS OF TRUSTEE. The following provisions relating to the powers and obligations of Trustee are part of this Deed of Trust.

Powers of Trustee. In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the written request of Beneficiary and Grantor: (a) join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Beneficiary under this Deed of Trust.

Obligations to Notify. Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Beneficiary, or Trustee shall be a party, unless the action or proceeding is brought by Trustee.

Trustee. Trustee shall meet all qualifications required for Trustee under applicable law. In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Beneficiary shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

Successor Trustee. Beneficiary, at Beneficiary's option, may from time to time appoint a successor Trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Beneficiary and recorded in the office of the recorder of the county in which the Real Property is situated. The instrument shall contain, in addition to all other matters required by state law, the names of the original Beneficiary, Trustee, and Grantor, the book and page or the Auditor's file number where this Deed of Trust is recorded, and the name and address of the successor trustee, and the instrument shall be executed and acknowledged by Beneficiary or its successors in interest. The successor trustee, without conveyance of the Property, shall succeed to all the title, power, and duties conferred upon the Trustee in this Deed of Trust and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

NOTICES TO GRANTOR AND OTHER PARTIES. Any notice under this Deed of Trust shall be in writing and shall be effective when actually delivered or, if mailed, shall be deemed effective three (3) days after deposit in the United States mail first class, registered mail, postage prepaid, directed to the addresses shown near the

beginning of this Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. All copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust shall be sent to Beneficiary's address, as shown near the beginning of this Deed of Trust. For notice purposes, Grantor agrees to keep Beneficiary and Trustee informed at all times of Grantor's current address.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Deed of Trust:

Amendments. No alteration of or amendment to this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Accounts and Records. Grantor will maintain a standard modern system of accounting administered in accordance with generally accepted accounting principles. Beneficiary shall have the right to examine the books of account of Grantor to the extent that they pertain to this Deed of Trust and the Property, and to discuss the affairs, finances, and accounts of Grantor to such extent, all at such reasonable times and intervals as Beneficiary may desire. Grantor will furnish to Beneficiary, (i) within sixty (60) days after and as of the close of each fiscal year, the year-end financial statements of Grantor, including a balance sheet and a statement of earnings (income and loss) from Grantor's business and from the Property, as requested by Beneficiary, in detail satisfactory to Beneficiary; (ii) from time to time and within twenty (20) days following Beneficiary's request therefor, all such financial information as may be necessary or appropriate for Beneficiary's determination of Grantor's net operating income and debt service with all such financial information being prepared and certified as accurate by Grantor; and (iii) from time to time, upon Beneficiary's request, tenant rent rolls, leasing summary reports and cash flow projections (or updates thereof), setting forth the status of all existing and anticipated leases or subleases affecting the Property and Grantor's best estimate of the revenues to be obtained and the expenses to be incurred in connection with the operation of the Property for the following one-year period. In addition to the above, Grantor shall furnish Beneficiary with, as soon as available and after Beneficiary's request, but in no event later than ninety (90) days after the end of each fiscal year, copies of Grantor's tax returns.

Applicable Law. This Deed of Trust shall be governed by, construed and enforced in accordance with the laws of the State of Oregon. The loan transaction which is evidenced by the Note and this Deed of Trust has been applied for, considered, approved, and made in the State of Oregon. **IF THERE IS A LAWSUIT, GRANTOR AND BORROWER, AT LENDER'S OPTION, AGREE TO SUBMIT TO THE JURISDICTION OF KLAMATH COUNTY, OREGON. LENDER, BORROWER, AND GRANTOR HEREBY WAIVE THE RIGHT TO ANY JURY TRIAL IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER LENDER OR GRANTOR OR BORROWER AGAINST THE OTHER.**

Caption Headings. Caption headings in this Deed of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

Merger. There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Beneficiary in any capacity, without the written consent of Beneficiary.

Multiple Parties. If Grantor or Borrower consist of more than one person or entity, all obligations of Grantor and Borrower under this Deed of Trust shall be joint and several, and all references to Borrower shall mean each and every Borrower, and all references to Grantor shall mean each and every Grantor. This means that each of the persons signing below is responsible for all obligations in this Deed of Trust. Where any one or more of the parties are corporations or partnerships or limited liability companies, it is not necessary for Beneficiary to inquire into the powers of any of the parties or of the officers, directors, partners, agents, managers or members acting or purporting to act on their behalf.

Severability. If a court of competent jurisdiction finds any provision of this Deed of Trust to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Deed of Trust in all other respects shall remain valid and enforceable.

Successors and Assigns. Subject to the limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Beneficiary, without notice to Grantor, may deal with Grantor's successors with reference to this Deed of Trust and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Deed of Trust or liability under the Indebtedness.

Time Is of the Essence. Time is of the essence in the performance of this Deed of Trust.

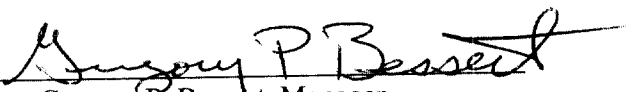
Waivers and Consents. Beneficiary shall not be deemed to have waived any rights under this Deed of Trust unless such waiver is in writing and signed by Beneficiary. No delay or omission on the part of Beneficiary in exercising any right shall operate as a waiver of such right or any other right. A waiver by any party of a provision of this Deed of Trust shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. No prior waiver by Beneficiary, nor any course of dealing between Beneficiary and Grantor or Borrower, shall constitute a waiver of any of Beneficiary's rights or any of Grantor or Borrower's obligations as to any future transactions. Whenever consent by Beneficiary is required in this Deed of Trust, the granting of such consent by Beneficiary in any instance shall not constitute continuing consent to subsequent instances where such consent is required.

COMMERCIAL DEED OF TRUST. Grantor agrees with Beneficiary that this Deed of Trust is a commercial deed of trust and that Grantor will not change the use of the Property without Beneficiary's prior written consent.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST, AND GRANTOR AGREES TO ITS TERMS.

GRANTOR:

SOUTHVIEW PROPERTIES, LLC, an Oregon
limited liability company

By: 
Gregory P. Bessert, Manager

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF Oregon)
County of Klamath) ss

On this 20 day of April, 2006, before me, the undersigned Notary Public, personally appeared Gregory P. Bessert, Manager of Southview Properties, LLC, an Oregon limited liability company (the "Limited Liability Company"), personally known to me or proved to me on the basis of satisfactory evidence to be an authorized agent of the Limited Liability Company and that he/she executed the DEED OF TRUST and acknowledged the DEED OF TRUST to be the free and voluntary act and deed of the Limited Liability Company, for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute this DEED OF TRUST and in fact executed the DEED OF TRUST on behalf of the Limited Liability Company.



[Signature]
Notary Public for Klamath
My Commission Expires: 8-2-07

REQUEST FOR FULL RECONVEYANCE

(To be used only when obligations have been paid in full)

To: _____, Trustee

The undersigned is the legal owner and holder of all Indebtedness secured by this Deed of Trust. You are hereby requested, upon payment of all sums owing to you, to reconvey without warranty, to the persons entitled thereto, the right, title and interest now held by you under the Deed of Trust.

Date: _____

Beneficiary: _____

By: _____

Its: _____

Exhibit "A"

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

A parcel of land situated in the NE 1/4 and SE 1/4 of Section 36, Township 38 South, Range 8 East of the Willamette Meridian, the NE 1/4 of Section 1, Township 39 South, Range 8 East of the Willamette Meridian, and the NE 1/4 NE 1/4 of Section 6, Township 39 South, Range 9 East of the Willamette Meridian, all in Klamath County, Oregon and being more particularly described as follows:

Beginning at a point on the north-south centerline of Section 36 from which the NW corner of the SW 1/4 NE 1/4 of said section bears North 00°11'27" East 427.59 feet; thence South 89°58'12" East 619.61 feet; thence South 27°18'39" East 3530.91 feet; thence South 62°41'21" West 250.36 feet; thence South 27°18'39" East 1811.20 feet to a point on the South line of the NW 1/4 NW 1/4 of Section 6; thence along said South line South 89°28'21" West 199.91 feet to the SW corner thereof; thence along the South line of the NE 1/4 NE 1/4 of Section 1 North 89°29'44" West 1330.62 feet to the SW corner of said NE 1/4 NE 1/4; thence along the West line of the SE 1/4 NE 1/4 of Section 1 South 00°06'44" East 458.90 feet to the Northerly right of way line of State Highway 140; thence along said Northerly right of way line North 56°12'28" West 194.88 feet; thence leaving said right of way line North 11°59'09" East 364.18 feet to the South line of the NW 1/4 NE 1/4 of Section 1; thence along said South line South 89°56'08" West 516.20 feet to the said Northerly right of way line of State Highway 140; thence along said Northerly right of way line North 50°28'23" West 199.25 feet; thence North 59°17'52" West 439.78 feet; thence leaving said Northerly right of way line North 36°42'45" West 329.35 feet to the North-South center section line of Section 1; thence along said center section line North 00°04'15" East 722.87 feet to the 1/4 corner common to Section 1 and Section 36; thence along the center section line of Section 36 North 00°11'27" East 3508.58 feet to the point of beginning.

SAVING AND EXCEPTING, Beginning at the Southeast corner of the NE 1/4 NE 1/4 of said Section 1; thence on the South line of said NE 1/4 NE 1/4 North 89°17'37" West 617.88 feet; thence leaving said South line North 27°18'39" West 235.77 feet; thence North 62°41'21" East 1183.54 feet; thence North 27°18'39" West 1195.51 feet; thence North 62°41'21" East 605.39 feet; thence South 27°18'39" East 1811.20 feet to the South line of the NW 1/4 NW 1/4 of said Section 6; thence South 89°28'21" West 199.91 feet on said South line, to the point of beginning.

AND FURTHER EXCEPTING Tract 1416-The Woodlands, Phase 1 and Tract 1437-The Woodlands, Phase 2, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon

Tax Parcel Number: R420299 and R420315 and R534979 and R-492292

Exhibit "A"

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

Township 38 South, Range 8 East of the Willamette Meridian

Section 36: The SE $\frac{1}{4}$ NE $\frac{1}{4}$, and all of the SE $\frac{1}{4}$, also the SW $\frac{1}{4}$ NE $\frac{1}{4}$

Township 38 South, Range 9 East of the Willamette Meridian

Section 31: The SW $\frac{1}{4}$ NW $\frac{1}{4}$ and W $\frac{1}{2}$ SW $\frac{1}{4}$

Township 39 South, Range 9 East of the Willamette Meridian

Section 6: The N $\frac{1}{2}$ N $\frac{1}{2}$ and the SW $\frac{1}{4}$ NW $\frac{1}{4}$

Township 39 South, Range 8 East of the Willamette Meridian

Section 1: A portion of the N $\frac{1}{2}$ NE $\frac{1}{4}$ of the Section described as follows: Beginning at the Northeast corner of the Section; thence West along the North boundary of the section to the North-South center line of said Section; thence south to the intersection of the North-South center line of the Section with the Northerly boundary of State Highway 140; thence following the Northerly boundary of Highway 140 Southeasterly to its intersection with the South boundary of the N $\frac{1}{2}$ NE $\frac{1}{4}$ of said Section 1; thence East on the South boundary of the N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 1 to its intersection with the East boundary of Section 1; thence North to the point of beginning.

Section 1: Also the Easterly 40 feet of the SW $\frac{1}{4}$ NE $\frac{1}{4}$ that lies Northerly of Highway 140

Section 1: Also a portion of the SW $\frac{1}{4}$ NE $\frac{1}{4}$, more particularly described as follows: Beginning at a 5/8 inch iron pin on the North line of said SW $\frac{1}{4}$ NE $\frac{1}{4}$ from which the Northeast 1/16 corner of said Section 1 bears S. 89 degrees 31'34" E. 40.00 feet; thence S. 00 degrees 08'01" E. parallel to the East line of said SW $\frac{1}{4}$ NE $\frac{1}{4}$, 432.41 feet to a 5/8 inch iron pin on the Northeasterly right of way line of said State Highway 140; thence N. 56 degrees 11'22" West along said right of way line, 146.70 " E., generally along said existing fence, 358.95 feet to a 5/8 inch iron pin on the North line of said SW $\frac{1}{4}$ NE $\frac{1}{4}$; thence S. 89 degrees 31'34" E. 46.50 feet to the point of beginning.

Section 1: That portion of the SE $\frac{1}{4}$ NE $\frac{1}{4}$ lying Northeasterly of Highway 140

SAVING AND EXCEPTING THE FOLLOWING PARCEL:

A parcel of land situated in the NE 1/4 and SE 1/4 of Section 36, Township 38 South, Range 8 East of the Willamette Meridian, the NE 1/4 of Section 1, Township 39 South, Range 8 East of the Willamette Meridian, and the NE 1/4 NE 1/4 of Section 6, Township 39 South, Range 9 East of the Willamette Meridian, all in Klamath County, Oregon and being more particularly described as follows: Beginning at a point on the North-South centerline of Section 36 from which the NW corner of the SW 1/4 NE 1/4 of said section bears North 00°11'27" East 427.59 feet; thence South 89°58'12" East 619.61 feet; thence South 27°18'39" East 3530.91 feet; thence South 62°41'21" West 250.36 feet; thence South 27°18'39" East 1811.20 feet to a point on the South line of the NW 1/4 NW 1/4 of Section 6; thence along said South line south 89°28'21" West 199.91 feet to the SW corner thereof; thence along the South line of the NE 1/4 NE 1/4 of Section 1 North 89°29'44" West 1330.62 feet to the SW corner of said NE 1/4 NE 1/4; thence along the West line of the SE 1/4 NE 1/4 of Section 1 South 00°06'44" East 458.90 feet to the Northerly right of way line of State Highway 140; thence along said Northerly right of way line North 56°12'28" West 194.88 feet; thence leaving said right of way line North 11°59'09" East 364.18 feet to the South line of the NW 1/4 NE 1/4 of Section 1; thence along said South line South 89°56'08" West 516.20 feet to the said Northerly right of way line of State Highway 140; thence along said Northerly right of way line North 50°28'23" West 199.25 feet; thence North 59°17'52" West 439.78 feet; thence leaving said Northerly right of way line North 36°42'45" West 329.35 feet to the North-South center section line of Section 1; thence along said center section line North 00°04'15" East 722.87 feet to the 1/4 corner common to Section 1 and Section and Section 36, thence along the center section line of Section 36 North 00°11'27" East 3508.58 feet to the point of beginning.

Tax Parcel Number: R420315 and R420299 and R492292 and R428344 and R534979