

2006-017547

Klamath County, Oregon



00002607200600175470140146

08/31/2006 09:48:37 AM

Fee: \$96.00

Recording Requested By
And When Recorded Mail To:
U.S. Bank National Association
555 SW Oak Street
PD-OR-P6TD
Portland, OR 97204

Until a Change is Requested,
All Tax Statements Should Be
Sent to the Following Address:

Merle West Medical Center, Inc.
2865 Daggett
Klamath Falls, OR 97601

121 880472

SPACE ABOVE LINE FOR
RECORDER'S USE

**AMENDED AND RESTATED
COMMERCIAL DEED OF TRUST AND FIXTURE FILING
WITH ASSIGNMENT OF LEASES AND RENTS**

The latest date on which the Secured Obligations (defined below),
which this instrument secures, mature is September 1, 2036.

THIS AMENDED AND RESTATED COMMERCIAL DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING WITH ASSIGNMENT OF LEASES AND RENTS ("Deed of Trust") is made August 31, 2006, by Merle West Medical Center, Inc., an Oregon nonprofit corporation ("Grantor"), whose address is 2865 Daggett Avenue, Klamath Falls, OR 97601; to First American Title Insurance Company of Oregon, ("Trustee"), whose address is 422 Main Street, Klamath Falls, OR 97601; for the benefit of U.S. BANK NATIONAL ASSOCIATION (formerly known as U.S. Bank N.A.) ("Beneficiary"), whose address is 555 SW Oak Street, PD-OR-P6TD, Portland, OR 97204, as Master Trustee under the Master Indenture, as hereinafter defined.

RECITALS:

WHEREAS, pursuant to a Master Trust Indenture dated as of April 1, 2002 (the "Master Indenture"), between Grantor, as Obligated Group Representative (defined in the Master Indenture), and Beneficiary, as Master Trustee (the "Master Trustee"), a First Supplemental Master Trust Indenture dated as of April 1, 2002 (the "First Supplement"), between the Grantor, as Obligated Group Representative, and the Master Trustee, and a Second Supplemental Master Trust Indenture dated as of August 1, 2006 (the "Second Supplement"), between the Grantor, as Obligated Group Representative, and the Master Trustee, the Grantor, as Obligated Group Representative, has issued its Obligation No. 1 ("Obligation No. 1"), to evidence the Obligated Group's (defined in Master Indenture) obligation to make payments sufficient to pay the principal of, premium, if any, and interest on the 2002 Bonds (as defined below), and has issued

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its Obligation No. 2 ("Obligation No. 2"), to evidence the Obligated Group's obligation to make payments sufficient to pay the principal of, premium, if any, and interest on the 2006 Bonds (as defined below); and

WHEREAS, Obligation No. 1, Obligation No. 2, and any future Obligations issued under the Master Indenture shall hereinafter be referred to as the "Secured Obligations;" and

WHEREAS, Beneficiary, as Bond Trustee and the Klamath Falls Intercommunity Hospital Authority (the "Authority") entered into that certain Bond Trust Indenture dated as of April 1, 2002 (the "2002 Bond Indenture") for the issuance of the Authority's Revenue and Refunding Bonds, Series 2002 (Merle West Medical Center Project), as further described in the 2002 Bond Indenture (the "2002 Bonds"); and

WHEREAS, the Authority and Grantor have entered into that certain Loan Agreement dated as of April 1, 2002 (the "2002 Loan Agreement"), specifying the terms and conditions of a loan by the Authority to the Grantor of the proceeds of the 2002 Bonds (the Master Indenture, the First Supplement, the 2002 Bond Indenture and the 2002 Loan Agreement, each as defined herein, are collectively referred to as "2002 Secured Instruments"); and

WHEREAS, Beneficiary, as Bond Trustee and the Authority entered into that certain Bond Trust Indenture dated as of August 1, 2006 (the "2006 Bond Indenture") for the issuance of the Authority's Revenue and Refunding Bonds, Series 2006 (Merle West Medical Center Project), as further described in the 2006 Bond Indenture (the "2006 Bonds"); and

WHEREAS, the Authority and Grantor have entered into that certain Loan Agreement dated as of August 1, 2006 (the "2006 Loan Agreement"), specifying the terms and conditions of a loan by the Authority to the Grantor of the proceeds of the 2006 Bonds (the Master Indenture, the Second Supplement, the 2006 Bond Indenture and the 2006 Loan Agreement, each as defined herein, are collectively referred to as "2006 Secured Instruments"); and

WHEREAS, the 2002 Secured Instruments, the 2006 Secured Instruments and the Secured Obligations are hereinafter collectively referred to as the "Secured Instruments"; and

WHEREAS, pursuant to the Secured Instruments and this Deed of Trust, Grantor has, among other things, granted to Beneficiary a security interest and lien upon Grantor's Real Property (as defined below) and certain other collateral as security for payment of the Secured Obligations.

ARTICLE I

1. **GRANTING CLAUSE.** Grantor irrevocably grants, bargains, sells, assigns and conveys to Trustee for the benefit of Beneficiary, and its successors and assigns in trust, with power of sale and with right of entry and possession as provided herein, all Grantor's estate, right, title, interest, claim and demand, now owned or hereafter acquired, in and to the following (the "Property"):

1.1 The real property in Klamath County, Oregon, described in **Exhibit A** attached and any and all improvements now or hereafter located thereon (the "Real Property").

1.2 All land lying in streets and roads adjoining the Real Property, and all access rights and easements pertaining to the Real Property.

1.3 All the lands, tenements, privileges, reversions, remainders, irrigation and water rights and stock, oil and gas rights, royalties, minerals and mineral rights, all development rights and credits, air rights, hereditaments and appurtenances belonging or in any way pertaining to the Real Property.

1.4 All buildings, structures, improvements, and fixtures now or hereafter attached to or used in connection with the use, occupancy or operation of the Real Property including, but not limited to, heating and incinerating apparatus, boilers, engines, motors, generating equipment, telephone and other communication systems, piping and plumbing fixtures, ranges, cooking apparatus, cooling, ventilating, sprinkling and vacuum cleaning systems, fire extinguishing apparatus, gas and electric fixtures, carpeting, underpadding, elevators, escalators, partitions, mantles, built-in mirrors, window shades, blinds, screens, storm sash, awnings, shrubbery and plants. All property mentioned in this subsection 1.4 shall be deemed part of the realty and not severable wholly or in part without material injury to the Real Property.

1.5 All rents, issues and profits of the Real Property, all existing and future leases of the Real Property (including extensions, renewals and subleases), all agreements for use and occupancy of the Real Property (all such leases and agreements whether written or oral, are hereafter referred to as the "Leases"), and all guaranties of lessees' performance under the Leases, together with the immediate and continuing right to collect and receive all of the rents, income, receipts, revenues, issues, profits and other income of any nature now or hereafter due (including any income of any nature coming due during any redemption period) under the Leases or from or arising out of the Real Property including minimum rents, additional rents, percentage rents, parking or common area maintenance contributions, tax and insurance contributions, deficiency rents, liquidated damages following default in any Lease, all proceeds payable under any policy of insurance covering loss of rents resulting from untenability caused by destruction or damage to the Real Property, all proceeds payable as a result of exercise of an option to purchase the Real Property, all proceeds derived from the termination or rejection of any Lease in a bankruptcy or other insolvency proceeding, all security deposits or other deposits for the performance of any lessee's obligations under the Leases, and all proceeds from any rights and claims of any kind which Grantor may have against any lessee under the Leases or any occupants of the Real Property (all of the above are hereafter collectively referred to as the "Rents"). This subsection (e) is subject to the right, power and authority given to the Beneficiary in the Master Indenture (as defined herein) to collect and apply the Rents.

1.6 All of Grantor's rights to further encumber said Real Property for debt and all Grantor's rights to enter into any lease agreement which would create a tenancy that is or may become subordinate in any respect to any mortgage or deed of trust other than this Deed of Trust.

2. **OBLIGATIONS SECURED.** This Deed of Trust is given for the purpose of securing the following:

2.1 Payment and performance of all of the obligations under the Secured Instruments.

2.2 The performance of all covenants and obligations in this Deed of Trust, and the payment of all sums which may become due from Grantor or advances by Beneficiary or its successor, with interest thereon as may be set forth therein, which include but are not limited to, fire and other hazard insurance and taxes upon the Real Property herein described, according to the terms of this Deed of Trust; payment by Grantor of all attorneys' fees and costs incurred by Trustee or Beneficiary in foreclosing this Deed of Trust or realizing upon any of the collateral for the obligations which this Deed of Trust secures; payment by Grantor of all attorneys' fees and costs incurred by Trustee or Beneficiary in defending the priority or validity of this Deed of Trust or the title to the Property; payment by Grantor of all sums advanced by Beneficiary to or on behalf of Grantor for the purpose of clearing encumbrances or defects from the title to the Property where Beneficiary, in good faith, believes such encumbrances to be superior to the lien of this Deed of Trust; payment by Grantor of all attorneys' fees and costs incurred by Trustee or Beneficiary in any workout negotiations, bankruptcy proceedings or any reorganization or arrangement proceeding under the Bankruptcy Act affecting Grantor or this Deed of Trust, and payment of all other sums advanced by Beneficiary to protect the Property with interest thereon at the rate set forth herein.

3. **FINANCING STATEMENT.** This Deed of Trust also constitutes a fixture filing financing statement pursuant to the Uniform Commercial Code of the State of Oregon. The Grantor is the Debtor, the Beneficiary is the Secured Party, and their respective addresses for the purpose of this fixture filing and the giving of any notice under or in connection with this Deed of Trust is as first stated above. The mailing address of the Beneficiary is as shown at the top of this Deed of Trust. This fixture financing statement covers items of property which are or are to become fixtures with respect to the Real Property hereto. This Deed of Trust may be given to secure an obligation incurred for the construction of improvements on the Property, including the acquisition of the Property, or to secure an obligation incurred to refinance an obligation incurred for the construction of improvements on the Property, including the acquisition of the Property.

ARTICLE II

4. **PERFORMANCE OF OBLIGATIONS.** Grantor shall promptly and timely pay all sums due pursuant to the terms of the Secured Instruments, in accordance with their terms.

5. **WARRANTY OF TITLE.** The Grantor warrants that at the time of the execution and delivery of this Deed of Trust, the Grantor is owner of the fee simple, free of all encumbrances other than the encumbrances described on **Exhibit B** attached hereto ("Permitted Encumbrances"), has legal title to, and is lawfully seized and possessed of, the Real Property and is the sole owner of the remainder of the Real Property. The Grantor has the right and authority to convey the Real Property, and does hereby warrant specially, and agree to preserve and defend

the Real Property and the title thereto to Beneficiary, whether now owned or hereafter acquired, against all claims of all persons whomsoever.

6. **PROHIBITED LIENS.** Except for liens permitted by the Secured Instruments and those certain Permitted Encumbrances, Grantor shall not permit any governmental or statutory liens to be filed against the Property unless approved by Beneficiary in writing.

7. **IMPAIRMENT OF PROPERTY.** Grantor shall not, without Beneficiary's prior written consent, take or permit any action which would impair the Property or Beneficiary's lien or security interest in the Property; provided, however, that any action with respect to the Property permitted under the Secured Instruments, any sublease by Grantor or the assignment, or any other action allowing Grantor to request a release or subordination of the lien and security interest created under this Deed of Trust, shall not be construed as a violation of this section or any other limits contained in this Deed of Trust.

8. **GRANTOR'S DEFENSE OF PROPERTY.** Grantor shall appear in and defend any action or proceeding which may affect the Property or the rights or powers of Beneficiary or Trustee under this Deed of Trust.

9. **BENEFICIARY'S RIGHT TO PROTECT PROPERTY.** Beneficiary may commence, appear in, and defend any action or proceeding which may affect the Property or the rights or powers of Beneficiary or Trustee under this Deed of Trust. Beneficiary may pay, purchase, contest or compromise any encumbrance, charge or lien which in its judgment appears to be prior or superior to the lien of this Deed of Trust.

10. **REPAYMENT OF BENEFICIARY'S EXPENDITURES.** Grantor shall pay within ten (10) days after written notice from Beneficiary all sums expended by Beneficiary and all costs and expenses incurred by Beneficiary in taking any actions pursuant to the Secured Instruments, including attorneys' fees, including fees incurred at trial, on appeal, or otherwise, accountants' fees, appraisal and inspection fees, and the costs for title reports. If any laws or regulations are passed subsequent to the date of this Deed of Trust which require Beneficiary to incur out-of-pocket expenses in order to maintain, modify, extend or foreclose this Deed of Trust or revise the terms of any of the Secured Instruments, Grantor shall reimburse Beneficiary for such expenses within fifteen (15) days after written notice from Beneficiary. Expenditures by Beneficiary shall bear interest from the date of such advance or expenditure at the default interest rate in the Secured Instruments, shall constitute advances made under this Deed of Trust and shall be secured by and have the same priority as the lien of this Deed of Trust. If Grantor fails to pay any such expenditures, costs and expenses and interest thereon, Beneficiary may, at its option, without foreclosing the lien of this Deed of Trust, commence an independent action against Grantor for the recovery of the expenditures.

11. **DAMAGES AND CONDEMNATION AND INSURANCE PROCEEDS.**

11.1 Grantor hereby absolutely and irrevocably assigns to Beneficiary, and authorizes the payor to pay to Beneficiary, the following claims, causes of action, awards, payments and rights to payment: (i) all awards of damages and all other compensation payable directly or indirectly because of a condemnation, proposed condemnation or taking for public or

private use which affects all or part of the Property or any interest in it; (ii) all other awards, claims and causes of action, arising out of any warranty affecting all or any part of the Property, or for damage or injury to or decrease in value of all or part of the Property or any interest in it; (iii) all proceeds of any insurance policies payable because of loss sustained to all or part of the Property; and (iv) all interest which may accrue on any of the foregoing.

11.2 Grantor shall immediately notify Beneficiary in writing if any offer is made, or any action or proceeding is commenced, which relates to any actual or proposed condemnation or taking of all or part of the Property. Beneficiary, if it so chooses, may participate in any action or proceeding relating to condemnation or taking of all or part of the Property, and may join Grantor in adjusting any loss covered by insurance.

11.3 All proceeds of these assigned claims, other property and rights which Grantor may receive or be entitled to shall be paid to Beneficiary. In each instance, Beneficiary shall apply those proceeds first toward reimbursement of all of Beneficiary's costs and expenses of recovering the proceeds, including attorneys' fees, in such manner as Beneficiary may determine.

11.4 The foregoing notwithstanding, the rights of Trustee or Beneficiary and Grantor's obligations under this section are subject to Grantor's obligations under the Secured Instruments.

ARTICLE III

12. **DEFAULT-REMEDIES.** Grantor will be in default under this Deed of Trust upon the occurrence of any Event of Default as defined in the Master Indenture.

13. **CUMULATIVE REMEDIES.** To the fullest extent allowed by law, all of Beneficiary's and Trustee's rights and remedies specified in the Secured Instruments and this Deed of Trust are cumulative, not mutually exclusive and not in substitution for any rights or remedies available at law or in equity, unless expressly limited therein. Without waiving its rights in the Property, Beneficiary may proceed against Grantor, any other party obligated to pay or perform the Secured Obligations or against any other security or guaranty for the Secured Obligations, in such order or manner as Beneficiary may elect. Except where prohibited by applicable law, the commencement of proceedings to enforce a particular remedy shall not preclude the commencement of other proceedings to enforce a different remedy.

14. **APPOINTMENT OF RECEIVER.** In the event of a default, Grantor consents to, and Beneficiary, to the fullest extent permitted by applicable law, shall be entitled, without notice, bond or regard to the adequacy of the Property, to the appointment of a receiver for the Property. The receiver shall have, in addition to all the rights and powers customarily given to and exercised by a receiver, all the rights and powers granted to Beneficiary by this Deed of Trust, provided, however, that the rights and actions of the Receiver shall not be inconsistent with or supersede the terms of the Secured Instruments. The receiver shall be entitled to receive a reasonable fee for management of the Property. If Grantor is an occupant of the Property, Beneficiary has the right to require Grantor to pay rent at fair market rates and the right to remove Grantor from Property if Grantor fails to pay rent.

15. **SALE OF PROPERTY AFTER DEFAULT.** Following a default and the foreclosure of this Deed of Trust, either judicially or non-judicially, the Property may be sold separately or as a whole, at the option of Beneficiary. In the event of a trustee's sale of the Property pursuant to the power of sale granted herein, Beneficiary hereby assigns its security interest in the Property to the Trustee. Beneficiary may also realize on the Property, in accordance with the remedies available to secured parties under the Uniform Commercial Code or at law. In the event of a trustee's sale, Grantor, and the holder of any subordinate liens or security interest with actual or constructive notice hereof, waive any equitable, statutory or other right they may have to require marshaling of assets in connection with the exercises of any of the remedies permitted by applicable law or provided herein, or to direct the order in which any of the Property will be sold in the event of any sale under this Deed of Trust or foreclosure in the inverse order of alienation.

16. **FORECLOSURE OF LESSEE'S RIGHTS-SUBORDINATION.** Beneficiary shall have the right, at its option, to foreclose this Deed of Trust subject to the rights of any lessees or sublessees of the Property. Beneficiary's failure to foreclose against any lessee shall not be asserted as a claim against Beneficiary or as a defense against any claim by Beneficiary in any action or proceeding.

ARTICLE IV

17. **INDEMNIFICATION.** If Beneficiary is made a party defendant to any litigation concerning this Deed of Trust or the Real Property or any part thereof or interest therein, or the occupancy thereof by Grantor, then Grantor shall indemnify, defend, and hold Beneficiary and its directors, officers, employees, agents, and representatives harmless from all liability, loss, cost, or damage, by reason of said litigation, including reasonable attorney's fees and expenses incurred by Beneficiary in any such litigation, in any appeal or in any bankruptcy proceeding, whether or not any such litigation is prosecuted to judgment.

18. **WAIVER.** Grantor waives any and all right to claim or recover against Beneficiary, its directors, officers, employees, agents, and representatives, for loss of or damage to Grantor, Grantor's property, or the property of others under Grantor's control from any cause insured against or required to be insured against or required to be insured against by the provisions of this Deed of Trust, except for the claims arising from Beneficiary's acts of gross negligence or willful misconduct.

ARTICLE V

19. **ADDITIONAL SECURITY DOCUMENTS.** Grantor shall within fifteen (15) days after request by Beneficiary execute and deliver any financing statement, renewal, affidavit, certificate, continuation statement, or other document Beneficiary may request in order to perfect, preserve, continue, extend, or maintain security interests or liens granted herein to Beneficiary and the priority of such security interests or liens. Grantor shall pay all costs and expenses incurred by Beneficiary in connection with the preparation, execution, recording, filing, and refiling of any such document.

20. **RECONVEYANCE AFTER PAYMENT.** Upon written request of Beneficiary stating that all obligations secured by this Deed of Trust have been paid, and no further obligations of Grantor under the Secured Instruments remain to be performed, and upon surrender of this Deed of Trust to Trustee for cancellation and retention and upon payment by Grantor of Trustee's fees, Trustee shall reconvey, without warranty, the Property then subject to the lien of this Deed of Trust. Grantor shall pay any costs, trustee's fees and recording fees incurred in so reconveying the Property.

21. **NONWAIVER OF TERMS AND CONDITIONS.** Time is of the essence with respect to performance of the obligations under the Secured Instruments and this Deed of Trust. Beneficiary's failure to require prompt enforcement of any such obligation shall not constitute a waiver of the obligation or any subsequent required performance of the obligation. No term or condition of this Deed of Trust may be waived, modified or amended except by a written agreement signed by Grantor and Beneficiary. Any waiver of any term or condition of the Trust Deed shall apply only to the time and occasion specified in the waiver and shall not constitute a waiver of the term or condition at any subsequent time or occasion.

22. **WAIVERS BY GRANTOR.** Without affecting any of Grantor's obligations, Grantor waives the following: (a) any right to require Beneficiary to proceed against any specific party liable for sums due under the Secured Instruments or to proceed against or exhaust any specific security for sums due under the Secured Obligations; (b) notice of new or additional indebtedness of Grantor for sums due under the Secured Obligations to Beneficiary; and (c) any defense arising out of the absence, impairment, or loss of any or all rights of recourse, reimbursement, contribution or subrogation or any other rights or remedies of Beneficiary against any Grantor or any other party liable for sums due under the Secured Obligations or any Property.

23. **NOTICES.** Any notice given by Grantor, Trustee or Beneficiary shall be in writing and shall be effective (i) on personal delivery to the party receiving the notice or (ii) on the third day after deposit in the United States mail, postage prepaid with return receipt requested, addressed to the party at the address set forth above (or such other address as a party may specify by written notice given pursuant to this paragraph), or with respect to the Grantor, to the address at which Beneficiary customarily or last communicated with Grantor.

24. **MODIFICATION.** This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought.

25. **INVALIDITY OF TERMS AND CONDITIONS.** If any term or condition of this Deed of Trust is found to be invalid, the invalidity shall not affect any other term or condition of the Deed of Trust and the Deed of Trust shall be construed as if not containing the invalid term or condition.

26. **RULES OF CONSTRUCTION.** This Deed of Trust shall be construed so that, whenever applicable, the use of the singular shall include the plural, the use of the plural shall include the singular, and the use of any gender shall be applicable to all genders and shall include corporations, partnerships, limited partnerships, limited liability companies and other forms of

entities. This Deed of Trust inures to the benefit of, and binds all parties named herein and their successors and assigns. The headings to the various sections have been inserted for convenience of reference only and shall not be used to construe this Deed of Trust.

27. **APPLICABLE LAW.** This Deed of Trust shall be governed by and construed in accordance with the laws of the State of Oregon.

28. **STATUTORY NOTICE.** UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY BENEFICIARY AFTER OCTOBER 3, 1989, CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE GRANTOR'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY BENEFICIARY TO BE ENFORCEABLE.

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

WARNING

UNLESS YOU PROVIDE US WITH EVIDENCE OF THE INSURANCE COVERAGE AS REQUIRED BY OUR CONTRACT OR LOAN AGREEMENT WE MAY PURCHASE INSURANCE AT YOUR EXPENSE TO PROTECT OUR INTEREST. THIS INSURANCE MAY, BUT NEED NOT, ALSO PROTECT YOUR INTEREST. IF THE PROPERTY BECOMES DAMAGED, THE COVERAGE WE PURCHASE MAY NOT PAY ANY CLAIM YOU MAKE OR ANY CLAIM MADE AGAINST YOU. YOU MAY LATER CANCEL THIS COVERAGE BY PROVIDING EVIDENCE THAT YOU HAVE OBTAINED PROPERTY COVERAGE ELSEWHERE.

YOU ARE RESPONSIBLE FOR THE COST OF ANY INSURANCE PURCHASED BY US. THE COST OF THIS INSURANCE MAY BE ADDED TO YOUR CONTRACT OR LOAN BALANCE. IF THE COST IS ADDED TO YOUR CONTRACT OR LOAN BALANCE, THE INTEREST RATE ON THE UNDERLYING CONTRACT OR LOAN WILL APPLY TO THIS ADDED AMOUNT. THE EFFECTIVE DATE OF COVERAGE MAY BE THE DATE YOUR PRIOR COVERAGE LAPSED OR THE DATE YOU FAILED TO PROVIDE PROOF OF COVERAGE.

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

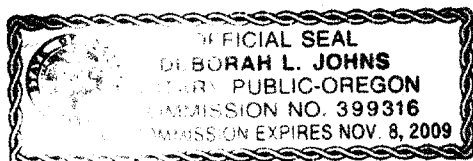
GRANTOR:

Merle West Medical Center, Inc., an
Oregon nonprofit corporation

By: 

STATE OF OREGON)
) ss.
County of Klamath)

On this 29th day of AUGUST, 2006, before me appeared PAUL STEWART to me personally known, who being duly sworn did say that he is the PRESIDENT of Merle West Medical Center, Inc., and that the foregoing instrument was signed on behalf of said organization by authority of its Board of Directors, and acknowledged that said instrument is the free act and deed of said organization.



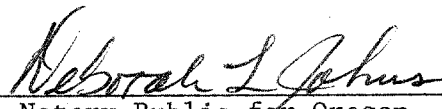

Notary Public for Oregon
My Commission Expires: 8 Nov 2009

Exhibit "A"

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

A parcel of land situate in the SW ¼ NE ¼ of Section 20, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:
Beginning at an iron pin marking the Northeast corner of said SW ¼ NE ¼ of Section 20, Township 38 South, Range 9 East of the Willamette Meridian; thence S. 0°46' W. along the East line of said SW ¼ NE ¼ a distance of 100.00 feet to a point; thence N. 89°21' W. a distance of 420.87 feet to a point; thence S. 20°39'40" W. a distance of 504.11 feet to a point on the Northerly line of Foothill Boulevard in the plat of McLoughlin Heights Subdivision; thence Westerly along said Northerly line to its intersection with the Northeasterly line of Daggett Avenue as shown on the plat of Re-subdivision of a portion of McLoughlin Heights; thence Northwesterly along the Northeasterly line of Daggett Avenue to an iron pin on the West line of said SW ¼ NE ¼; thence N. 0°51' E. along said West line a distance of 381.24 feet, more or less, to the Northwest corner of said SW ¼ NE ¼ thence S. 8°21' E. along the North line of said SW ¼ NE ¼ a distance of 1318.1 feet, more or less, to the point of beginning. Together with that portion of vacated Bryant Williams Dr. which inures to.

Lots 1 through 7 and Lots 16 through 22 in Block 6 of vacated McLoughlin Heights, according to the official plat thereof on file in the records of Klamath County, Oregon. Together with that portion of vacated Bryant Williams Dr. which inures to.

A parcel of land situate in the SE ¼ NW ¼ of Section 20, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a Brass cap monument marking the Northeast corner of said SE ¼ NW ¼ of Section 20, which monument also marks the Northwest corner of McLoughlin Heights Subdivision, thence N. 89°10' W. along the North line of said SE ¼ NW ¼ a distance of 182.58 feet to a point on the Easterly line of Campus Drive; thence S. 2°38' W. along the Easterly line of Campus Drive to its intersection with the Northerly line of Daggett Avenue; thence East along the Northerly line of Daggett Avenue a distance of 191.34 feet, more or less, to the East line of said SE ¼ NW ¼; thence N. 0°51' E., along said East line a distance of 381.24 feet, more or less, to the point of beginning.

Tax Parcel Number: R751822 and R752073 and R751840 and R888418 and R751797

Exhibit "B"

1. Taxes for the fiscal year 2006-2007 a lien due, but not yet payable.
2. Easement, including terms and provisions contained therein:
Recording Information: November 22, 1976 in Volume M76 page 18545, deed records of Klamath County, Oregon
In Favor of: Pacific Power & Light Company
For: Powerline
3. Easement, including terms and provisions contained therein:
Recording Information: November 22, 1976 in Volume M76 page 18547, deed records of Klamath County, Oregon
In Favor of: Pacific Power & Light Company
For: Powerline
4. Easement, including terms and provisions contained therein:
Recording Information: February 2, 1978 in Volume M78 page 2049, deed records of Klamath County, Oregon
In Favor of: Pacific Power & Light Company
For: Powerline
5. Easement, including terms and provisions contained therein:
Recording Information: February 2, 1978 in Volume M78 page 2051, deed records of Klamath County, Oregon
In Favor of: Pacific Power & Light Company
For: Powerline
6. Declaration, including the terms and conditions thereof:
Between: Presbyterian Intercommunity Hospital, Inc.
And: City of Klamath Falls
Recording Information: June 16, 1978 in Volume M78 page 12838, deed records of Klamath County, Oregon
7. Encroachment Permit Agreement and the terms and conditions thereof:
Between: City of Klamath Falls, Oregon
And: Merle West Medical Center
Recording Information: April 24, 1985 in Volume M85 page 5907, deed records of Klamath County, Oregon
8. Easement, including terms and provisions contained therein:
Recording Information: January 31, 1986 in Volume M86 page 1888, and re-recorded April 28, 1987 in Volume M87 page 7112, deed records of Klamath County, Oregon
In Favor of: Pacific Power & Light Company
For: Underground Power

9. Easement, including terms and provisions contained therein:
Recording Information: March 1, 1990 in Volume M90 page 3947, deed records of Klamath County, Oregon
In Favor of: Pacific Power & Light Company
For: Underground Power
10. Easement, including terms and provisions contained therein:
Recording Information: October 14, 1993 in Volume M93 page 26906, deed records of Klamath County, Oregon
In Favor of: PacifiCorp
For: Underground Power
11. Easement, including terms and provisions contained therein:
Recording Information: September 29, 1994 in Volume M94 page 30569, deed records of Klamath County, Oregon
In Favor of: PacifiCorp
For: Power
12. Easement, including terms and provisions contained therein:
Recording Information: December 19, 1994 in Volume M94 page 38135, deed records of Klamath County, Oregon
In Favor of: PacifiCorp
For: Underground right of way
13. Easement, including terms and provisions contained therein:
Recording Information: January 6, 1995 in Volume M95 page 402, deed records of Klamath County, Oregon
In Favor of: US West Communications, Inc.
For: Telephone Lines
14. Reciprocal Access Easement Agreement and the terms and conditions thereof:
Between: Merle West Medical Center, Inc., Crystal Terrace Retirement Community, LLC, CT Acres, LLC
And: Plum Ridge Care Community LLC, and Klamath Falls Intercommunity Hospital Authority
Recording Information: June 8, 2001 in Volume M01 page 27242, records of Klamath County, Oregon
For Access
15. Geothermal & Water Supply Lines and Equipment Easement, including terms and provisions contained therein:
Recording Information: June 8, 2001 in Volume M01 page 27309, records of Klamath County, Oregon
In Favor of: Merle West Medical Center, Inc., Crystal Terrace Retirement Community LLC, Plum Ridge Care Community, LLC, and Klamath Falls Intercommunity Hospital Authority
For: Water Lines

16. Agreement for Communication Lines & Equipment, including the terms and conditions thereof:
Between: Merle West Medical Center, Inc.
And: Klamath Falls Intercommunity Hospital Authority
Recording Information: Communication Line
17. Easement, including terms and provisions contained therein:
Recording Information: June 8, 2001 in Volume M01 page 27333, records of Klamath County, Oregon
In Favor of: Merle West Medical Center, Inc., Plum Ridge Care Community, LLC, and Klamath Falls Intercommunity Hospital Authority
For: Walkway
18. Commercial Deed of Trust and fixture filing with assignment of leases and rents the terms and conditions thereof.
Grantor/Trustor: Merle West Medical Center, Inc.
Grantee/Beneficiary: U.S. Bank, N.A.
Trustee: First American Title Insurance Company of Oregon
Amount: \$none shown
Recorded: April 5, 2002
Recording Information: Volume M02 page 20178, records of Klamath County, Oregon
19. Easement, including terms and provisions contained therein:
Recording Information: March 9, 2005 in Volume M05 page 15792, records of Klamath County, Oregon
In Favor of: City of Klamath Falls
For: Sanitary Sewer Line Easement
20. Claim of Construction Lien
Recorded: December 13, 2005
Recording No.: M05-70997, records of Klamath County, Oregon
Records of: Klamath County, Oregon
Lien Claimant: Portland Rebar, Inc.
Amount: \$117,843.64
21. Taxes, including the current fiscal year, not assessed because of a Non-Profit Exemption. If the exempt status is terminated an additional tax may be levied. Account No. R751822, R752073, R751840, R751797.
22. Unrecorded leases or periodic tenancies, if any.
23. The following pertain to Lender's Extended Coverage only:
a. Parties in possession, or claiming to be in possession, other than the vestees shown herein.
b. Statutory liens for labor and/or materials, including liens for contributions due to the State of Oregon for employment compensation and for workman's compensation, or any rights thereto, where no notice of such liens or rights appears of record.

- END OF EXCEPTIONS -