

2006-015479

Klamath County, Oregon



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08/01/2006 11:54:17 AM

Fee: \$201.00

RECORDING REQUESTED BY AND  
WHEN RECORDED, RETURN TO:

STERLING SAVINGS BANK  
Commercial Loan Servicing  
P.O. Box 2131  
Spokane, WA 99210

1st-761909

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

**GRANTOR:** FOUR POINT INVESTORS LLC,  
an Oregon limited liability company

**TRUSTEE:** FIRST AMERICAN TITLE INSURANCE COMPANY OF OREGON

**BENEFICIARY:** STERLING SAVINGS BANK

Legal Description: A complete legal description is attached as Exhibit A.

Assessor's Tax Account  
Number: R685574 and R810974 and R810983 and R685618 and R685609  
and R685592 and R685583

THIS DOCUMENT SECURES A REVOLVING LINE OF CREDIT PROMISSORY NOTE WHICH MAY CONTAIN PROVISIONS FOR ADVANCES OF PRINCIPAL, FOR ADJUSTMENTS IN THE INTEREST RATE AND PAYMENT AMOUNTS AND A BALLOON PAYMENT.

THIS INSTRUMENT CONSTITUTES A SECURITY AGREEMENT AS THAT TERM IS DEFINED IN THE UNIFORM COMMERCIAL CODE. PORTIONS OF THE COLLATERAL ARE GOODS THAT ARE OR ARE TO BECOME FIXTURES ON THE LAND DESCRIBED IN EXHIBIT A HERETO. THIS INSTRUMENT IS INTENDED TO SERVE AS A FIXTURE FILING AND IS TO BE RECORDED IN THE REAL PROPERTY RECORDS OF EACH COUNTY IN WHICH SAID LAND OR ANY PORTION THEREOF IS LOCATED AND INDEXED AS BOTH A DEED OF TRUST AND A FIXTURE FILING. GRANTOR IS THE OWNER OF A RECORD INTEREST IN THE LAND DESCRIBED IN EXHIBIT A HERETO.

DEED OF TRUST - i

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

This DEED OF TRUST, ABSOLUTE ASSIGNMENT OF RENTS AND LEASES, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made as of July 19, 2006, by FOUR POINT INVESTORS LLC, an Oregon limited liability company ("Grantor"), with an address of 4260 Galewood Street, Suite A, Lake Oswego, Oregon 97035, to FIRST AMERICAN TITLE INSURANCE COMPANY OF OREGON ("Trustee"), with a mailing address of 404 Main Street, Suite 1, Klamath Falls, Oregon 97601, for the benefit of STERLING SAVINGS BANK, a Washington state chartered bank ("Beneficiary" or "Lender"), with a mailing address at 805 SW Broadway, Suite 2240, Portland, Oregon 97205.

**RECITALS**

A. Grantor and Beneficiary are parties to that certain Loan Agreement (the "Loan Agreement") dated as of May 12, 2006, wherein Beneficiary has agreed to extend certain credit facilities to Grantor, as evidenced by a Revolving Line of Credit Note (the "Note") in a maximum principal amount of up to \$2,500,000.00 (which credit facility may hereinafter be referred to as "Loan"). This Deed of Trust is an Acquisition Deed of Trust under the Loan Agreement.

C. The loan documents include the Loan Agreement, as the same may be amended from time to time, this Deed of Trust, the Note and other documents and instruments executed and delivered in connection therewith (collectively, the "Loan Documents"); provided, however, the Indemnity Agreement executed by Grantor is not included in the definition of the Loan Documents.

D. Grantor has given this Deed of Trust to Beneficiary in order to provide collateral security to Beneficiary for Grantor's obligations under the Loan and the Loan Documents.

E. Capitalized terms used herein, which are not otherwise defined, shall have the meaning ascribed to such terms by the Loan Documents.

**ARTICLE 1  
DEED OF TRUST**

1.1 Grant. For the purposes of and upon the terms and conditions of this Deed of Trust, Grantor irrevocably grants, conveys and assigns to Trustee, in trust for the benefit of Beneficiary, with power of sale and right of entry and possession, all estate, right, title and interest which Grantor now has or may hereafter acquire in, to, under or derived from any or all of the following:

(a) That real property ("Land") located in the County of Klamath, State of Oregon, and more particularly described on Exhibit A attached hereto;

(b) All appurtenances, easements, rights of way, water and water rights, pumps, pipes, flumes and ditches and ditch rights, water stock, ditch and/or reservoir stock or interests,

royalties, development rights and credits, air rights, minerals, oil rights, and gas rights, now or later used or useful in connection with, appurtenant to or related to the Land;

(c) All buildings, structures, facilities, other improvements and fixtures now or hereafter located on the Land;

(d) All apparatus, equipment, machinery and appliances and all accessions thereto and renewals and replacements thereof and substitutions therefor used in the operation or occupancy of the Land, it being intended by the parties that all such items shall be conclusively considered to be a part of the Land, whether or not attached or affixed to the Land;

(e) All land lying in the right-of-way of any street, road, avenue, alley or right-of-way opened, proposed or vacated, and all sidewalks, strips and gores of land adjacent to or used in connection with the Land;

(f) All additions and accretions to the property described above;

(g) All licenses, authorizations, certificates, variances, consents, approvals and other permits now or hereafter pertaining to the Land and all estate, right, title and interest of Grantor in, to, under or derived from all trade names or business names relating to the Land or the present or future development, construction, operation or use of the Land; and

(h) All proceeds of all of the foregoing.

## ARTICLE 2 OBLIGATIONS SECURED

2.1 Obligations Secured. Grantor makes the foregoing grant and assignment for the purpose of securing the following obligations ("Secured Obligations"):

(a) Full and punctual payment to Beneficiary of all sums at any time owing under the Note, the Loan and the Loan Documents;

(b) Payment and performance of all covenants and obligations of Grantor under this Deed of Trust, including, without limitation, indemnification obligations and advances made to protect the Property;

(c) Payment and performance of all additional covenants and obligations of Grantor under the Loan Documents;

(d) Payment and performance of all covenants and obligations, if any, which any rider attached as an exhibit to this Deed of Trust recites are secured hereby;

(e) Payment and performance of all future advances and other obligations that the then record owner of all or part of the Property may agree to pay and/or perform (whether as principal, surety or guarantor) for the benefit of Beneficiary, when the obligation is evidenced by a writing which recites that it is secured by this Deed of Trust;

(f) All interest and charges on all obligations secured hereby including, without limitation, prepayment charges, late charges and loan fees; and

(g) All modifications, extensions and renewals of any of the obligations secured hereby, however evidenced, including, without limitation: (i) modifications of the required principal payment dates or interest payment dates or both, as the case may be, deferring or accelerating payment dates wholly or partly; and (ii) modifications, extensions or renewals at a different rate of interest whether or not any such modification, extension or renewal is evidenced by a new or additional promissory note or notes.

However, the Secured Obligations shall not include the payment and performance of the covenants and obligations of Grantor under the Indemnity Agreement of even date herewith, which obligations and covenants are not, notwithstanding anything to the contrary contained herein, secured by this Deed of Trust.

2.2 Obligations. The term "obligations" is used herein in its broadest and most comprehensive sense and shall be deemed to include, without limitation, all interest and charges, prepayment charges, late charges and loan fees at any time accruing or assessed on any of the Secured Obligations.

2.3 Incorporation. All terms and conditions of the documents which evidence any of the Secured Obligations are incorporated herein by this reference. All persons who may have or acquire an interest in the Property shall be deemed to have notice of the terms of the Secured Obligations and to have notice that the rate of interest on one or more Secured Obligation may vary from time to time.

### ARTICLE 3 ABSOLUTE ASSIGNMENT OF RENTS AND LEASES

3.1 Assignment. Grantor irrevocably assigns to Beneficiary all of Grantor's right, title and interest in, to and under: (a) all present and future leases of the Property or any portion thereof, all licenses and agreements relating to the management, leasing or operation of the Property or any portion thereof, and all other agreements of any kind relating to the use or occupancy of the Property or any portion thereof, whether such leases, licenses and agreements are now existing or entered into after the date hereof ("leases"); and (b) the rents, issues, deposit accounts into which any Payments have deposited, deposits and profits of the Property, including, without limitation, all amounts payable and all rights and benefits accruing to Grantor under the Leases ("Payments"). The term "Leases" shall also include all Guarantees of and security for the tenants' performance thereunder, and all amendments, extensions, renewals or modifications thereto which are permitted hereunder.

This is a present and absolute assignment, not an assignment for security purposes only, and Beneficiary's right to the Leases and Payments is not contingent upon, and may be exercised without possession of, the Property.

3.2 Grant of License. Beneficiary confers upon Grantor a revocable license ("License") to collect and retain the Payments as they become due and payable, until the occurrence of a Default (as hereinafter defined). Upon a Default, the License shall be automatically revoked and Beneficiary may collect and apply the Payments pursuant to the terms hereof without notice and without taking possession of the Property. All Payments thereafter collected by Grantor shall be held by Grantor as trustee under a constructive trust for the benefit of Beneficiary. Grantor hereby irrevocably authorizes and directs the tenants under the Leases to rely upon and comply with any notice or demand by Beneficiary for the payment to Beneficiary of any rental or other sums which may at any time become due under the Leases, or for the performance of any of the tenants' undertakings under the Leases, and the tenants shall have no right or duty to inquire as to whether any Default has actually occurred or is then existing. Grantor hereby relieves the tenants from any liability to Grantor by reason of relying upon and complying with any such notice or demand by Beneficiary. Beneficiary may apply, in its sole discretion, any Payments so collected by Beneficiary against any Secured Obligation or any other obligation of Grantor or any other person or entity, under any document or instrument related to or executed in connection with the Loan Documents, whether existing on the date hereof or hereafter arising. Collection of any Payments by Beneficiary shall not cure or waive any Default or notice of Default or invalidate any acts done pursuant to such notice.

3.3 Effect of Assignment. The foregoing irrevocable assignment shall not cause Beneficiary to be: (a) a mortgagee in possession; (b) responsible or liable for the control, care, management or repair of the Property or for performing any of the terms, agreements, undertakings, obligations, representations, warranties, covenants and conditions of the Leases; (c) responsible or liable for any waste committed on the Property by the tenants under any of the Leases or by any other parties for any dangerous or defective condition of the Property, or for any negligence in the management, upkeep, repair or control of the Property resulting in loss or injury or death to any tenant, licensee, employee, invitee or other person; or (d) responsible for or impose upon Beneficiary any duty to produce rents or profits. Beneficiary shall not directly or indirectly be liable to Grantor or any other person as a consequence of: (e) the exercise or failure to exercise any of the rights, remedies or powers granted to Beneficiary hereunder; or (f) the failure or refusal of Beneficiary to perform or discharge any obligation, duty or liability of Grantor arising under the Leases.

3.4 Covenants.

(a) All Leases. Grantor shall, at Grantor's sole cost and expense:

(i) perform all obligations of the landlord under the Leases and use reasonable efforts to enforce performance by the tenants of all obligations of the tenants under the Leases;

(ii) use reasonable efforts to keep the Property leased at all times to tenants which Grantor in good faith believes are creditworthy;

(iii) promptly upon Beneficiary's request, deliver to Beneficiary a copy of each requested Lease and all amendments thereto and waivers thereof;

(iv) promptly upon Beneficiary's request, execute and record any additional assignments of landlord's interest under any Lease to Beneficiary and specific subordinations of any Lease to this Deed of Trust, in form and substance satisfactory to Beneficiary; and

Unless consented to in writing by Beneficiary or otherwise permitted under any other provision of the Loan Documents, Grantor shall not:

(i) grant any tenant under any Lease any option, right of first refusal or other right to purchase all or any portion of the Property under any circumstances;

(ii) grant any tenant under any Lease any right to prepay rent more than one (1) month in advance;

(iii) except upon Beneficiary's request, execute any assignment of landlord's interest in any Lease;

(iv) collect rent or other sums due under any Lease in advance, other than to collect rent one (1) month in advance of the time when it becomes due; or

(v) execute any lease which deviates materially from the standard form Lease approved by Beneficiary in writing.

Any such attempted action in violation of the provisions of this Section shall be null and void.

Beneficiary's failure to deny any written request by Grantor for consent under this Section within five (5) Business Days (as defined in the Note) after Beneficiary's receipt of such request (and all documents and information reasonably related thereto) shall be deemed to constitute Beneficiary's consent to such request.

#### ARTICLE 4 SECURITY AGREEMENT AND FIXTURE FILING

4.1 Security Interest. Grantor grants and assigns to Beneficiary a security interest to secure payment and performance of all of the Secured Obligations, in all of the following described personal property in which Grantor now or at any time hereafter has any interest ("Collateral"):

All goods, building and other materials, supplies, work in process, equipment, machinery, fixtures, furniture, furnishings, appliances, stoves, refrigerators, air conditioners, heaters and heating systems, signs and other personal property, wherever situated, which are or are to be incorporated into, used in connection with or appropriated for use on the Property; all rents, issues, deposits and profits of the Property (to the extent, if any, they are not subject to the Absolute Assignment of Rents and Leases); all inventory, accounts, cash receipts, deposit accounts, impounds, accounts receivable, contract rights, general intangibles, chattel paper, instruments, documents, notes, drafts, letters of credit, insurance policies, insurance and condemnation awards and proceeds, any other rights to the payment of money, trade names, trademarks and service marks arising from or related to the Property or any business now or hereafter conducted thereon by Grantor; all permits, consents, approvals, licenses, authorizations and other rights granted by, given by or obtained from, any governmental entity with respect to the Property; all deposits or other security now or hereafter made with or given to utility companies by Grantor with respect to the Property; all advance payments of insurance premiums made by Grantor with respect to the Property; all plans, drawings and specifications relating to the Property; all loan funds held by Beneficiary, whether or not disbursed, all funds deposited with Beneficiary pursuant to any Loan Document, including, without limitation, all "Restoration Funds" as defined herein; all reserves, deferred payments, deposits, accounts, refunds, cost savings and payments of any kind related to the Property or any portion thereof, including, without limitation, all "Impounds" as defined herein together with all replacements and proceeds of, and additions and accessions to, any of the foregoing, and all books, records and files relating to any of the foregoing.

As to all of the above-described personal property which is or which hereafter becomes a "fixture" under applicable law, this Deed of Trust constitutes a fixture filing under the Oregon Uniform Commercial Code, as amended or recodified from time to time ("UCC").

4.2 Rights of Beneficiary. In addition to Beneficiary's rights as a "Secured Party" under the UCC, Beneficiary may, but shall not be obligated to, at any time without notice and at the expense of Grantor: (a) give notice to any person of Beneficiary's rights hereunder and enforce such rights at law or in equity; (b) insure, protect, defend and preserve the Collateral or any rights or interests of Beneficiary therein; (c) inspect the Collateral; and (d) endorse, collect and receive any right to payment of money owing to Grantor under or from the Collateral. Notwithstanding the above, in no event shall Beneficiary be deemed to have accepted any property other than cash in satisfaction of any obligation of Grantor to Beneficiary unless Beneficiary shall make an express written election of said remedy under the UCC or other applicable law.

4.3 Additional Rights of Beneficiary Upon Default. Upon the occurrence of a Default hereunder, then in addition to all of Beneficiary's rights as a "Secured Party" under the UCC or otherwise at law:

(a) Sale of Collateral. Beneficiary may: (i) upon written notice, require Grantor to assemble any or all of the Collateral and make it available to Beneficiary at a place designated by Beneficiary; (ii) without prior notice, enter upon the Property or other place where any of the

Collateral may be located and take possession of, collect, sell and dispose of any or all of the Collateral, and store the same at locations acceptable to Beneficiary at Grantor's expense; or (iii) sell, assign and deliver at any place or in any lawful manner all or any part of the Collateral and bid and become purchaser at any such sales; and

(b) Other Rights. Beneficiary may, for the account of Grantor and at Grantor's expense: (i) operate, use, consume, sell or dispose of the Collateral as Beneficiary deems appropriate for the purpose of performing any or all of the Secured Obligations; (ii) enter into any agreement, compromise or settlement including insurance claims, which Beneficiary may deem desirable or proper with respect to any of the Collateral; and (iii) endorse and deliver evidences of title for, and receive, enforce and collect by legal action or otherwise, all indebtedness and obligations now or hereafter owing to Grantor in connection with or on account of any or all of the Collateral.

Grantor acknowledges and agrees that a disposition of the Collateral in accordance with Beneficiary's rights and remedies as heretofore provided is a disposition thereof in a commercially reasonable manner and that five (5) days prior notice of such disposition is commercially reasonable notice. Grantor further agrees that any sale or other disposition of all or any portion of the Collateral may be applied by Beneficiary first to the reasonable expenses in connection therewith, including reasonable attorneys' fees and disbursements, and then to the payment of the Secured Obligations.

4.4 Power of Attorney. Grantor hereby irrevocably appoints Beneficiary as Grantor's attorney-in-fact (such power of attorney being coupled with an interest), and as such attorney-in-fact, Beneficiary may, without the obligation to do so, in Beneficiary's name or in the name of Grantor, prepare, execute, file and record financing statements, continuation statements, applications for registration and like papers necessary to create, perfect or preserve any of Beneficiary's security interests and rights in or to any of the Collateral, and upon a Default hereunder, take any other action required of Grantor; provided, however, that Beneficiary as such attorney-in-fact shall be accountable only for such funds as are actually received by Beneficiary.

## ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties. Grantor represents and warrants to Beneficiary that, to Grantor's current actual knowledge after reasonable investigation and inquiry, the following statements are true and correct as of the date hereof:

(a) Legal Status. Grantor is duly organized and existing and in active status under the laws of the state(s) in which Grantor is organized. Grantor is qualified or licensed to do business in all jurisdictions in which such qualification or licensing is required.

(b) Permits. Grantor possesses all permits, franchises and licenses and all rights to all trademarks, trade names, patents and fictitious names, if any, necessary to enable Grantor to conduct the business(es) in which Grantor is now engaged in compliance with applicable law.



(c) Authorization and Validity. The execution and delivery of the Loan Documents has been duly authorized and the Loan Documents constitute valid and binding obligations of Grantor or the party which executed the same, enforceable in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors' rights, or by the application of rules of equity.

(d) Violations. The execution, delivery and performance by Grantor of each of the Loan Documents do not violate any provision of any law or regulation, or result in any breach or default under any contract, obligation, indenture or other instrument to which Grantor is a party or by which Grantor is bound.

(e) Litigation. There are no pending or threatened actions, claims, investigations, suits or proceedings before any governmental authority, court or administrative agency which may adversely affect the financial condition or operations of Grantor other than those previously disclosed in writing by Grantor to Beneficiary.

(f) Financial Statements. The financial statements of Grantor previously delivered by Grantor to Beneficiary: (i) are materially complete and correct; (ii) present fairly the financial condition of such party; and (iii) have been prepared in accordance with the same accounting standard used by Grantor to prepare the financial statements delivered to and approved by Beneficiary in connection with the making of the Loan, or other accounting standards approved by Beneficiary. Since the date of such financial statements, there has been no material adverse change in such financial condition, nor have any assets or properties reflected on such financial statements been sold, transferred, assigned, mortgaged, pledged or encumbered except as previously disclosed in writing by Grantor to Beneficiary and approved in writing by Beneficiary.

(g) Reports. All reports, documents, instruments and information delivered to Beneficiary in connection with the Loan: (i) are correct and sufficiently complete to give Beneficiary accurate knowledge of their subject matter; and (ii) do not contain any misrepresentation of a material fact or omission of a material fact which omission makes the provided information misleading.

(h) Income Taxes. There are no pending assessments or adjustments of Grantor's income tax payable with respect to any year.

(i) Subordination. There is no agreement or instrument to which Grantor is a party or by which Grantor is bound that would require the subordination in right of payment of any of Grantor's obligations under the Note to an obligation owed to another party.

(j) Title. Grantor lawfully holds and possesses fee simple title to the Property, without limitation on the right to encumber same. This Deed of Trust is a first lien on the Property prior and superior to all other liens and encumbrances on the Property except: (i) liens for real estate taxes and assessments not yet due and payable; (ii) senior exceptions previously approved by Beneficiary and shown in the title insurance policy insuring the lien of this Deed of Trust; and (iii)

other matters, if any, previously disclosed to Beneficiary by Grantor in a writing specifically referring to this representation and warranty.

(k) Mechanics' Liens. There are no mechanics' or similar liens or claims which have been filed for work, labor or material (and no rights are outstanding that under law could give rise to any such liens) affecting the Property which are or may be prior to or equal to the lien of this Deed of Trust.

(l) Encroachments. Except as shown in the survey, if any, previously delivered to Beneficiary, none of the buildings or other improvements which were included for the purpose of determining the appraised value of the Property lies outside of the boundaries or building restriction lines of the Property and no buildings or other improvements located on adjoining properties encroach upon the Property.

(m) Leases. All existing Leases are in full force and effect and are enforceable in accordance with their respective terms. No material breach or default by any party, or event which would constitute a material breach or default by any party after notice or the passage of time, or both, exists under any existing Lease. None of the landlord's interests under any of the Leases, including, but not limited to, rents, additional rents, charges, issues or profits, has been transferred or assigned. No rent or other payment under any existing Lease has been paid by any tenant for more than one (1) month in advance.

(n) Collateral. Grantor has good title to the existing Collateral. Grantor has not previously assigned or encumbered Grantor's interest in any of the Collateral. No financing statement covering any of the Collateral has been delivered to any other person or entity. Grantor's principal place of business is located at the address shown in this Deed of Trust.

(o) Condition of Property. Except as shown in the property condition survey or other engineering reports, if any, previously delivered to or obtained by Beneficiary, the Property is in good condition and repair and is free from any damage, waste or defect that would materially and adversely affect the value of the Property as security for the Loan or the intended use of the Property.

(p) Wetlands. No part of the Property consists of or is classified as wetlands, tidelands or swamp and overflow lands.

(q) Compliance With Laws; ERISA. (i) All federal, state and local laws, rules and regulations applicable to the Property, including, without limitation, all zoning and building requirements and all requirements of the Americans With Disabilities Act of 1990, as amended from time to time (42 U.S.C. Section 12101 et seq.) have been satisfied or complied with. Grantor is in possession of all certificates of occupancy and all other licenses, permits and other authorizations required by applicable law for the existing use of the Property. All such certificates of occupancy and other licenses, permits and authorizations are valid and in full force and effect; (ii) Grantor shall not engage in any transaction which would cause any obligation, or action taken or to be taken, hereunder (or the exercise by Beneficiary of any of its rights under the Note, this Deed of Trust and

the other Loan Documents) to be a non-exempt (under a statutory or administrative class exemption) prohibited transaction under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"); and (iii) Grantor shall deliver to Beneficiary such certifications or other evidence from time to time throughout the term of this Deed of Trust, as requested by Beneficiary in its sole discretion, that Grantor (A) is an "employee benefit plan" as defined in Section 3(32) of ERISA, which is subject to Title I of ERISA, or a "governmental plan" within the meaning of Section 3(32) of ERISA, and (B) is subject to state statutes regulating investments and fiduciary obligations with respect to governmental plans.

(r) Property Taxes and Other Liabilities. All taxes, governmental assessments, insurance premiums, water, sewer and municipal charges, and ground rents, if any, which previously became due and owing in respect of the Property have been paid.

(s) Condemnation. There is no proceeding pending or threatened for the total or partial condemnation of the Property.

(t) Homestead. There is no homestead or other exemption available to Grantor which would materially interfere with the right to sell the Property at a trustee's sale or the right to foreclose this Deed of Trust and no portion of the Property is or will be occupied by Grantor as its principal residence.

(u) Business Purposes. The proceeds of the Loan shall be used exclusively for business purposes.

(v) Use. The Property is used for commercial purposes and is not used principally or primarily for agricultural or farming purposes.

5.2 Financial Information. Grantor shall provide to Lender the financial information required under the Loan Agreement.

## ARTICLE 6 RIGHTS AND DUTIES OF THE PARTIES

6.1 Maintenance and Preservation of the Property. Grantor shall: (a) keep the Property in good condition and repair; (b) complete or restore promptly and in workmanlike manner the Property or any part thereof which may be damaged or destroyed (unless, if and to the extent permitted under Section 6.10, Beneficiary elects to require that insurance proceeds be used to reduce the Secured Obligations and after such repayment the ratio of Secured Obligations to the value of the Property, as reasonably determined by Beneficiary is the same as or lower than it was immediately before the loss or taking occurred); (c) comply and cause the Property to comply with (i) all laws, ordinances, regulations and standards, (ii) all covenants, conditions, restrictions and equitable servitudes, whether public or private, of every kind and character and (iii) all requirements of insurance companies and any bureau or agency which establishes standards of insurability, which laws, covenants or requirements affect the Property and pertain to acts committed or conditions existing

thereon, including, without limitation, any work of alteration, improvement or demolition as such laws, covenants or requirements mandate; (d) operate and manage the Property at all times in a professional manner and do all other acts which from the character or use of the Property may be reasonably necessary to maintain and preserve its value; (e) promptly after execution, deliver to Beneficiary a copy of any management agreement concerning the Property and all amendments thereto and waivers thereof; and (f) execute and acknowledge all further documents, instruments and other papers as Beneficiary or Trustee deems necessary or appropriate to preserve, continue, perfect and enjoy the benefits of this Deed of Trust and perform Grantor's obligations, including, without limitation, statements of the amount secured hereby then owing and statements of no offset. Grantor shall not: (g) remove or demolish all or any material part of the Property; (h) alter either (i) the exterior of the Property in a manner which materially and adversely affects the value of the Property or (ii) except in cases of emergency, the roof or other structural elements of the Property in a manner which requires a building permit; (i) initiate or acquiesce in any change in any zoning or other land classification which affects the Property; (j) materially alter the type of occupancy or use of all or any part of the Property; or (k) commit or permit waste of the Property. Grantor shall at Grantor's expense deliver any reappraisal or updated appraisal for the Property; provided, however, that notwithstanding the foregoing, Beneficiary shall not order appraisals of the Property more than one (1) time per year unless (i) Beneficiary reasonably believes that a material adverse change has occurred with respect to the Property or any portion thereof, or (ii) Grantor requests in writing that Beneficiary order an appraisal of the Property, or (iii) Beneficiary is required to reappraise the Property in connection with any rating agency or similar requirements.

6.2 Compliance With Laws; ERISA. (i) Grantor shall comply with all federal, state and local laws, rules and regulations applicable to the Property, including, without limitation, all zoning and building requirements and all requirements of the Americans With Disabilities Act of 1990 (42 U.S.C. Section 12101 et seq.), as amended from time to time; (ii) Grantor shall possess and maintain or cause Grantor to possess and maintain in full force and effect at all times (a) all certificates of occupancy and other licenses, permits and authorizations required by applicable law for the existing use of the Property and (b) all permits, franchises and licenses and all rights to all trademarks, trade names, patents and fictitious names, if any, required by applicable law for Grantor and Grantor to conduct the business(es) in which Grantor is now engaged; (iii) Grantor is not or will not be an "employee benefit plan" as defined in Section 3(32) of ERISA, which is subject to Title I of ERISA, and the assets of Grantor do not and will not constitute "plan assets" of one or more such plans for purposes of Title I of ERISA; and (iv) Grantor is not or will not be a "governmental plan" within the meaning of Section 3(32) of ERISA, and transactions by or with Grantor and is not and will not be subject to state statutes applicable to Grantor regulating investments of and fiduciary obligations with respect to governmental plans.

6.3 Litigation. Grantor shall promptly notify Beneficiary in writing of any litigation pending or threatened against Grantor claiming damages in excess of \$50,000.00 and of all pending or threatened litigation against Grantor if the aggregate damage claims against Grantor exceed \$100,000.00.

6.4 Merger, Consolidation, Transfer of Assets. Except as permitted in Section 6.14 hereof, Grantor shall not: (a) merge or consolidate with any other entity; (b) make any substantial change in the nature of their business or structure; (c) acquire all or substantially all of the assets of any other; or (d) sell, lease, assign, transfer or otherwise dispose of a material part of Grantor's assets except in the ordinary course of Grantor's business.

6.5 Accounting Records. Grantor shall maintain adequate books and records in accordance with the same accounting standard used by Grantor to prepare the financial statements delivered to and approved by Beneficiary in connection with the making of the Loan or other accounting standards approved by Beneficiary. Grantor shall permit any representative of Beneficiary, at any reasonable time and from time to time, to inspect, audit and examine such books and records and make copies of same.

6.6 Costs, Expenses and Attorneys' Fees. Grantor shall pay to Beneficiary the full amount of all costs and expenses, including, without limitation, reasonable attorneys' fees and expenses of Beneficiary's in-house or outside counsel, incurred by Beneficiary in connection with: (a) appraisals and inspections of the Property or Collateral required by Beneficiary as a result of (i) a Transfer or proposed Transfer (as defined below), or (ii) a Default; and (b) any acts performed by Beneficiary at Grantor's request or wholly or partially for the benefit of Grantor (including, without limitation, the preparation or review of amendments, assumptions, waivers, releases, reconveyances, estoppel certificates or statements of amounts owing under any Secured Obligation). Grantor shall pay all costs and expenses arising under this Section immediately upon demand by Beneficiary together with interest thereon following notice of such indebtedness at the rate of interest then applicable to the principal balance of the Note as specified therein.

6.7 No Other Debt; Liens, Encumbrances and Charges. (a) Without obtaining Beneficiary's prior written consent (which consent shall be granted or withheld in Beneficiary's sole and absolute discretion and at Grantor's sole cost and expense), Grantor shall not incur any debt, secured or unsecured, direct or indirect, absolute or contingent (including guaranteeing any obligation), other than the Loan and debt incurred in the ordinary course of Grantor's business; and (b) Grantor shall immediately discharge by bonding or otherwise any lien, charge or other encumbrance which attaches to the Property in violation of Section 6.14. Subject to Grantor's right to contest such matters under this Deed of Trust or as expressly permitted in the Loan Documents, Grantor shall pay when due all obligations secured by or reducible to liens and encumbrances which shall now or hereafter encumber or appear to encumber all or any part of the Property or any interest therein, whether senior or subordinate hereto, including, without limitation, all claims for work or labor performed, or materials or supplies furnished, in connection with any work of demolition, alteration, repair, improvement or construction of or upon the Property, except such as Grantor may in good faith contest or as to which a bona fide dispute may arise as provided in Section 8.4 hereof (provided provision is made to the satisfaction of Beneficiary for eventual payment thereof in the event that Grantor is obligated to make such payment and that any recorded claim of lien, charge or other encumbrance against the Property is immediately discharged by bonding or otherwise).

6.8 Taxes and Other Liabilities. Grantor shall pay and discharge when due any and all indebtedness, obligations, assessments and taxes, both real and personal and including federal and state income taxes and state and local property taxes and assessments. Grantor shall promptly provide to Beneficiary copies of all tax and assessment notices pertaining to the Property. Grantor hereby authorizes Beneficiary to obtain, at Grantor's expense, a tax service contract which shall provide tax information on the Property to Beneficiary for the term of the Loan and any extensions or renewals of the Loan.

6.9 Insurance Coverage. Grantor shall insure the Property against loss or damage by fire and such other hazards as Beneficiary shall from time to time require, however, not to exceed full replacement cost (actual replacement value without deduction for physical depreciation, but exclusive of the cost of excavation, footings, foundation, and underground utilities), and with not more than \$5,000.00 deductible from the loss payable for any casualty; provided, however, (a) Beneficiary, at Beneficiary's election, may only require flood insurance if all or any portion of the improvements located on the Property is or becomes located in a special flood hazard area, and (b) Beneficiary, at Beneficiary's election, may only require earthquake insurance if all or any portion of the Property is or becomes located in an earthquake fault zone. Grantor shall also carry public liability insurance and such other insurance as Beneficiary may require, including, without limitation, business interruption insurance or loss of rents insurance. In addition, but not by way of limitation, Grantor shall also, at its expense, obtain and keep in effect (or cause any contractor and, if required under applicable law, any subcontractor engaged in work on, or with respect to, the Property, to procure and keep in effect), worker's compensation insurance (including employer's liability in an amount satisfactory to Lender and if applicable, insurance covering claims of workers against employers arising under Federal law) covering all employees of Grantor (and/or any employees of any contractor and, if required under applicable law, any subcontractor engaged in work on, or with respect to, the Property) in such amount as is reasonably satisfactory to Beneficiary. Such policies shall contain a standard mortgage clause naming Beneficiary and its successors and assigns as a loss payee or additional insured, as appropriate, and requiring at least thirty (30) days prior notice to the holder at termination or cancellation. Grantor shall maintain all required insurance at Grantor's expense, in companies, and in substance and form satisfactory to Beneficiary, including, without limitation, an agreed amount endorsement. Neither Beneficiary nor Trustee, by reason of accepting, rejecting, approving or obtaining insurance shall incur any liability for: (c) the existence, nonexistence, form or legal sufficiency of any insurances; (d) the solvency of any insurer; or (e) the payment of claims. If Grantor fails to maintain and deliver to Beneficiary the original policies or certificates of insurance required by this Deed of Trust, upon ten (10) days' prior notice to Grantor, Beneficiary may procure such insurance at Grantor's sole cost and expense.

6.10 Insurance and Condemnation Proceeds.

(a) Assignment of Claims. Grantor absolutely and irrevocably assigns to Beneficiary all of the following rights, claims and amounts (collectively, "Claims"), all of which shall be paid to Beneficiary: (i) all awards of damages and all other compensation payable directly or indirectly by reason of a condemnation or proposed condemnation for public or private use affecting all or any part of, or any interest in, the Property; (ii) all other claims and awards for damages to or decrease in value of all or any part of, or any interest in, the Property; (iii) all proceeds of any insurance policies payable by reason of loss sustained to all or any part of the Property; and (iv) all interest which may accrue on any of the foregoing. Grantor shall give Beneficiary prompt written notice of the occurrence of any casualty affecting, or the institution of any proceedings for eminent domain or for the condemnation of, the Property or any portion thereof. So long as no Default has occurred and is continuing at the time, Grantor shall have the right to adjust, compromise and settle any Claim of \$100,000.00 or less without the consent of Beneficiary, provided, however, all awards, proceeds and other sums described herein shall continue to be payable to Beneficiary. Beneficiary may commence, appear in, defend or prosecute any Claim exceeding \$100,000.00, and may adjust, compromise and settle all Claims (except for Claims which Grantor may settle as provided herein), but shall not be responsible for any failure to commence, appear in, defend, prosecute or collect any such Claim regardless of the cause of the failure. All awards, proceeds and other sums described herein shall be payable to Beneficiary.

(b) Application of Proceeds; No Default. So long as no Default has occurred and is continuing at the time of Beneficiary's receipt of the proceeds of the Claims ("Proceeds") and no Default occurs thereafter, and so long as any loss under the policies is less than 75% of the replacement value of the Property, then Beneficiary shall apply the Proceeds in the following order of priority: First, to Beneficiary's expenses in settling, prosecuting or defending the Claims; Second, to the repair or restoration of the Property; and Third, to Grantor if the repair or restoration of the Property has been completed according to the terms hereof. Notwithstanding the foregoing, Beneficiary shall have no obligation to make any Proceeds available for the repair or restoration of the Property unless and until all the following conditions have been satisfied in Beneficiary's sole and absolute discretion: (i) delivery to Beneficiary of the Proceeds plus any additional amount which is needed to pay all costs of the repair or restoration (including, without limitation, taxes, financing charges, insurance and rent during the repair period); (ii) establishment of an arrangement for lien releases and disbursement of funds acceptable to Beneficiary; (iii) delivery to Beneficiary in form and content acceptable to Beneficiary of all of the following: (aa) plans and specifications for the work; (bb) a contract for the work, signed by a contractor acceptable to Beneficiary; (cc) a cost breakdown for the work; (dd) if required by Beneficiary, a payment and performance bond for the work; (ee) evidence of the continuation of all Leases unless consented to in writing by Beneficiary; (ff) evidence that, upon completion of the work, the size, capacity, value, and income coverage ratios for the Property will be at least as great as those which existed immediately before the damage or condemnation occurred; and (gg) evidence of the satisfaction of any additional conditions that Beneficiary may reasonably establish to protect Beneficiary's security. Grantor acknowledges that the specific conditions described above are reasonable.

(c) Application of Proceeds; Default. If a Default has occurred and is continuing at the time of Beneficiary's receipt of the Proceeds or if a Default occurs at any time thereafter, Beneficiary may, at Beneficiary's absolute discretion and regardless of any impairment of security or lack of impairment of security, but subject to applicable law governing use of the Proceeds, if any, apply all or any of the Proceeds to Beneficiary's expenses in settling, prosecuting or defending the Claims and then apply the balance to the Secured Obligations in any order without suspending, extending or reducing any obligation of Grantor to make installment payments, and may release all or any part of the Proceeds to Grantor upon any conditions Beneficiary chooses.

#### 6.11 Impounds.

(a) Post-Default Impounds. If required by Beneficiary at any time after a Default occurs (and regardless of whether such Default is thereafter cured), Grantor shall deposit with Beneficiary such amounts ("Post-Default Impounds") on such dates (determined by Beneficiary as provided below) as will be sufficient to pay any or all "Costs" (as defined below) specified by Beneficiary. Beneficiary in its sole discretion shall estimate the amount of such Costs that will be payable or required during any period selected by Beneficiary not exceeding one year and shall determine the fractional portion thereof that Grantor shall deposit with Beneficiary on each date specified by Beneficiary during such period. If the Post-Default Impounds paid by Grantor are not sufficient to pay the related Costs, Grantor shall deposit with Beneficiary upon demand an amount equal to the deficiency. All Post-Default Impounds shall be payable by Grantor in addition to (but without duplication of) any other Impounds (as defined below).

(b) All Impounds. Post-Default Impounds and any other impounds that may be payable by Grantor under the Note are collectively called "Impounds." All Impounds shall be deposited into an account maintained by Beneficiary or its servicing agent, which may be a commingled account, and Beneficiary shall not be entitled to interest thereon. Beneficiary shall not be a trustee, special depository or other fiduciary for Grantor with respect to such account, and the existence of such account shall not limit Beneficiary's rights under this Deed of Trust, any other agreement or any provision of law. If no Default exists, Beneficiary shall apply all Impounds to the payment of the related Costs, or in Beneficiary's sole discretion may release any or all Impounds to Grantor for application to and payment of such Costs. If a Default exists, Beneficiary may apply any or all Impounds to any Secured Obligation and/or to cure such Default, whereupon Grantor shall restore all Impounds so applied and cure all Defaults not cured by such application. The obligations of Grantor hereunder shall not be diminished by deposits of Impounds made by Grantor, except to the extent such obligations have actually been met by application of such Impounds. Upon any assignment of this Deed of Trust, Beneficiary may assign all Impounds in its possession to Beneficiary's assignee, whereupon Beneficiary and Trustee shall be released from all liability with respect to such Impounds. Within sixty (60) days following full repayment of the Secured Obligations (other than as a consequence of foreclosure or conveyance in lieu of foreclosure) or at such earlier time as Beneficiary may elect, Beneficiary shall pay to Grantor all Impounds in its possession, and no other party shall have any right or claim thereto. "Costs" means (i) all taxes and other liabilities payable by Grantor under Section 6.8, (ii) all insurance premiums payable by Grantor under Section 6.9, (iii) all other costs and expenses for which Impounds are required under the Note,



and/or (iv) all other amounts that will be reasonably required to preserve the value of the Property. Grantor shall deliver to Beneficiary, promptly upon receipt, all bills for Costs for which Beneficiary has required Post-Default Impounds.

6.12 Defense and Notice of Losses, Claims and Actions. Grantor shall protect, preserve and defend the Property and title to and right of possession of the Property, the security of this Deed of Trust and the rights and powers of Beneficiary and Trustee hereunder at Grantor's sole expense against all adverse claims, whether the claim: (a) is against a possessory or non-possessory interest; (b) arose prior or subsequent to the date hereof; or (c) is senior or junior to Grantor's or Beneficiary's rights. Grantor shall give Beneficiary and Trustee prompt notice in writing of the assertion of any claim, of the filing of any action or proceeding, of the occurrence of any damage to the Property and of any condemnation offer or action.

6.13 Right of Inspection. Beneficiary and its independent contractors, agents and employees may enter the Property from time to time at any reasonable time for the purpose of inspecting the Property and ascertaining Grantor's compliance with the terms of this Deed of Trust. Beneficiary shall use reasonable efforts to assure that Beneficiary's entry upon and inspection of the Property shall not materially and unreasonably interfere with the business or operations of Grantor or Grantor's tenants on the Property.

6.14 Prohibition of Transfer of Property or Interests in Grantor. Grantor acknowledges that Beneficiary has relied upon the principals of Grantor and their experience in owning and operating properties similar to the Property in connection with the closing of the Loan. Accordingly, except with the prior written consent of Beneficiary or as otherwise expressly permitted in the Note or the Loan Agreement, Grantor shall not cause or permit any sale, exchange, mortgage, pledge, hypothecation, assignment, encumbrance or other transfer, conveyance or disposition, whether voluntarily, involuntarily or by operation of law ("Transfer") of all or any part of, or all or any direct or indirect interest in, the Property or the Collateral (except for equipment and inventory in the ordinary course of its business), or cause or permit a Transfer of any direct or indirect interest (whether general or limited partnership interest, stock, limited liability company interest, trust, or otherwise) in Grantor. In the event of any Transfer that is not expressly permitted hereunder and is without the prior written consent of Beneficiary, Beneficiary shall have the absolute right at its option, without prior demand or notice, to declare all of the Secured Obligations immediately due and payable, except to the extent prohibited by law, and pursue its rights and remedies under Section 7.3 herein. Grantor agrees to pay any prepayment fee as set forth in the Note in the event the Secured Obligations are accelerated pursuant to the terms of this Section. Consent to one such Transfer shall not be deemed to be a waiver of the right to require the consent to future or successive Transfers. Notwithstanding the above, Grantor may transfer ownership interests or partnership interests in Grantor or interests in the Property pursuant to the terms and provisions of the Loan Agreement.

6.15 Acceptance of Trust; Powers and Duties of Trustee. Trustee accepts this trust when this Deed of Trust is recorded. From time to time upon written request of Beneficiary and presentation of this Deed of Trust, or a certified copy thereof, for endorsement, and without affecting

the personal liability of any person for payment of any indebtedness or performance of any Secured Obligation, Trustee may, without liability therefor and without notice: (a) reconvey all or any part of the Property; (b) consent to the making of any map or plat of the Property; (c) join in granting any easement on the Property; (d) join in any declaration of covenants and restrictions; or (e) join in any extension agreement or any agreement subordinating the lien or charge of this Deed of Trust. Nothing contained in the immediately preceding sentence shall be construed to limit, impair or otherwise affect the rights of Grantor in any respect. Except as may otherwise be required by applicable law, Trustee or Beneficiary may from time to time apply to any court of competent jurisdiction for aid and direction in the execution of the trusts hereunder and the enforcement of the rights and remedies available hereunder, and Trustee or Beneficiary may obtain orders or decrees directing or confirming or approving acts in the execution of said trusts and the enforcement of said remedies. Trustee has no obligation to notify any party of any pending sale or any action or proceeding (including, without limitation, actions in which Grantor, Beneficiary or Trustee shall be a party) unless held or commenced and maintained by Trustee under this Deed of Trust. Trustee shall not be obligated to perform any act required of it hereunder unless the performance of the act is requested in writing and Trustee is reasonably indemnified and held harmless against loss, cost, liability and expense.

6.16 Compensation of Trustee. Grantor shall pay to Trustee reasonable compensation and reimbursement for services and expenses in the administration of this trust, including, without limitation, reasonable attorneys' fees and costs. Grantor shall pay all indebtedness arising under this Section immediately upon demand by Trustee or Beneficiary together with interest thereon from the date the indebtedness arises at the rate of interest then applicable to the principal balance of the Note as specified therein.

6.17 Exculpation. Beneficiary shall not directly or indirectly, be liable to Grantor or any other person as a consequence of: (a) the exercise of the rights, remedies or powers granted to Beneficiary in this Deed of Trust; (b) the failure or refusal of Beneficiary to perform or discharge any obligation or liability of Grantor under any agreement related to the Property or under this Deed of Trust; or (c) any loss sustained by Grantor or any third party resulting from Beneficiary's failure to lease the Property after a Default (hereafter defined) or from any other act or omission of Beneficiary in managing the Property after a Default unless the loss is caused by the gross negligence, willful misconduct and bad faith of Beneficiary and no such liability shall be asserted or enforced against Beneficiary, all such liability being expressly waived and released by Grantor.

6.18 Indemnity. Without in any way limiting any other indemnity contained in this Deed of Trust, Grantor agrees to defend, indemnify and hold harmless Trustee and the Beneficiary Group (as defined below) from and against any claim, loss, damage, cost, expense or liability directly or indirectly arising out of: (a) the making of the Loan, except for violations of banking laws or regulations by the Beneficiary Group; (b) this Deed of Trust; (c) the execution of this Deed of Trust or the performance of any act required or permitted hereunder or by law; (d) any failure of Grantor to perform Grantor's obligations under this Deed of Trust or the other Loan Documents; (e) any alleged obligation or undertaking on the Beneficiary Group's part to perform or discharge any of the representations, warranties, conditions, covenants or other obligations contained in any other

document related to the Property; (f) any act or omission by Grantor or any contractor, agent, employee or representative of Grantor with respect to the Property; or (g) any prohibited transaction or in the sale of a prohibited loan, and in obtaining any individual prohibited transaction exemption under ERISA that may be required, in Lender's sole discretion) that Lender may incur, directly or indirectly, as a result of a Default under Sections 5.1(q) or 6.2. The foregoing notwithstanding, this indemnity shall not include any claim, loss, damage, cost, expense or liability directly or indirectly arising out of the gross negligence or willful misconduct of any member of the Beneficiary Group or Trustee, or any claim, loss, damage, cost, expense or liability incurred by the Beneficiary Group or Trustee arising from any act or incident on the Property occurring after the full reconveyance and release of the lien of this Deed of Trust on the Property. This indemnity shall include, without limitation: (aa) all consequential damages (including, without limitation, any third party tort claims or governmental claims, fines or penalties against Trustee or the Beneficiary Group); and (bb) all court costs and reasonable attorneys' fees (including, without limitation, expert witness fees) paid or incurred by Trustee or the Beneficiary Group. "Beneficiary Group," as used herein, shall mean (1) Beneficiary (including, without limitation, any participant in the Loan), (2) any entity controlling, controlled by or under common control with Beneficiary, (3) the directors, officers, employees and agents of Beneficiary and such other entities, and (4) the successors, heirs and assigns of the entities and persons described in foregoing clauses (1) through (3). Grantor shall pay immediately upon Trustee's or Beneficiary's demand any amounts owing under this indemnity together with interest from the date the indebtedness arises until paid at the rate of interest applicable to the principal balance of the Note as specified therein. Grantor agrees to use legal counsel reasonably acceptable to Trustee and the Beneficiary Group in any action or proceeding arising under this indemnity. THE PROVISIONS OF THIS SECTION SHALL SURVIVE THE TERMINATION AND RECONVEYANCE OF THIS DEED OF TRUST.

6.19 Substitution of Trustee. From time to time, by a writing signed and acknowledged by Beneficiary and recorded in the Office of the Recorder of the County in which the Property is situated, Beneficiary may appoint another trustee to act in the place and stead of Trustee or any successor. Such writing shall set forth any information required by law. The recordation of such instrument of substitution shall discharge Trustee herein named and shall appoint the new trustee as the trustee hereunder with the same effect as if originally named trustee herein. A writing recorded pursuant to the provisions of this Section shall be conclusive proof of the proper substitution of such new trustee.

6.20 Releases, Extensions, Modifications and Additional Security. Without notice to or the consent, approval or agreement of any persons or entities having any interest at any time in the Property or in any manner obligated under the Secured Obligations ("Interested Parties"), Beneficiary may, from time to time: (a) fully or partially release any person or entity from liability for the payment or performance of any Secured Obligation; (b) extend the maturity of any Secured Obligation; (c) accept additional security for any Secured Obligation; or (e) release all or any portion of the Property, Collateral and other security for any Secured Obligation. None of the foregoing actions shall release or reduce the personal liability of any of said Interested Parties, or release or impair the priority of the lien of this Deed of Trust upon the Property.

6.21 Sale or Participation of Loan. Grantor agrees that Beneficiary may at any time sell, assign, participate or securitize all or any portion of Beneficiary's rights and obligations under the Loan Documents, and that any such sale, assignment, participation or securitization may be to one or more financial institutions or other entities, to private investors, and/or into the public securities market, in Beneficiary's sole discretion. Grantor further agrees that Beneficiary may disseminate to any such actual or potential purchasers, assignee(s) or participants) all documents and financial and other information heretofore or hereafter provided to or known to Beneficiary with respect to: (a) the Property and its operation; and/or (b) any party connected with the Loan (including, without limitation, Grantor, any partner or member of Grantor, any constituent partner or member of Grantor, and any guarantor). In the event of any such sale, assignment, participation or securitization, Beneficiary and the other parties to the same shall share in the rights and obligations of Beneficiary set forth in the Loan Documents as and to the extent they shall agree among themselves. In connection with any such sale, assignment, participation or securitization, Grantor further agrees that the Loan Documents shall be sufficient evidence of the obligations of Grantor to each purchaser, assignee or participant, and Grantor shall, within fifteen (15) days after request by Beneficiary, deliver an estoppel certificate verifying for the benefit of Beneficiary and any other party designated by Beneficiary the status and the terms and provisions of the Loan in form and substance acceptable to Beneficiary, and enter into such amendments or modifications to the Loan Documents as may be reasonably required in order to facilitate any such sale, assignment, participation or securitization without impairing Grantor's rights or increasing Grantor's obligations. The indemnity obligations of Grantor under the Loan Documents shall also apply with respect to any purchaser, assignee or participant.

6.22 Reconveyance. Upon Beneficiary's written request, and upon surrender of this Deed of Trust or certified copy thereof and any note, instrument or instruments setting forth all obligations secured hereby to Trustee for cancellation, Trustee shall reconvey, without warranty, the Property or that portion thereof then held hereunder. The recitals of any matters or facts in any reconveyance executed hereunder shall be conclusive proof of the truthfulness thereof. To the extent permitted by law, the reconveyance may describe the grantee as "the person or persons legally entitled thereto." Neither Beneficiary nor Trustee shall have any duty to determine the rights of persons claiming to be rightful grantees of any reconveyance. When the Property has been fully reconveyed, the last such reconveyance shall operate as a reassignment of all future rents, issues and profits of the Property to the person or persons legally entitled thereto. Grantor shall pay the Trustees usual and customary fees and costs for such reconveyance.

6.23 Subrogation. Beneficiary shall be subrogated to the lien of all encumbrances, whether released of record or not, paid in whole or in part by Beneficiary pursuant to this Deed of Trust or by the proceeds of any loan secured by this Deed of Trust.

## ARTICLE 7 DEFAULT

7.1 Default. For all purposes hereof, "Default" shall mean either an "Optional Default" (as defined below) or an "Automatic Default" (as defined below).

(a) Optional Default. An "Optional Default" shall occur, at Beneficiary's option, upon the occurrence of any of the following events:

(i) Monetary. Grantor shall fail to (aa) pay when due any sums which by their express terms require immediate payment without any grace period or sums which are payable on the Maturity Date, or (bb) pay within ten (10) days when due any other sums payable under the Note, this Deed of Trust or any of the other Loan Documents, including, without limitation, any monthly payment due under the Note.

(ii) Failure to Perform. Grantor shall fail to observe, perform or discharge any of Grantor's obligations, covenants, conditions or agreements and (aa) such failure shall remain uncured for thirty (30) days after written notice thereof shall have been given to Grantor, as the case may be, by Beneficiary or (bb) if such failure is of such a nature that it cannot be cured within such thirty (30) day period, Grantor shall fail to commence to cure such failure within such thirty (30) day period or shall fail to diligently prosecute such curative action thereafter or shall fail to cure such default within ninety (90) days after written notice thereof was first given to Grantor.

(iii) Representations and Warranties. Any representation, warranty, certificate or other statement (financial or otherwise) made or furnished by or on behalf of Grantor, or a guarantor, if any, to Beneficiary or in connection with any of the Loan Documents, or as an inducement to Beneficiary to make the Loan, shall be false, incorrect, incomplete or misleading in any material respect when made or furnished.

(iv) Condemnation, Attachment. The condemnation, seizure or appropriation of any material portion (as reasonably determined by Beneficiary) of the Property, or the sequestration or attachment of, or levy or execution upon any of the Property, the Collateral or any other collateral provided by Grantor under any of the Loan Documents, or any material portion of the other assets of Grantor, which sequestration, attachment, levy or execution is not released or dismissed within forty-five (45) days after its occurrence; or the sale of any assets affected by any of the foregoing.

(v) Uninsured Casualty. The occurrence of an uninsured casualty with respect to any material portion (as reasonably determined by Beneficiary) of the Property unless: (aa) no other Default has occurred and is continuing at the time of such casualty or occurs thereafter; (bb) Grantor promptly notifies Beneficiary of the occurrence of such casualty; and (cc) not more than forty-five (45) days after the occurrence of such casualty, Grantor delivers to Beneficiary immediately available funds ("Restoration Funds") in an amount sufficient, in Beneficiary's reasonable opinion, to pay all costs of the repair or restoration (including, without limitation, taxes, financing charges, insurance and rent during the repair period). So long as no Default has occurred and is continuing at the time of Beneficiary's receipt of the Restoration Funds and no Default occurs thereafter, Beneficiary shall make the Restoration Funds available for the repair or restoration of the Property.

Notwithstanding the foregoing, Beneficiary shall have no obligation to make any Restoration Funds available for repair or restoration of the Property unless and until all the conditions set forth in clauses (ii) and (iii) of the second sentence of Section 6.10(b) of this Deed of Trust have been satisfied. Grantor acknowledges that the specific conditions described above are reasonable.

(vi) Adverse Financial Change. Any adverse change in the financial condition of Grantor, any guarantor, or any other person or entity from the condition shown on the financial statements submitted to Beneficiary and relied upon by Beneficiary in making the Loan, and which change Beneficiary reasonably determines will have a material adverse effect on (aa) the business, operations or condition of the Property; or (bb) the ability of Grantor to pay or perform Grantor's obligations in accordance with the terms of the Note, this Deed of Trust, and the other Loan Documents.

(b) Automatic Default. An "Automatic Default" shall occur automatically upon the occurrence of any of the following events:

(i) Voluntary Bankruptcy, Insolvency, Dissolution. (aa) Grantor's filing a petition for relief under the Bankruptcy Reform Act of 1978, as amended or recodified ("Bankruptcy Code"), or under any other present or future state or federal law regarding bankruptcy, reorganization or other relief to debtors (collectively, "Debtor Relief Law"); or (bb) Grantor's filing any pleading in any involuntary proceeding under the Bankruptcy Code or other Debtor Relief Law which admits the jurisdiction of a court to regulate Grantor or the Property or the petition's material allegations regarding Grantor's insolvency; or (cc) Grantor's making a general assignment for the benefit of creditors; or (dd) Grantor's applying for, or the appointment of, a receiver, trustee, custodian or liquidator any of its property; or (ee) the filing by or against Grantor of a petition seeking the liquidation or dissolution of Grantor or the commencement of any other procedure to liquidate or dissolve Grantor.

(ii) Involuntary Bankruptcy. Grantor's failure to effect a full dismissal of any involuntary petition under the Bankruptcy Code or other Debtor Relief Law that is filed against Grantor or in any way restrains or limits Grantor, or Beneficiary regarding the Loan or the Property, prior to the earlier of the entry of any order granting relief sought in the involuntary petition or forty-five (45) days after the date of filing of the petition.

(iii) Guarantors. The occurrence of an event specified in Sections (i) or (ii) as to any guarantor or other person or entity in any manner obligated to Beneficiary under the Loan Documents.

7.2 Acceleration. Upon the occurrence of an Optional Default, Beneficiary may, at its option, declare all sums owing to Beneficiary under the Note and the other Loan Documents immediately due and payable. Upon the occurrence of an Automatic Default, all sums owing to Beneficiary under the Note and the other Loan Documents shall automatically become immediately due and payable.

7.3 Rights and Remedies. In addition to the rights and remedies in Section 7.2 above, at any time after a Default, Beneficiary and Trustee shall each have all of the following rights and remedies:

(a) Entry on Property. With or without notice, and without releasing Grantor from any Secured Obligation, and without becoming a mortgagee in possession, to enter upon the Property from time to time and to do such acts and things as Beneficiary or Trustee deem necessary or desirable in order to inspect, investigate, assess and protect the security hereof or to cure any Default, including, without limitation: (i) to take and possess all documents, books, records, papers and accounts of Grantor, or the then owner of the Property which relate to the Property; (ii) to make, terminate, enforce or modify leases of the Property upon such terms and conditions as Beneficiary deems proper; (iii) to make repairs, alterations and improvements to the Property necessary, in Trustee's or Beneficiary's sole judgment, to protect or enhance the security hereof; (iv) to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee hereunder; (v) to pay, purchase, contest or compromise any encumbrance, charge, lien or claim of lien which, in the sole judgment of either Beneficiary or Trustee, is or may be senior in priority hereto, the judgment of Beneficiary or Trustee being conclusive, as between the parties hereto; (vi) to obtain insurance; (vii) to pay any premiums or charges with respect to insurance required to be carried hereunder; and/or (viii) to employ legal counsel, accountants, engineers, consultants, contractors and other appropriate persons to assist them;

(b) Appointment of Receiver. To apply to a court of competent jurisdiction for and obtain appointment of a receiver of the Property as a matter of strict right and without regard to: (i) the adequacy of the security for the repayment of the Secured Obligations; (ii) the existence of a declaration that the Secured Obligations are immediately due and payable; or (iii) the filing of a notice of default; and Grantor consents to such appointment;

(c) Judicial Foreclosure, Injunction. To commence and maintain an action or actions in any court of competent jurisdiction to foreclose this instrument as a mortgage or to obtain specific enforcement of the covenants of Grantor hereunder, and Grantor agrees that such covenants shall be specifically enforceable by injunction or any other appropriate equitable remedy and that for the purposes of any suit brought under this subparagraph, Grantor waives the defense of laches and any applicable statute of limitations;

(d) Nonjudicial Foreclosure. Pursuant to the power of sale granted herein, to execute a written notice of such Default and of the election to cause the Property to be sold to satisfy the Secured Obligations. Trustee shall give and record such notice as the law then requires as a condition precedent to a trustee's sale. When the minimum period of time required by law after such notice has elapsed, Trustee, without notice to or demand upon Grantor except as required by law, shall sell the Property at the time and place of sale fixed by it in the notice of sale, at one or several sales, either as a whole or in separate parcels and in such manner and order, all as Beneficiary in its sole discretion may determine, at public auction to the highest bidder for cash, in lawful money of the United States, payable at time of sale. Neither Grantor nor any other person or entity other than

Beneficiary shall have the right to direct the order in which the Property is sold. Subject to requirements and limits imposed by law, Trustee may, from time to time 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 may postpone the sale by public announcement at the time and place fixed by the preceding postponement. A sale of less than the whole of the Property or any defective or irregular sale made hereunder shall not exhaust the power of sale provided for herein. Trustee shall deliver to the purchaser at such sale a deed conveying the Property or portion thereof so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustee, Grantor or Beneficiary may purchase at the sale;

Upon sale of the Property at any judicial or nonjudicial foreclosure, Beneficiary may credit bid (as determined by Beneficiary in its sole and absolute discretion) all or any portion of the Secured Obligations. In determining such credit bid, Beneficiary may, but is not obligated to, take into account all or any of the following: (i) appraisals of the Property as such appraisals may be discounted or adjusted by Beneficiary in its sole and absolute underwriting discretion; (ii) expenses and costs incurred by Beneficiary with respect to the Property prior to foreclosure; (iii) expenses and costs which Beneficiary anticipates will be incurred with respect to the Property after foreclosure, but prior to resale, including, without limitation, costs of structural reports and other due diligence, costs to carry the Property prior to resale, costs of resale (e.g., commissions, attorneys' fees, and taxes), costs of deferred maintenance, repair, refurbishment and retrofit, costs of defending or settling litigation affecting the Property, and lost opportunity costs (if any), including the time value of money during any anticipated holding period by Beneficiary; (iv) declining trends in real property values generally and with respect to properties similar to the Property; (v) anticipated discounts upon resale of the Property as a distressed or foreclosed property; (vi) the fact of additional collateral (if any), for the Secured Obligations; and (vii) such other factors or matters that Beneficiary (in its sole and absolute discretion) deems appropriate. In regard to the above, Grantor acknowledges and agrees that: (viii) Beneficiary is not required to use any or all of the foregoing factors to determine the amount of its credit bid; (ix) this paragraph does not impose upon Beneficiary any additional obligations that are not imposed by law at the time the credit bid is made; (x) the amount of Beneficiary's credit bid need not have any relation to any loan-to-value ratios specified in the Loan Documents or previously discussed between Grantor and Beneficiary; and (xi) Beneficiary's credit bid may be (at Beneficiary's sole and absolute discretion) higher or lower than any appraised value of the Property;

(e) Multiple Foreclosures. To resort to and realize upon the security hereunder and any other security now or later held by Beneficiary concurrently or successively and in one or several consolidated or independent judicial actions or lawfully taken nonjudicial proceedings, or both, and to apply the proceeds received upon the Secured Obligations all in such order and manner as Trustee and Beneficiary or either of them determine in their sole discretion and in accordance with the statute then in effect;

(f) Rights to Collateral. To exercise all rights Trustee or Beneficiary may have with respect to the Collateral under this Deed of Trust, the UCC or otherwise at law; and



(g) Other Rights. To exercise such other rights as Trustee or Beneficiary may have at law or in equity or pursuant to the terms and conditions of this Deed of Trust or any of the other Loan Documents.

In connection with any sale or sales hereunder, Beneficiary may elect to treat any of the Property which consists of a right in action or which is property that can be severed from the Property (including, without limitation, any improvements forming a part thereof) without causing structural damage thereto as if the same were personal property or a fixture, as the case may be, and dispose of the same in accordance with applicable law, separate and apart from the sale of the Property. Any sale of Collateral hereunder shall be conducted in any manner permitted by the UCC.

7.4 Application of Foreclosure Sale Proceeds. If any foreclosure sale is effected, Trustee shall apply the proceeds of such sale as required by statute.

7.5 Waiver of Marshaling Rights. Grantor, for itself and for all parties claiming through or under Grantor, and for all parties who may acquire a lien on or interest in the Property, hereby waives all rights to have the Property and/or any other property, including, without limitation, the Collateral, which is now or later may be security for any Secured Obligation, marshaled upon any foreclosure of this Deed of Trust or on a foreclosure of any other security for any of the Secured Obligations.

7.6 No Cure or Waiver. Neither Beneficiary's nor Trustee's nor any receiver's entry upon and taking possession of all or any part of the Property, nor any collection of rents, issues, profits, insurance proceeds, condemnation proceeds or damages, other security or proceeds of other security, or other sums, nor the application of any collected sum to any Secured Obligation, nor the exercise of any other right or remedy by Beneficiary or Trustee or any receiver shall cure or waive any Default or notice of default under this Deed of Trust, or nullify the effect of any notice of default or sale (unless all Secured Obligations then due have been paid or performed and Grantor has cured all other Defaults hereunder), or impair the status of the security, or prejudice Beneficiary or Trustee in the exercise of any right or remedy, or be construed as an affirmation by Beneficiary of any tenancy, lease or option or a subordination of the lien of this Deed of Trust.

7.7 Payment of Costs, Expenses and Attorneys' Fees. Grantor agrees to pay to Beneficiary immediately and upon demand all costs and expenses incurred by Trustee and Beneficiary in the enforcement of the terms and conditions of this Deed of Trust (including, without limitation, statutory trustee's fees, court costs and attorneys' fees, whether incurred in litigation or not) with interest from the date of expenditure until said sums have been paid at the rate of interest applicable to the principal balance of the Note as specified therein.

7.8 Power to File Notices and Cure Defaults. Grantor hereby irrevocably appoints Beneficiary and its successors and assigns, as its attorney-in-fact, which power of attorney is coupled with an interest, to perform any obligation of Grantor hereunder upon the occurrence of an event, act or omission which, with notice or passage of time or both, would constitute a Default, provided,

however, that: (i) Beneficiary as such attorney-in-fact shall only be accountable for such funds as are actually received by Beneficiary; and (ii) Beneficiary shall not be liable to Grantor or any other person or entity for any failure to act under this Section.

7.9 Remedies Cumulative. All rights and remedies of Beneficiary and Trustee provided hereunder are cumulative and are in addition to all rights and remedies provided by applicable law (including specifically that of foreclosure of this instrument as though it were a mortgage) or in any other agreements between Grantor and Beneficiary. Beneficiary may enforce any one or more remedies or rights hereunder successively or concurrently.

## ARTICLE 8 MISCELLANEOUS PROVISIONS

8.1 Additional Provisions. The Loan Documents contain or incorporate by reference the entire agreement of the parties with respect to matters contemplated herein and supersede all prior negotiations. The Loan Documents grant further rights to Beneficiary and contain further agreements and affirmative and negative covenants by Grantor which apply to this Deed of Trust and to the Property and such further rights and agreements are incorporated herein by this reference.

8.2 Non-Waiver. By accepting payment of any amount secured hereby after its due date or late performance of any other Secured Obligation, Beneficiary shall not waive its right against any person obligated directly or indirectly hereunder or on any Secured Obligation, either to require prompt payment or performance when due of all other sums and obligations so secured or to declare default for failure to make such prompt payment or performance. No exercise of any right or remedy by Beneficiary or Trustee hereunder shall constitute a waiver of any other right or remedy herein contained or provided by law. No failure by Beneficiary or Trustee to exercise any right or remedy hereunder arising upon any Default shall be construed to prejudice Beneficiary's or Trustee's rights or remedies upon the occurrence of any other or subsequent Default. No delay by Beneficiary or Trustee in exercising any such right or remedy shall be construed to preclude Beneficiary or Trustee from the exercise thereof at any time while that Default is continuing. No notice to nor demand on Grantor shall of itself entitle Grantor to any other or further notice or demand in similar or other circumstances.

8.3 Consents and Approvals. Wherever Beneficiary's consent, approval, acceptance or satisfaction is required under any provision of this Deed of Trust or any of the other Loan Documents, such consent, approval, acceptance or satisfaction shall not be unreasonably withheld, conditioned or delayed by Beneficiary unless such provision expressly so provides.

8.4 Permitted Contests. After prior written notice to Beneficiary, Grantor may contest, by appropriate legal or other proceedings conducted in good faith and with due diligence, the amount, validity or application, in whole or in part, of any lien, levy, tax or assessment, or any lien of any laborer, mechanic, materialman, supplier or vendor, or the application to Grantor or the Property of any law or the validity thereof, the assertion or imposition of which, or the failure to pay when due, would constitute a Default; provided that (a) Grantor pursues the contest diligently, in a manner

which Beneficiary determines is not prejudicial to Beneficiary, and does not impair the lien of this Deed of Trust; (b) the Property, or any part hereof or estate or interest therein, shall not be in any danger of being sold, forfeited or lost by reason of such proceedings; (c) in the case of the contest of any law or other legal requirement, Beneficiary shall not be in any danger of any civil or criminal liability; and (d) if required by Beneficiary, Grantor deposits with Beneficiary any funds or other forms of assurance (including a bond or letter of credit) satisfactory to Beneficiary to protect Beneficiary from the consequences of the contest being unsuccessful. Grantor's right to contest pursuant to the terms of this provision shall in no way relieve Grantor of its obligations under the Loan or to make payments to Beneficiary as and when due.

8.5 Further Assurances. Grantor shall, upon demand by Beneficiary or Trustee, execute, acknowledge (if appropriate) and deliver any and all documents and instruments and do or cause to be done all further acts reasonably necessary or appropriate to effectuate the provisions hereof.

8.6 Attorneys' Fees. In the event it is necessary for Lender to retain the services of an attorney or any other party to enforce or to commence any legal action to enforce the terms of the Note, Deed of Trust, or any of the other Loan Documents, or any portion hereof or thereof, Grantor agrees to pay to Lender, in addition to damages or other relief, any and all costs and expenses, including, without limitation, expert witness fees and reasonable attorney's fees and costs incurred by Lender as a result thereof.

8.7 Grantor and Beneficiary Defined. The term "Grantor" includes both the original Grantor and any subsequent owner or owners of any of the Property, and the term "Beneficiary" includes the original Beneficiary and any future owner or holder, including assignees, pledges and participants, of the Note or any interest therein.

8.8 Disclaimers.

(a) Relationship. The relationship of Grantor and Beneficiary under this Deed of Trust and the other Loan Documents is, and shall at all times remain, solely that of borrower and lender; and Beneficiary neither undertakes nor assumes any responsibility or duty to Grantor or to any third party with respect to the Property. Notwithstanding any other provisions of this Deed of Trust and the other Loan Documents: (i) Beneficiary is not, and shall not be construed to be, a partner, joint venturer, member, alter ego, manager, controlling person or other business associate or participant of any kind of Grantor, and Beneficiary does not intend to ever assume such status; and (ii) Beneficiary shall not be deemed responsible for or a participant in any acts, omissions or decisions of Grantor.

(b) No Liability. Beneficiary shall not be directly or indirectly liable or responsible for any loss, claim, cause of action, liability, indebtedness, damage or injury of any kind or character to any person or property arising from any construction on, or occupancy or use of, the Property, whether caused by or arising from: (i) any defect in any building, structure, grading, fill, landscaping or other improvements thereon or in any on-site or off-site improvement or other facility therein or thereon; (ii) any act or omission of Grantor or any of Grantor's agents, employees,

independent contractors, licensees or invitees; (iii) any accident in or on the Property or any fire, flood or other casualty or hazard thereon; (iv) the failure of Grantor or any of Grantor's licensees, employees, invitees, agents, independent contractors or other representatives to maintain the Property in a safe condition; or (v) any nuisance made or suffered on any part of the Property.

8.9 Severability. If any term of this Deed of Trust, or the application thereof to any person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Deed of Trust, or the application of such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term of this Deed of Trust shall be valid and enforceable to the fullest extent permitted by law.

8.10 Relationship of Articles. The rights, remedies and interests of Beneficiary under the deed of trust established by Article 1 and the security agreement established by Article 4 are independent and cumulative, and there shall be no merger of any lien created by the deed of trust with any security interest created by the security agreement. Beneficiary may elect to exercise or enforce any of its rights, remedies or interests under either or both the deed of trust or the security agreement as Beneficiary may from time to time deem appropriate. The absolute assignment of rents and leases established by Article 3 is similarly independent of and separate from the deed of trust and the security agreement.

8.11 Merger. No merger shall occur as a result of Beneficiary's acquiring any other estate in, or any other lien on, the Property unless Beneficiary consents to a merger in writing.

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

8.13 Integration; Interpretation. The Loan Documents contain or expressly incorporate by reference the entire agreement of the parties with respect to the matters contemplated therein and supersede all prior negotiations or agreements, written or oral. The Loan Documents shall not be modified except by written instrument executed by all parties. Any reference in any of the Loan Documents to the Property or Collateral shall include all or any part of the Property or Collateral. Any reference to the Loan Documents includes any amendments, renewals or extensions now or hereafter approved by Beneficiary in writing. When the identity of the parties or other circumstances make it appropriate, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

8.14 Capitalized Terms. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Note. This Deed of Trust shall be deemed a "trust deed," "trust indenture," or similarly named instrument as defined, described or required pursuant to the laws of the state in which the Land is located.

8.15 Successors in Interest. The terms, covenants, and conditions herein contained shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties hereto.

The foregoing sentence shall not be construed to permit Grantor to assign the Loan except as otherwise permitted under the Note or the other Loan Documents.

8.16 Governing Law. This Deed of Trust, the Note and the other Loan Documents and the obligations arising hereunder and thereunder shall be governed by, and construed in accordance with, the laws of the State of Oregon applicable to contracts made and performed in such State and any applicable law of the United States of America. Except as provided in the immediately preceding sentence, Grantor hereby unconditionally and irrevocably waives, to the fullest extent permitted by law, any claim to assert that the law of any jurisdiction other than Oregon governs this Deed of Trust, the Note and other Loan Documents.

8.17 Consent to Jurisdiction. Grantor irrevocably submits to the Jurisdiction of: (a) any state or federal court sitting in the state of Oregon over any suit, action, or proceeding, brought by Grantor against Beneficiary, arising out of or relating to this Deed of Trust, the Note or the Loan; (b) any state or federal court sitting in the state where the Property is located or the state in which Grantor's principal place of business is located over any suit, action or proceeding, brought by Beneficiary against Grantor, arising out of or relating to this Deed of Trust, the Note or the Loan; and (c) any state court sitting in the county of the state where the Property is located over any suit, action, or proceeding, brought by Beneficiary to exercise its STATUTORY POWER OF SALE under this Deed of Trust or any action brought by Beneficiary to enforce its rights with respect to the Collateral. Grantor irrevocably waives, to the fullest extent permitted by law, any objection that Grantor may now or hereafter have to the laying of venue of any such suit, action, or proceeding brought in any such court and any claim that any such suit, action, or proceeding brought in any such court has been brought in an inconvenient forum.

8.18 Exhibit. Exhibit A is incorporated into this Deed of Trust by this reference.

8.19 Addresses; Request for Notice. All notices and other communications that are required or permitted to be given to a party under this Deed of Trust shall be in writing, refer to the Loan number, and shall be sent to such party, either by personal delivery, by overnight delivery service, by certified first-class mail, return receipt requested, or by facsimile transmission to the addressee or facsimile number below. All such notices and communications shall be effective upon receipt of such delivery or facsimile transmission. The addresses of the parties are set forth on page 1 of this Deed of Trust. Any party shall have the right to change its address for notice hereunder to any other location within the continental United States by giving thirty (30) days notice to the other parties in the manner set forth above.

8.21 Counterparts. This Deed of Trust may be executed in any number of counterparts, each of which, when executed and delivered, will be deemed an original and all of which taken together, will be deemed to be one and the same instrument.

8.22 WAIVER OF JURY TRIAL. **BENEFICIARY AND GRANTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED**

**HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS DEED OF TRUST OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OR CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF BENEFICIARY OR GRANTOR. THIS PROVISION IS A MATERIAL INDUCEMENT FOR BENEFICIARY TO ENTER INTO THIS DEED OF TRUST.**

**8.23    Statute of Frauds.    UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY LENDERS 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 LENDER TO BE ENFORCEABLE.**

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

**IN WITNESS WHEREOF**, Grantor has duly executed this Deed of Trust as of the date first written above.

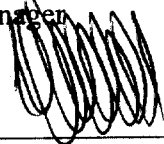
**GRANTOR:**

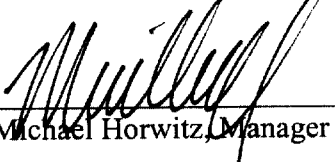
**FOUR POINT INVESTORS LLC,**  
an Oregon limited liability company

By: Western Development Partners, LLC,  
a California limited liability company  
Its Manager

By:   
\_\_\_\_\_  
Gregory J. Geertsen, Manager

By: Coldstream III, LLC,  
an Oregon limited liability company  
Its Manager

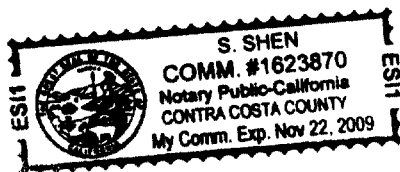
By:   
\_\_\_\_\_  
B. Scott Fuller, Manager

By:   
\_\_\_\_\_  
Michael Horwitz, Manager

STATE OF California )  
COUNTY OF Contra Costa )

On 7/14, 2006, before me, S. Shen, a  
Notary Public in and for said State, personally appeared Gregory J. Guertzen, personally known to me (or proved to  
me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the  
within instrument and acknowledged to me that he/she/they executed the same freely and voluntarily  
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

DATED this 14 day of July, 2006.

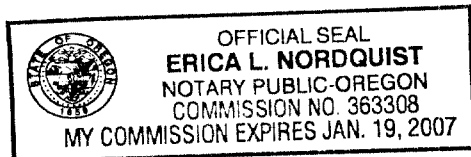


S. Shen  
Print Name: S. Shen  
NOTARY PUBLIC in and for the State of California, residing at Walnut Creek  
My commission expires: 11/22/09

STATE OF Oregon )  
COUNTY OF Clackamas )

On July 18, 2006, before me, Erica L. Nordquist, a  
Notary Public in and for said State, personally appeared B. Scott Fuller  
Manager of Coldstream III, LLC, personally known to me (or proved to  
me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the  
within instrument and acknowledged to me that he/she/they executed the same freely and voluntarily  
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

DATED this 18th day of July, 2006.



Erica L. Nordquist  
Print Name: Erica L. Nordquist  
NOTARY PUBLIC in and for the State of Oregon, residing at Tigard, OR  
My commission expires: 1/19/07

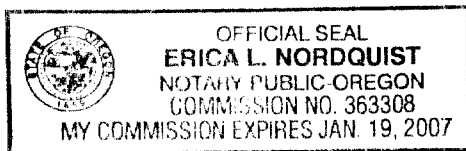


STATE OF Oregon )

COUNTY OF Clackamas )

On July 18, 2006 before me, Erica L Nordquist, a  
Notary Public in and for said State, personally appeared Michael Horwitz  
Manager of Coldstream III, LLC, personally known to me (or proved to  
me on the basis of satisfactory evidence) to be the person(s) whose name(s) (s) are subscribed to the  
within instrument and acknowledged to me that he/she/they executed the same freely and voluntarily  
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

DATED this 18 day of July, 2006.



Erica L Nordquist  
Print Name: Erica L. Nordquist  
NOTARY PUBLIC in and for the State of  
Oregon, residing at Tigard  
My commission expires: 11/19/07

Exhibit A

[Legal Description]

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

A part of Tract 36 of Enterprise Tracts, more particularly described as follows: Beginning at a point marking the intersection of the Southeasterly line of Avalon Street with the Northeasterly line of Pershing Way, which point bears South 0°00 1/2' East a distance of 542.44 feet and South 55°50 1/2' East a distance of 961.79 feet from the Northwest corner of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon; thence North 30°38 1/2' East, along the Southeasterly line of Avalon Street, a distance of 50.0 feet to a point; thence South 59°21 1/2' East at right angles to Avalon Street, a distance of 150.0 feet to a point; thence South 30°38 1/2' West, parallel with Avalon Street, a distance of 59.3 feet, more or less, to the Northeasterly line of Pershing Way; thence North 55°50 1/2' West, along the Northeasterly line of Pershing Way, a distance of 150.28 feet, more or less, to the point of beginning.

Tax Parcel Numbers: R685574 and R810974 and R810983 and R685618 and R685609  
and R685592 and R685583.