2006-021614
Klamath County, Oregon

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Return Address:
NWFCS-Salem
P.O. Box 13309
Salem, OR 97309-9831

Sierra-Cascade Nursery, Inc.
Customer/Note No. 38433-244

DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING
(Closed End)

THIS DEED OF TRUST IS ALSO INTENDED TO BE A SECURITY AGREEMENT AND A FIXTURE FILING.

This Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing ("Deed of Trust"), dated as of October 3, 2006, is executed by **SIERRA-CASCADE NURSERY, INC.,** a California corporation ("Trustor"), as grantor, whose address is 472-715 Johnson Rd., Susanville, CA 96130, in favor of **AMERITITLE,** whose address is 300 Klamath Avenue, Klamath Falls, OR 97601 ("Trustee"), as trustee, for the benefit of **NORTHWEST FARM CREDIT SERVICES, PCA,** a corporation organized and existing under the laws of the United States ("Beneficiary"), as beneficiary, whose address is 1700 South Assembly Street, Spokane, WA 99224-2121, P. O. Box 2515, Spokane, WA 99220-2515. Each capitalized term used and not otherwise defined in this Deed of Trust shall have the meaning given such term in the Master Loan Agreement (the "Agreement") executed by Trustor (as defined below) and Beneficiary dated December 23, 2004. "Loan Documents" as used herein means all documents and instruments signed in connection with the Loans (as defined herein) and other Loans made by Beneficiary to Grantor or an affiliate of Grantor and any extensions, renewals, amendments, substitutions and replacements thereto.

Pursuant to the terms and conditions of the Agreement, Trustor has agreed to grant this Deed of Trust in favor of Beneficiary to provide security for Trustor's obligations under the Notes described herein, the Agreement and the related Loan Documents and any and all other documents entered into pursuant thereto.

ARTICLE 1
GRANT OF SECURITY

1.1 Grant of Security. Trustor, in consideration of the indebtedness secured by this Deed of Trust, irrevocably bargains, sells, grants, mortgages, transfers, conveys, assigns and warrants to Trustee, IN TRUST, WITH POWER OF SALE, AND RIGHT OF ENTRY AND POSSESSION for the benefit and security of Beneficiary, all Trustor's existing and future rights, titles, interests, estates, powers and privileges in or to the following (collectively the "Property"):

a. That certain real property located in Klamath County, State of Oregon, more particularly described on Exhibit A attached hereto and incorporated herein.

b. The real property described on Exhibit A is hereinafter described as the "Land";

c. All buildings, wells and other improvements now or hereafter located on the Land, including, but not limited to, the Fixtures (as defined below), and all other equipment, machinery, appliances and other articles attached to such buildings and other improvements (collectively the "Improvements");

d. All fixtures (including without limitation, goods that are or become so related to the Land or Improvements that an interest in them arises under the real estate law) and any additions or replacements (collectively the "Fixtures") now or hereafter located on, attached to, installed in or used in connection with the Land and the Improvements;

e. All personal property, appliances, equipment and goods now or hereafter owned or possessed by Debtor located upon, in, or about or used in connection with said Land or Improvements, including the maintenance thereof, together with all increases, substitutes, replacements, proceeds and products thereof and additions and accessions thereto;

f. All rights, rights-of-way, easements, licenses, profits, claims, demands, privileges, grazing privileges, tenements, hereditaments and appurtenances now owned or hereafter acquired by Trustor and used in connection with the Land and the Improvements or as a means of access to either or both, including without limitation, all rights over the property of third persons which are related thereto, and all unaccrued trespass and surface damage claims appurtenant thereto, and all written operations plans and all permits and approvals related to the Land and Improvements;

g. All of Trustor's right, title and interest in and to any land within any right-of-way of any open or proposed street adjoining the Land, and any and all sidewalks, alleys, strips and gores of land adjacent to or used in connection with the Land and Improvements;

h. All of Trustor's existing and future rights in (including without limitation, royalty and leasehold rights) oil, gas and other mineral rights in or relating to the Land;

i. All waters, water courses, water rights and riparian rights (including without limitation, shares of stock evidencing the same) in or relating to the Land;

j. All existing and future leases and subleases relating to the Land and Improvements or any interest in them, including without limitation, all deposits, advance rentals and other similar payments, but not including the Rents, as defined and separately assigned in Article 5;

k. All options to purchase, exchange or lease the Property or any interest in them (and any greater estate in the Property and acquired by exercise of such options);

l. All Trustor's other existing or future estates, homestead or other claims or demands, both in law and in equity in the Land and Improvements, including without limitation, (i) all awards made for the partial or complete taking by eminent domain, or by any proceeding or purchase in lieu of eminent domain, of the Property, and (ii) all proceeds, including general intangibles and payment intangibles, of any insurance covering the Property; and

m. All cash or non-cash proceeds of the sale, lease, license, exchange or other disposition of the Property or general intangibles, including payment intangibles, arising therefrom. Proceeds include all subsidy payments, in cash or in kind, which may be made to Trustor by any person, entity or governmental agency, including but not limited to, payments and entitlements from state and federal farm programs, as well as any type of Property insurance; and any rights arising out of Property, collections and distributions on Property.

1.2 Grant of Security Interest in Collateral: Fixture Filing. As further security for the payment, performance and observance of the Secured Obligations, Trustor, as debtor, hereby grants to Beneficiary, as secured party, a secured interest in all of Trustor's existing and future right, title and interest in, to and under the following (collectively the "Collateral"): all (a) Fixtures; (b) furniture, furnishings, equipment, machinery, materials and other personal property now or hereafter situated in or upon the Land and Improvements and used in the operation of the Property; (c) contracts and policies of insurance and proceeds thereof which may insure all or any portion of the Land, Fixtures, Improvements or Collateral against casualties and theft; (d) condemnation proceeds for all or any portion of the Land, any Fixtures, the Improvements or Collateral; and (e) cash or non-cash proceeds of the Collateral (including but not limited to, general intangibles, including payment intangibles, and all proceeds which constitute property of the types described in clauses (a) through (e) of this Paragraph) and all right of Trustor to receive proceeds of any insurance, indemnity, warranty or guaranty payable by reason of loss of or damage to any of the Collateral. This Deed of Trust constitutes a security agreement for all purposes under the Uniform Commercial Code in effect in the State where the Collateral described herein is located. This Deed of Trust shall be effective from the date of its recording as a financing statement filed as a fixture filing with respect to all portions of the Collateral which are, or are to become, Fixtures. In addition to all other rights and remedies provided for in this Deed of Trust, Beneficiary shall have all of the rights and remedies of a secured party under

the Uniform Commercial Code in effect in the states where the Collateral is located. Trustor agrees that at least 10-days' notice to Trustor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification with respect to the Collateral. If Beneficiary shall so require, Trustor upon the occurrence of an Event of Default, will make the Collateral (excluding Fixtures) available to Beneficiary at a place designated by Beneficiary which is reasonably convenient to both Trustor and Beneficiary, Trustor shall execute such instruments and documents as Beneficiary reasonably may require from time to time to further evidence, implement or perfect any of Beneficiary's rights, remedies and security interests.

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

Name of Trustor, as Debtor:	Sierra-Cascade Nursery, Inc. Attn: C. Robert Akeson, CFO
Address of Trustor:	472-715 Johnson Rd. Susanville, CA 96130
Name of Beneficiary, as Secured Party:	Northwest Farm Credit Services, PCA Attn: Kristy Searles, Vice President
Address of Beneficiary:	650 Hawthorne Avenue SE, Suite 210 P.O. Box 13309 Salem, OR 97309-9831

ARTICLE 2
REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties. Trustor represents and warrants to Beneficiary as follows:

a. Trustor hereby authorizes Beneficiary to file, at anytime, one or more financing statements and any amendments and continuations thereof, describing any personal property or fixtures described herein, without further signature of Grantor. Trustor hereby represents and warrants that Trustor's State of formation is the State of Oregon, and Trustor's exact legal name is as set forth herein.

b. Trustor is the sole legal and equitable owner of the Property;

c. Without thereby limiting the generality of the foregoing, and except as otherwise previously disclosed to Beneficiary regarding the interests of Driscoll Strawberry Associates, Inc., Trustor has not assigned or granted any harvest or access rights or interests, or sold or leased any part of the Land or the Improvements, if any, to any other person (individual, organization or governmental unit);

d. There are no claims, liens, encumbrances (including judgments, levies and the like), or security interest ("Liens") covering the Property or any part or item thereof except easements and reservations of record which are listed on the title policy delivered by Trustor;

e. To the best of Trustor's knowledge, and other than have been disclosed to Beneficiary, there are no federal, state or local laws, regulations, rules or standards ("Laws"), or permits, orders, injunctions, citations, notices of civil penalty, restraining orders, judgments or the like issued by any governmental unit ("orders") which are now in effect and which would restrict any material use of the Property;

f. Trustor has taken all actions necessary and has been duly authorized under its governing articles of incorporation and or bylaws to execute, acknowledge, deliver and perform the Secured Obligations;

g. This Deed of Trust has been executed, acknowledged and delivered on behalf of Grantor by partners, members, representatives or officers, as applicable, of Trustor duly authorized to perform such acts;

h. This Deed of Trust is the legally valid and binding contract of Trustor, and is enforceable against Trustor in accordance with its terms except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting the rights and remedies of creditors generally and by general principals of equity, whether applied by a court of law or equity; and

i. To the best of Trustor's knowledge, neither the execution of this Deed of Trust nor the payment and performance of the Secured Obligations will materially violate any Laws or orders affecting Trustor or its Property or constitute a breach or Event of Default by Trustor under any agreement, contract, loan indenture, lease, instrument or like document ("Contract") to which Trustor is a party or its Property is bound.

The foregoing representations and warranties will survive and not be merged or otherwise eliminated by any conveyance, voluntarily or through foreclosure, of the Property to Beneficiary or its nominee. Trustor hereby agrees to indemnify, defend and hold harmless Beneficiary from and against any and all claims, loss, liability, damages, liens, penalties, costs and expenses of any nature or kind whatsoever arising from or related to any misstatement of any material fact in the foregoing representations and warranties or the omission therein to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading.

ARTICLE 3
SECURED OBLIGATIONS

3.1 Secured Obligations. This Deed of Trust, and the lien it creates, is made for the purpose of securing the following obligations (collectively the "Secured Obligations"):

a. The full and punctual payment of the indebtedness evidenced by that certain Note in favor of Beneficiary executed by Trustor (referenced as "Loan No. 38433-244," the "244 Note" or "Note") dated on or around even date, the final payment of which is due no later than October 1, 2011, made by Sierra-Cascade Nursery, Inc. ("Borrower") to the order of Beneficiary in the principal amount of Nine Hundred Thousand and No/100's Dollars ($900,000.00), with interest thereon at the rates therein provided which interest rate and payment terms may be adjusted as provided in the Note and Loan Documents, together with any and all renewals, modifications, consolidations and extensions of the indebtedness evidenced by the Note, as well as any Prepayment Fees or penalties provided for in the Note;

b. The full and punctual payment of the indebtedness evidenced by that certain Note in favor of Beneficiary executed by Trustor (referenced as "Loan No. 38433-243," the "243 Note" or "Note") dated August 30, 2005, the final payment of which is due no later than October 1, 2010, made by Sierra-Cascade Nursery, Inc. ("Borrower") to the order of Beneficiary in the principal amount of Eight Hundred Thousand and No/100's Dollars ($800,000.00), with interest thereon at the rates therein provided which interest rate and payment terms may be adjusted as provided in the Note and Loan Documents, together with any and all renewals, modifications, consolidations and extensions of the indebtedness evidenced by the Note, as well as any Prepayment Fees or penalties provided for in the Note;

c. The full and punctual payment of the indebtedness evidenced by that certain Note in favor of Beneficiary executed by Trustor (referenced as "Loan No. 38433-242," the "242 Note" or "Note") dated December 23, 2004, the final payment of which is due no later than January 1, 2010, made by Sierra-Cascade Nursery, Inc. ("Borrower") to the order of Beneficiary in the principal amount of One Million Four Hundred Thousand and No/100's Dollars ($1,400,000.00), with interest thereon at the rates therein provided which interest rate and payment terms may be adjusted as provided in the Note and Loan Documents, together with any and all renewals, modifications, consolidations and extensions of the indebtedness evidenced by the Note, as well as any Prepayment Fees or penalties provided for in the Note;

d. Collectively Loan Nos. 38433-242, 38433-243 and 38433-244 are referenced as the "Loans."

e. Payment and performance of Trustor's obligations under the Notes and Agreement and under any and all other present and future agreements executed by Trustor and relating to the Notes;

f. Payment and performance of Borrower's and Trustor's obligations under the Environmental Indemnity Agreement executed by Trustor with respect to the Property on or about even date herewith;

g. Payment of such additional sums with interest thereon as may be due to Trustee or Beneficiary under any provisions of this Deed of Trust;

h. Payment of all indebtedness and performance of all other obligations which the then record owner of the Property may agree to pay and perform for the benefit of Beneficiary (including future advances to Trustor), and which are contained in a document which recites that it is secured by this Deed of Trust;

i. Payment by Trustor of all amounts advanced by (or on behalf of) Beneficiary or Trustee to improve, protect or preserve the Property or the security of this Deed of Trust, with interest on such amounts as provided in this Deed of Trust;

j. Payment and performance of all amendments, modifications, extensions, renewals and replacements of any of the foregoing, including without limitation, (i) amendments or modifications of the required principal or interest payment dates accelerating or deferring any such payment dates, or (ii) amendments, modifications, extensions or renewals at a different rate of interest, whether or not evidenced by a new or additional notes or other document; and

k. Payment of charges as allowed by law, when such charges are made for any Beneficiary statement or other statement regarding the Secured Obligations.

3.2 Notice. Notice is hereby given that the interest rate, payment terms or balance due on the Notes(s) may be indexed, adjusted, renewed or renegotiated.

ARTICLE 4
COVENANTS

4.1 Payment of Secured Obligations. Trustor and Borrower shall pay the Secured Obligations when due.

4.2 Maintenance, Repair, Alterations.

4.2.1 Maintenance, Repair, and Alterations: Affirmative Covenants. Trustor shall:

a. Keep the Property in good condition and repair;

b. Complete promptly and in a good and workmanlike manner, any Improvement which may be constructed on the Land, and promptly restore in like manner any Improvement which may be damaged or destroyed, and pay when due all claims for labor performed and materials furnished for such construction or restoration;

c. Comply with all statutes, laws, ordinances, regulations, orders, rulings, rules, consents, permits, licenses, conditions of approval and authorizations of any court or governmental or regulatory body having jurisdiction over Trustor, the property or Improvements ("Laws and Ordinances");

d. Comply with any condominium or other plan, declaration of covenants, conditions and restrictions, reciprocal easement agreements to which the Property is subject ("CC&Rs"), any owners' association articles and bylaws affecting the Property, and such exceptions to title acceptable to Beneficiary ("Permitted Exceptions");

e. Keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas in good, neat order and repair;

f. Comply with the provisions of any leases constituting part of the Property;

g. Obtain and maintain in full force and effect all permits necessary for the use, occupancy and operation of the Property; and

h. Do any and all other acts, except as otherwise prohibited or restricted by the Loan Documents, which may be reasonably necessary to protect or preserve the value of the Property and the rights of Trustee and Beneficiary in it.

4.2.2 Maintenance, Repair and Alterations: Negative Covenants. Trustor shall not, except upon the prior written consent of Beneficiary, which shall not be unreasonably withheld or delayed:

a. Remove, demolish or materially alter any of the Improvements, other than to make non-structural repairs in the ordinary course of business which preserve or increase the value of the Property;

b. Commit, suffer or permit any act to be done in, upon or to any part of the Property in violation of any Laws and ordinances, CC&Rs, or Permitted Exceptions now or hereafter affecting the Property;

c. Commit or permit any waste or deterioration of the Property;

d. Take (or fail to take) any action, which would increase the risk of fire or other hazard occurring to or affecting the Property or which otherwise would impair the security of Beneficiary in the Property;

e. Abandon all or any part of the Property or leave the Property unprotected, unguarded, vacant or deserted; or

f. Initiate, join in or consent to any change in any zoning ordinance, general plan, specific plan, private restrictive covenant or other public or private restriction limiting the uses which may be made of the Property or Improvements by Trustor without the prior written consent of Trustee.

4.3 Insurance.

4.3.1 Policies Required. Trustor shall at all times maintain in full force and effect, at Trustor's sole cost and expense, with insurers reasonably satisfactory to Beneficiary, the following policies if required by Lender in its reasonable discretion, policies of insurance in form, substance and amounts reasonably satisfactory to Beneficiary:

a. Public liability insurance in amounts reasonably required by Beneficiary from time to time;

b. Course of construction, fire and hazard "all risk" insurance covering 100 percent of the replacement cost of the Improvements and the Fixtures located on the Land in the event of (i) fire, lightening, windstorm, earthquake, vandalism or malicious mischief, (ii) all other risks normally covered by "all risk" coverage policies in the area where the Property is located, and (iii) loss by flood if the Property is in an area designated as subject to the danger of flood;

c. Worker's compensation insurance and any other insurance required by law in connection with the Property;

d. Property damage insurance in amounts reasonably required by Beneficiary from time to time;

e. All rental loss insurance and business interruption insurance that Beneficiary reasonably requires (including insurance against income loss during a period of restoration); and

f. All other insurance reasonably required by Beneficiary from time to time.

No less than 30 days prior to the expiration of each policy, Trustor shall deliver to Beneficiary evidence reasonably satisfactory to Beneficiary of renewal or replacement of such policy.

4.3.2 Required Policy Provisions. Each policy of insurance required under this Agreement shall:

a. Provide that it shall not be cancelled or materially changed without at least 30-days' prior written notice to Beneficiary;

b. Be primary insurance without right of contribution;

c. (For casualty insurance) include a "Lender's Loss Payable Endorsement" in form and substance satisfactory to Beneficiary, showing Beneficiary as "Lender," or (for liability insurance) shall name Beneficiary as an additional insured;

d. Include only deductible amounts to which Beneficiary has previously consented in writing;

e. Contain an agreed value clause sufficient to eliminate any risk of coinsurance, if it is insured against damage to the Improvements;

f. Be in form, substance, amount and issued by companies (which must be rated Class A V11 or better by Best's Insurance Reports) reasonably approved by Beneficiary; and

g. Meet such other requirements as Beneficiary requires.

4.3.3 Claims. Trustor shall give Beneficiary immediate notice of any casualty to any portion of the Property in excess of $25,000.00, whether or not covered by insurance. If covered, Trustor authorizes Beneficiary, if Beneficiary so elects, to make proof of loss, and to commence, to appear in, defend and prosecute any claim or action arising from any applicable policy and to settle, adjust or compromise any claim under any such policy. Trustor irrevocably appoints Beneficiary its true and lawful attorney-in-fact for all such purposes. Neither Beneficiary nor Trustor shall settle, adjust or compromise any such claim without the prior written approval of the other, which approval shall not be unreasonably withheld or delayed.

4.3.4 Delivery of Proceeds to Beneficiary. If, regardless of any "Lender's Loss Payable Endorsement" requirement set forth above, the proceeds of any casualty insurance policy described above are paid to Trustor, Trustor shall deliver such proceeds to Beneficiary immediately upon receipt.

4.3.5 Application of Casualty Insurance Proceeds. Any proceeds collected (the "Proceeds") under any casualty insurance policy described in this Deed of Trust shall be applied as provided below:

Trustor shall deliver the Proceeds to Beneficiary, and Beneficiary shall hold the Proceeds in an account to be used for repair or reconstruction of the Improvements, subject to the conditions set forth below and Beneficiary's customary disbursement procedures. However, if (a) the Beneficiary's security has been impaired, or (b) if there is an uncured Event of Default, regardless of whether Beneficiary's security has been impaired, then Beneficiary, in its sole discretion, can apply the Proceeds against the Secured Obligations. If Beneficiary elects to have the funds used for repair or reconstruction, Beneficiary will not be obligated to make any disbursements of such proceeds until all of the following conditions are satisfied, as determined by Beneficiary in its sole reasonable discretion:

a. Within 60 days of such damage, destruction or taking, Trustor presents to Beneficiary a restoration plan satisfactory to Beneficiary in its reasonable discretion which includes cost estimates and schedules; and

b. Within 3 months of such damage, destruction or taking, Trustor and a contractor satisfactory to Beneficiary enter into a fixed price or guaranteed maximum price contract satisfactory to Beneficiary in its reasonable discretion, providing for complete restoration in accordance with such restoration plan; and

c. To the extent the proceeds are insufficient to accomplish the restoration, Trustor shall deliver to Beneficiary funds in the amount of such shortfall, which funds shall be assigned to Beneficiary as security for Trustor's obligations under this Deed of Trust and held and disbursed in the same manner as the proceeds; and

d. The (i) Proceeds (exclusive of rental loss insurance proceeds) for such damage or destruction, that are received by Beneficiary, plus (ii) additional funds provided to Beneficiary by Trustor for restoration purposes, are at least equal to such fixed price or guaranteed maximum price.

If Trustor complies with this Paragraph, Beneficiary shall disburse to such contractor(s), on Trustor's request, in accordance with the restoration contract and Beneficiary's customary disbursement procedures. Nothing herein shall be deemed to excuse in any manner Trustor's obligation to make any payments with respect to the Secured Obligations when due under any Loan Document.

4.3.6 Assignment of Policies. If this Deed of Trust is foreclosed or other transfer of title or assignment of the Property is made in satisfaction of all or part of the Secured Obligations, then all right, title and interest of Trustor in and to all policies of insurance required by Section 4.3.1 above and all unearned premiums paid on them shall, without further act, pass to the purchaser or grantee of the Property.

4.3.7 Waiver of Subrogation. Trustor waives all right to recover against Beneficiary (or any officer, employee, agent or representative of Beneficiary) for any loss incurred by Trustor from any cause insured against or required by any Loan Document to be insured against, provided however, that this waiver of subrogation shall not apply to any insurance policy if such policy's coverage would be materially reduced or impaired as a result. Trustor shall obtain only policies which permit this waiver of subrogation.

4.4 Condemnation and Other Awards. Upon learning of the actual or threatened condemnation or other taking for public or quasi-public use of all or any part of the Property, Trustor shall immediately notify Beneficiary and Trustee. Trustor shall take all actions reasonably required by Beneficiary or Trustee in connection with such condemnation or other taking to defend and protect the interests of Trustor, Beneficiary and/or Trustee in the Property.

At Beneficiary's option, Beneficiary or Trustor may be the named party in such proceeding. Regardless of the adequacy of its security, Beneficiary shall be entitled to participate in, control and be represented by counsel of its choice in such proceeding. All condemnation proceeds shall first be applied to reimburse Beneficiary and Trustee for all their reasonable costs and expenses, including reasonable attorneys' fees, incurred in connection with the collection of such award or settlement. The balance of such award or settlement shall be applied by Beneficiary against the Secured Obligations in such order as Beneficiary may determine.

4.5 Taxes and Impositions (Impounds). Trustor shall pay, prior to delinquency, all of the following (collectively the "Impositions"):

a. All general and special real property taxes and assessments imposed on the Property; and

b. All other taxes and assessments and charges assessed on the Property (or on the owner and/or operator of the Property) which create or may create a lien on the Property (or on any personal property or fixture used in connection with the Property); including, without limitation, non-governmental levies and assessments under applicable CC&Rs; and

c. All business taxes; and

d. All license fees, taxes and assessments imposed on Beneficiary (other than Beneficiary's income or franchise taxes) which are measured by or based upon (in whole or in part) the amount of the Secured Obligations.

If permitted by law, Trustor may pay the Imposition in installments (together with any accrued interest). Upon demand by Beneficiary from time to time, Trustor shall deliver to Beneficiary, within 30 days following the due date of any Imposition, evidence of payment reasonably satisfactory to Beneficiary. In addition, upon demand by Beneficiary, at Trustor's expense, from time to time, Trustor shall furnish to Beneficiary a tax reporting service for the Property of a type and duration, and with a company reasonably satisfactory to Beneficiary.

4.5.1 Reserves on Impositions (Impounds). If Beneficiary requires following the occurrence of an Event of Default, Trustor, at the time of making each installment payment on the Note, or at such other intervals as Beneficiary reasonably designates, shall deposit with Beneficiary such sum as Beneficiary reasonably estimates to be necessary to pay installments of Impositions and insurance policies next becoming due upon any of the Land, Fixtures and Improvements. All such sums may be held by Beneficiary and applied in such order as Beneficiary may elect for payment of Impositions or other sums secured by this Deed of Trust at Beneficiary's election. Such sums shall constitute additional collateral for the Secured Obligations. Except as otherwise provided by law, Beneficiary shall have no obligation regarding such sums other than to account to Trustor for their receipt and application. Upon any transfer by Beneficiary of its rights or interests in the Secured Obligations or of this Deed of Trust, Beneficiary may turn over to the transferee such of those sums as Beneficiary then holds,

and Beneficiary's responsibilities with respect to them shall terminate. Upon any transfer by Trustor of the Land or Improvements, Trustor's interest in any such sums shall be deemed automatically transferred to such transferee.

4.6 Utilities. Trustor shall promptly pay all gas, irrigation, electricity, water, sewer and other utility charges incurred for the benefit of the Property or which may become a lien against the Property; and all other similar public or private assessments and charges relating to the Property, regardless of whether or not any such charge is or may become a lien on the Property.

4.7 Liens: Non-Permitted Exceptions. Trustor shall not cause, incur or permit to exist any lien, encumbrance or charge ("Non-Permitted Exceptions") upon all or any part of the Property or any interest in the Property other than Permitted Exceptions. Trustor shall pay and promptly discharge, at Trustor's sole cost and expense, all such Non-Permitted Exceptions. If Trustor fails to do so, the Beneficiary may, but shall not be obligated to, discharge them, without notice to or demand on Trustor, and without inquiring into the validity of such Non-Permitted Exceptions or the existence of any defense or offset to them. Beneficiary may discharge Non-Permitted Exceptions either by (a) paying the amount claimed to be due, or (b) procuring their discharge by depositing in a court a bond or the amount claimed or otherwise giving security for such claim, or (c) in any other manner permitted or required by law. Trustor shall, immediately upon demand by Beneficiary, pay Beneficiary's reasonable costs and expenses incurred in connection with such discharge, together with interest on such costs from the date of such expenditure until paid at the default rate of interest described in the Notes ("Default Rate").

4.8 Sale or Lease of Property: Due on Sale Clause. Trustor shall not sell, lease, sublease or otherwise transfer all or any part of the Property or any interest in it, without the prior written consent of Beneficiary, which consent may be granted or withheld in Beneficiary's sole and absolute discretion. All leases of any part of the Property must be submitted to Beneficiary for approval prior to execution, which consent may be granted or withheld in Beneficiary's sole and absolute discretion. Transfers requiring Beneficiary's prior written consent shall include, without limitation, the following:

a. Involuntary transfers and transfers by operation of law;

b. Liens, encumbrances and assignments as security for obligations, whether voluntary or involuntary; and

c. The sale, issuance, disposition, encumbering or other transfer of all or any part of (i) any class of the outstanding capital stock in, or (ii) the beneficial interest of Trustor, whether voluntary or involuntary.

No sale, lease or other transfer shall relieve Trustor from primary liability for its obligations under the Notes and Loan Documents or relieve any guarantor from any liability under any guaranty. Upon any such transfer to which Beneficiary does not consent, Beneficiary at its option may, without prior notice, declare all Secured Obligations immediately due and

payable without presentment, demand, protest or further notice of any kind, and may exercise all rights and remedies provided in this Deed of Trust.

4.9 Inspections. Trustor authorizes Beneficiary and its agents, representatives and employees, upon reasonable notice to Trustor, to enter at any time upon any part of the Property for the purpose of performing a Subsequent Valuation, inspecting the Property, taking soil or groundwater samples and conducting tests to investigate for the presence of hazardous materials, provided such entry shall cause as little disruption to the occupants of the Property as possible, and provided Beneficiary restores the Property to its pre-inspection condition if Beneficiary's inspection activities cause damage to the Property. Trustor agrees to pay the costs and expenses of Beneficiary incurred in such inspections and examinations, including without limitation, Beneficiary's attorneys' fees, if such inspection was made necessary because of an Event of Default, whether the services are provided by Beneficiary's employees, agents or independent contractors. Any inspection or review by Beneficiary is solely for Beneficiary's benefit to protect Beneficiary's security and preserve Beneficiary's rights under this Agreement. Beneficiary owes no duty of care to protect Trustor or any other party against, or to inform Trustor or any other party of, any adverse condition affecting the Property, including any defects in the design or construction of the Improvements. No inspection by Beneficiary shall constitute a waiver of any Event of Default.

4.10 Defense of Actions. Trustor shall notify Beneficiary of any action or proceeding purporting to affect (a) the security of this Deed of Trust, (b) any of the Loan Documents, (c) all or any part of the Property or any interest in it, (d) any additional or other security for the Secured Obligations, or (e) the interests, rights, powers or duties of Beneficiary or Trustee under this Deed of Trust. Trustor, at no cost or expense to Beneficiary or Trustee, shall appear in and defend the same. If Beneficiary or Trustee elects to become or is made a party to such action or proceeding, Trustor shall indemnify, defend and hold Trustee and Beneficiary harmless from all related liability, damage, cost and expense reasonably incurred by either Trustee or Beneficiary (including, without limitation, reasonable attorneys' fees and expenses consistent with Section 4.13 of this Deed of Trust), whether or not such action or proceeding is prosecuted to judgment or decision.

4.11 Protection of Security. If Trustor fails to make any payment or to do any act required by this Deed of Trust or any of the other Loan Documents, Beneficiary and/or Trustee may do so. Beneficiary or Trustee may decide to do so, each in its own discretion, without obligation to do so, without further notice or demand, and without releasing Trustor in such manner and to such extent as either may reasonably deem necessary to protect the security of this Deed of Trust. In connection with such actions, Beneficiary and Trustee each have the right, without limitation, but not the obligation: (a) to enter upon and take possession of the Property; (b) to make additions, alterations, repairs and improvements to the Property which in the judgment of either may be necessary or proper to keep the Property in good condition and repair; (c) to appear and participate in any action or proceeding affecting or which may affect the security of this Deed of Trust or the rights or powers of Beneficiary or Trustee; (d) to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt (excepting Permitted

Encumbrances) which in the judgment of either may affect the security of this Deed of Trust or appear to be prior or superior to this Deed of Trust; and (e) in exercising such powers, to pay all necessary or appropriate costs and expenses and employ necessary or desirable consultants.

4.12 Beneficiary's Powers. If Trustor fails to pay any sum, other than principal and interest on the Secured Obligations, or to perform or comply with any other obligation required by any Loan Document, Beneficiary at its election may pay such sum or comply with such obligation. Without affecting the liability of Trustor or any other person liable for the payment of any Secured Obligation, and without affecting the lien or charge of this Deed of Trust, Beneficiary may, from time to time, do any of the following: (a) release any person so liable, (b) extend the maturity or alter any of the terms of any such obligation (provided however, that the consent of Trustor shall be required for extension or alteration of any unpaid obligation of Trustor to Beneficiary), (c) waive any provision of this Deed of Trust or grant other indulgences, (d) release or reconvey, or cause to be released or reconveyed, at any time at Beneficiary's option, all or any part of the Property, (e) take or release any other or additional security for any Secured Obligation, or (f) make arrangements with debtors in relation to the Secured Obligations. Waiver by Beneficiary of any right or remedy as to any transaction or occurrence shall not be deemed to be a waiver of any future transaction or occurrence. By accepting full or partial payment or performance of any Secured Obligation after due or after the filing of a notice of default and election to sell, Beneficiary shall not have thereby waived its right to (i) require prompt payment and performance in full, when due, of all other Secured Obligations, (ii) declare a default for failure to so pay or perform, or (iii) proceed with the sale under any notice of default and election to sell previously given by Beneficiary, or as to any unpaid balance of the indebtedness secured by this Deed of Trust.

4.13 Reimbursement of Costs, Fees and Expenses: Secured by Deed of Trust. Trustor shall pay, on demand, to the maximum allowable under applicable law, all reasonable costs, fees, expenses, advances, charges, losses and liabilities paid or incurred by Beneficiary and/or Trustee in administering this Deed of Trust, the collection of the Secured Obligations, and Beneficiary's or Trustee's exercise of any right, power, privilege or remedy under this Deed of Trust. Such amounts include, without limitation (a) foreclosure fees, Trustee's fees and expenses, receiver's fees and expenses and Trustee's sale guaranty premiums, (b) costs and fees paid or incurred by Beneficiary and/or Trustee and/or any receiver appointed under this Deed of Trust in connection with the custody, operation, use, maintenance, management, protection, preservation, collection, appraisal, sale or other liquidation of the Property, (c) advances made by Beneficiary and/or Trustee to complete or partially construct all or part of any Improvements which may have been commenced on the Land, or otherwise to protect the security of this Deed of Trust, (d) costs of evidence of title, costs of surveys and costs of appraisals, and costs resulting from Trustor's failure to perform any of the provisions of this Deed of Trust. Fees, costs and expenses of attorneys shall include the reasonable fees and disbursements of Beneficiary's outside and staff counsel and of any experts and agents (including fees of law clerks, paralegals, investigators and others not admitted to the bar but performing services under the supervision of an attorney), and including such fees incurred in the exercise of any remedy (with or without litigation), in any proceeding for the collection of the Secured Obligations, in any foreclosure on any of the

Property, in protecting the lien or priority of the security, or in any litigation or controversy connected with the Secured Obligations, including any bankruptcy, receivership, injunction or other proceeding, or any appeal from or petition for review of any such proceeding. Reasonable counsel fees shall include fees incurred not only in enforcing the Secured Obligations in any bankruptcy or receivership proceeding, but also any fees incurred in participating in the bankruptcy or receivership proceedings generally. Such sums shall be secured by this Deed of Trust and shall bear interest from the date of expenditure until paid at the Default Rate.

ARTICLE 5
ASSIGNMENT OF RENTS, ISSUES AND PROFITS

5.1 Assignment of Rents, Issues and Profits. Trustor absolutely, unconditionally and irrevocably assigns and transfers to Beneficiary all of its right, title and interest in and to all rents, issues, profits, royalties, income and other proceeds and similar benefits derived from the Property (collectively the "Rents"), and gives to Beneficiary the right, power and authority to collect such Rents. Trustor irrevocably appoints Beneficiary its true and lawful attorney-in-fact, at the option of Beneficiary, at any time and from time to time, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and or sue, in its name or in Trustor's name, for all Rents, and to apply them to the Secured Obligations. However, Trustor shall have a license to collect and retain Rents (but not more than one month in advance unless the written approval of Beneficiary has first been obtained) so long as an Event of Default shall not have occurred and be continuing. The assignment of the Rents in this Article 5 is intended to be an absolute assignment from Trustor to Beneficiary and not merely the passing of a security interest.

5.2 Collection Upon Default. Upon the occurrence of an Event of Default, Trustor's license to collect the Rents shall automatically terminate. Upon such termination, Beneficiary may, at any time, either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the Secured Obligations, do any of the following: (a) enter upon and take possession of all or any part of the Property; (b) with or without taking possession of the Property in its own name, sue for or otherwise collect Rents (including those past due and unpaid, and all prepaid Rents and all other security or other deposits paid by tenants to Trustor); and (c) apply the Rents (less costs and expenses of operation and collection, including, without limitation, attorneys' fees, whether or not suit is brought or prosecuted to judgment) to any Secured Obligation, and in such order as Beneficiary may determine, even if payment or performance of said Secured Obligation may not then be due. Trustor agrees that, upon the occurrence of any Event of Default, Trustor shall promptly deliver all Rents and security deposits to Beneficiary. The collection of Rents, or the entering and taking possession of the Property, or the application of Rents as provided above, shall not (i) cure or waive any Event of Default or notice of default under this Deed of Trust, (ii) invalidate any act performed in response to such Event of Default or pursuant to such notice of default, or (iii) cause Beneficiary to be deemed a mortgagee-in-possession of all or any part of the Property.

5.3 Assigned Leases. Trustor agrees, with respect to each lease and sublease (collectively the "Assigned Leases") any portion of which has been assigned to Beneficiary under this Deed of Trust, as follows:

5.3.1 Trustor shall promptly perform all of Trustor's obligations as landlord under each Assigned Lease and shall immediately notify Beneficiary in writing of any notice of default received by Trustor from the tenant. At Beneficiary's request, Trustor will have tenant execute estoppel certificates and subordination agreements acceptable to Beneficiary.

5.3.2 Trustor shall diligently enforce the performance of all of the obligations of the tenant under each Assigned Lease; shall not waive any default or waive, release or discharge any such tenant of or from any such obligation; and shall not cancel, terminate or modify any Assigned Lease without Beneficiary's prior written consent.

5.3.3 Trustor hereby represents and warrants to Beneficiary, with respect to each Assigned Lease that is presently in effect (collectively the "Current Assigned Leases"), (a) that Trustor has delivered to Beneficiary a true and complete copy of each Current Assigned Lease, together with all amendments, modifications and supplements thereto; (b) that Trustor has not accepted any payment of Rent (or other charge) under any Current Assigned Lease more than one month in advance; and (c) that, to the best of each Trustor's knowledge, no material default by Trustor or any other person under any Current Assigned Lease remains uncured.

5.4 Further Assignments. Upon Beneficiary's demand from time to time, Trustor shall execute and deliver to Beneficiary recordable assignments of Trustor's interest in any and all leases, subleases, contracts, rights, licenses and permits now or hereafter affecting all or any part of the Property. Such assignments shall be made by instruments in form and substance satisfactory to Beneficiary; provided however, that no such assignment shall be construed as imposing upon Beneficiary any obligation with respect thereto. Beneficiary may, at its option, exercise its rights under this Deed of Trust or any such specific assignment and such exercise shall not constitute a waiver of any right under this Deed of Trust or any such specific assignment.

ARTICLE 6
REMEDIES UPON DEFAULT

6.1 Events of Default. The occurrence of any of the following events or conditions shall constitute an event of default ("Event of Default") under this Deed of Trust:

6.1.1 Trustor fails to pay any amount owing under this Deed of Trust when due; or

6.1.2 Trustor fails to pay any taxes, insurance premiums, assessments or rents required under this Deed of Trust; or

6.1.3 Trustor fails to observe or perform any other obligation contained in this Deed of Trust; or

6.1.4 The occurrence of an Event of Default under the Notes, Agreement or any other Loan Documents; or

6.1.5 All or any portion of the Improvements are destroyed by fire or other casualty and Trustor fails to satisfy all of the restoration conditions within the time periods specified in Section 4.3 of this Deed of Trust; or

6.1.6 All or any material part of the Property is condemned, taken in eminent domain, seized or appropriated by any governmental or quasi-governmental agency or entity; or

6.1.7 A default under the Environmental Indemnity Agreement executed by Trustor and/or any other party, in connection with the Notes evidenced by the Agreement.

6.2 Acceleration Upon Default: Additional Remedies. Upon the occurrence of an Event of Default, Beneficiary may, at its option, exercise all of the applicable rights and remedies set forth in the Note(s) and Agreement and, in addition, declare all Secured Obligations to be immediately due and payable without any presentment, demand, protest or further notice of any kind; and whether or not Beneficiary exercises any said right or remedy, Beneficiary may:

6.2.1 Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security;

a. Enter upon and take possession of all or part of the Property, in its own name or in the name of Trustee;

b. Conduct environmental assessments and surveys and do any other acts which it deems necessary or desirable to preserve the value, marketability or rentability of all or part of the Property or interest in the Property or increase the Property's income, or protect the security of this Deed of Trust;

c. With or without taking possession of the Property, sue for or otherwise collect the Rents, including those past due and unpaid; and

d. Apply the Rents (less costs and expenses of operation and collection including attorneys' fees) to any Secured Obligations, all in such order as Beneficiary may determine;

The entering and taking possession of the Property, the collection of such Rents and their application shall not cure or waive any Event of Default or notice of default or invalidate any act done in response to them. Regardless of whether possession of the property or the collection, receipt and application of any of the Rents is by Trustee, Beneficiary or a receiver,

the Trustee or Beneficiary shall be entitled to exercise every right provided for in the Reimbursement Agreement and other Loan Document or by law upon occurrence of any Event of Default, including the right to exercise the power of sale;

6.2.2 Commence an action to foreclose this Deed of Trust, appoint a receiver, or specifically enforce any of the covenants contained in this Deed of Trust;

6.2.3 Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to sell the Property, which notice Trustee or Beneficiary shall cause to be recorded in the official records of the County in which the Property is located;

6.2.4 Exercise all of the rights and remedies available to a secured party under the applicable Uniform Commercial Code in such order and in such manner as Beneficiary, in its sole discretion, may determine (including without limitation, requiring Trustor to assemble the Collateral and make the Collateral available to Beneficiary at a reasonably convenient location), it being understood and acknowledged that this Deed of Trust is intended to be a security agreement pursuant to the applicable Uniform Commercial Code for (a) all Fixtures, and (b) any and all items of personal property specified above as part of the Property which, under applicable law, may be subject to a security interest pursuant to the applicable Commercial Code and which are not herein effectively made part of the real property. The expenses of retaking, holding, preparing for sale or the like shall include reasonable attorneys' fees and other expenses of Beneficiary and Trustee and shall be additionally secured by this Deed of Trust; and/or

6.2.5 Exercise all other rights and remedies provided in this Deed of Trust, in any Loan Document or other document or agreement now or hereafter securing all or any portion of the Secured Obligations, or provided by law or in equity.

6.3 Foreclosure By Power of Sale.

6.3.1 Upon receipt of notice from Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such notice of default and election to sell as is then required by law. After such lapse of time, recordation of notice of default, and giving of notice of sale as are required by law, Trustee shall, without demand on Trustor, sell the Property at the time and place of sale fixed by it in said notice of sale, or as lawfully postponed. Trustee may sell the Property either as a whole, or in separate lots or parcels or items and in such order as Beneficiary may direct Trustee to so do, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers its good and sufficient deed conveying the property so sold, but without any covenant or warrant, express or implied. The recitals of any matter or fact in such deed shall be conclusive proof of their truthfulness. Any person, including without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale.

6.3.2 After deducting all fees, costs and expenses incurred by Beneficiary or Trustee in connection with such sale, including costs of evidence of title up to the maximum allowable by

applicable law, Beneficiary shall apply the proceeds of sale to payment of (a) first, all amounts expended under the terms of this Deed of Trust which are not then repaid, with accrued interest at the Default Rate; (b) second, all other Secured Obligations; and (c) the remainder, if any, to the person or persons legally entitled.

6.3.3 Subject to applicable law, Trustee may postpone the sale.

6.3.4 A sale of less than the whole of the Property or any defective or irregular sale made under this Deed of Trust shall not exhaust the power of sale provided for in this Deed of Trust; and subsequent sales may be made until all the Secured Obligations have been satisfied, or the entire Property sold, without defect or irregularity.

6.4 Appointment of Receiver. Upon the occurrence of an Event of Default under this Deed of Trust, Beneficiary, without notice to Trustor or anyone claiming under Trustor, and without regard to the then value of the Property or the interest of Trustor in it, shall have the right to enter the Property in person or to apply to any court having jurisdiction to appoint a receiver or receivers of the Property. Trustor irrevocably consents to such appointment and waives notice of any such application. The actions that Beneficiary or such receiver may take in connection with such entry may include, but are not limited to (a) modifying, compromising obligations under, terminating and implementing remedies with respect to the Assigned Leases, and (b) entering into, modifying or terminating any contractual arrangements, subject to Beneficiary's right at any time to discontinue any of the same without liability. Beneficiary is further authorized by this provision to request the court to appoint a general receiver and to empower the receiver to (i) sell or lease all or any portion of the Property, (ii) collect and apply to the outstanding balances of the Notes all sales or lease proceeds, or hold the proceeds pending a court order approving the receiver's final report and account, and (iii) hold the collections as cash collateral pending such court order or foreclosure sale. Any such receiver(s) shall also have all the usual powers and duties of receivers in similar cases and all the powers and duties of Beneficiary in case of entry as provided in this Deed of Trust, and shall continue to exercise all such powers until the date of confirmation of sale of the Property, unless such receivership is sooner terminated. If Beneficiary elects to enter or take possession of the Property, it will not assume any liability to Trustor or any other person for operation or maintenance of the Property, and Trustor expressly waives any such Beneficiary liability.

6.5 Application of Funds After Default. Except as otherwise provided in this Deed of Trust, upon the occurrence of an Event of Default, Beneficiary may at any time, with notice to Trustor if providing such notice will not adversely delay the exercise of Beneficiary's rights or remedies, apply to any Secured Obligation, in such manner and order as Beneficiary may elect, even if such Secured Obligation may not yet be due, any amounts received and held by Beneficiary to pay insurance premium or impositions or as Rents, or as insurance or condemnation proceeds, and all other amounts received by Beneficiary from or on account of Trustor or the Property, or otherwise. The receipt, use or application of any such amounts shall not affect the maturity of any indebtedness secured by this Deed of Trust, any of the rights or powers of Beneficiary or Trustee under the terms of any Loan Document, or any of the

obligations of Trustor or any guarantor under the Agreement or any other Loan document; or cure or waive any Event of Default or notice of default under the Note(s) and Agreement or any other Loan Document; or invalidate any act of Trustee or Beneficiary.

6.6 Remedies Not Exclusive. Trustee and Beneficiary shall each be entitled to enforce payment and performance of any Secured Obligation and to exercise all rights and powers under this Deed of Trust or any other Loan Document or other agreement or any law, even if some or all of the Secured Obligations may be otherwise secured, whether by guaranty, mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance nor enforcement (whether by court action or pursuant to the power of sale or other powers herein contained) of this Deed of Trust shall impair Trustee's or Beneficiary's right to realize upon or enforce any other security held by Trustee or Beneficiary. Trustee and Beneficiary shall each be entitled to enforce this Deed of Trust and any other security for the Secured Obligations held by Beneficiary or Trustee in such order and manner as they may in their absolute discretion determine. No remedy conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy in this Deed of Trust, and other agreement, or at law, but each shall be cumulative and in addition to every other remedy available to Beneficiary. Every power or remedy given by any of the Loan Documents to the Trustee or Beneficiary or to which either of them may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by the Trustee or Beneficiary, and either of them may pursue inconsistent remedies. Trustor may be joined in any action brought by Beneficiary to foreclose under or otherwise enforce this Deed of Trust.

6.7 Request for Notice. Trustor requests that a copy of any notice of default and that a copy of any notice of sale under this Deed of Trust be mailed to it at the address set forth in the first paragraph of this Deed of Trust.

ARTICLE 7
MISCELLANEOUS

7.1 Amendments. This instrument cannot be waived, modified, discharged or terminated except in writing signed by the party against whom enforcement of such changes is sought.

7.2 Waivers. Trustor waives, to the extent permitted by law, (a) the benefit of all laws (whenever enacted) providing for any appraisal before sale of any portion of the Property, (b) all rights of valuation, appraisal, stay of execution, notice of election to mature or declare due the whole of the Secured Obligations and marshaling in the event of foreclosure of this Deed of Trust, and (c) all rights and remedies which Trustor may have under the laws of the State of Washington regarding the rights and remedies of sureties.

7.3 Statements By Trustor. Trustor shall, within 10 days after notice from Beneficiary, deliver to Beneficiary a written statement setting forth the amounts then unpaid and secured by this Deed of Trust and stating whether Trustor has any knowledge that any offset or defense exists against such amounts.

7.4 **Statements By Beneficiary.** For any statement or accounting requested by Trustor or any other entitled person pursuant to applicable law, or for any other document or instrument furnished to Trustor by Beneficiary, Beneficiary may charge: (a) the maximum amount permitted by law at the time of the request, (b) if no such maximum, then the greater of Beneficiary's customary charges or the actual cost to Beneficiary.

7.5 **Reconveyance By Trustee.** Trustee shall reconvey the Property, without warrant, to the person or persons legally entitled to it upon (a) written request of Beneficiary stating that all Secured Obligations have been paid and fully performed, (b) surrender by Beneficiary of this Deed of Trust, and (c) payment by Trustor of Trustee's fees and the costs and expenses of executing and recording any requested reconveyance. The recitals in any such reconveyance of any matter or fact shall be conclusive proof of their truthfulness. The grantee in any such reconveyance may be described as "the person or persons legally entitled thereto."

7.6 **Notices.** All notices, demands, approvals and other communications provided for in this Deed of Trust shall be in writing and shall be personally delivered or mailed by United States first class mail, certified or registered, return receipt requested, postage prepaid, to the appropriate party at the address set forth in the first paragraph of this Deed of Trust. Addresses for notice may be changed from time to time by written notice to all other parties. All communications shall be deemed given (a) on the date of mailing if deposited in the United States Mail in the city where the address of the addressee is situated, or otherwise (b) on the second Business Day after mailed. "Business Day" means any day other than a Saturday, Sunday, or a day on which Beneficiary is closed for business. Nonreceipt of any communication as the result of a change of address of which the sending party was not notified or as the result of a refusal to accept delivery shall be deemed receipt of such communication.

7.7 **Acceptance By Trustee.** Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

7.8 **Headings.** Article and section headings are included in this Deed of Trust for convenience of reference only and shall not be used in construing this Deed of Trust.

7.9 **Severability.** Every provision of this Deed of Trust is intended to be severable. The illegality, invalidity or unenforceability of any provision of this Deed of Trust shall not in any way affect or impair the remaining provisions of this Deed of Trust, which provisions shall remain binding and enforceable.

7.10 **Subrogation.** To the extent that proceeds of the Note(s) are used, either directly or indirectly, to pay any outstanding lien, charge or prior encumbrance against the Property, Beneficiary shall be subrogated to any and all rights and liens held by any owner or holder of such outstanding liens, charges and prior encumbrances, regardless of whether such liens, charges or encumbrances are released.

7.11 No Merger of Lease. Foreclosure of the lien created by this Deed of Trust on the Property shall not destroy or terminate the Lease, any Assigned Lease or other lease or sublease then existing and affecting all or any portion of the Property, unless the Beneficiary or any purchaser at such foreclosure sale shall so elect. No act by or on behalf of Beneficiary or any such purchaser shall terminate any Assigned Lease or other lease or sublease unless a Beneficiary or such purchaser shall give written notice of termination to such tenant or subtenant. If both the lessor's and lessee's estate under any lease which constitutes a part of the Property shall become vested in one owner, this Deed of Trust and its lien shall not be destroyed or terminated by application of the doctrine of merger unless Beneficiary so elects, as evidenced by recording a written declaration so stating. Until Beneficiary so elects, Beneficiary shall continue to have and enjoy all of the rights, powers and privileges of Beneficiary under this Deed of Trust as to the separate estates.

7.12 Governing Law. This Deed of Trust shall be governed by, and construed in accordance with, the laws of the State of Washington.

7.13 Statute of Limitations. Trustor hereby waives, to the fullest extent permitted by law, the right to plead, use or assert any statute of limitations as a plea, defense or bar to any Secured Obligation, or to any complaint or other pleading or proceeding filed, instituted or maintained for the purpose of enforcing this Deed of Trust or any rights under it.

7.14 Interpretation. In this Deed of Trust the singular shall include the plural and the masculine shall include the feminine and the neuter and vice versa, if the context so requires; and the word "person" shall include corporation, partnership or other form of association. Any reference in this Deed of Trust to any document, instrument or agreement creating or evidencing an obligation secured hereby shall include such document, instrument or agreement both as originally executed and as it may from time to time be modified.

7.15 Trust Irrevocable. The trust created by this Deed of Trust is irrevocable by Trustor. All amounts payable by Trustor pursuant to this Deed of Trust shall be paid without notice, demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction. Trustor waives all rights conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any amount secured by this Deed of Trust and payable by Trustor to Beneficiary or Trustee.

7.16 Further Assurances. Trustor agrees to do or cause to be done such further acts and things and to execute and deliver or to cause to be executed and delivered such additional assignments, agreements, powers and instruments as Beneficiary or Trustee may reasonably require to: (a) correct any defect, error or omission in this Deed of Trust or the execution or acknowledgment of this Deed of Trust, (b) subject to the lien of this Deed of Trust any of Trustor's properties covered or intended to be covered by this Deed of Trust, (c) perfect, maintain and keep valid and effective such lien, (d) carry into effect the purposes of this Deed of Trust, or (e) better assure and confirm to Beneficiary or Trustee their respective rights, powers and remedies under this Deed of Trust.

7.17 **Trustee's Powers.** Upon written request of Beneficiary and presentation of this Deed of Trust, Trustee may (a) reconvey all or any part of the Property, (b) consent in writing to the making of any map or plat thereof, (c) join in granting any easement thereon, or (d) join in any extension agreement, agreement subordinating the lien or charge hereof, or other agreement or instrument relating hereto or to all or any part of the Property. Trustee may take such action at any time, and from time to time, without liability and without notice, and without affecting the personal liability of any person for payment of the indebtedness or the performance of any other Secured Obligation or the effect of this Deed of Trust upon the remainder of the Property.

7.18 **Substitution of Trustee.** Beneficiary may, from time to time, by written instrument executed and acknowledged by Beneficiary and recorded in the county or counties where the Property is located, or by any other procedure permitted by applicable law, substitute a successor or successors for the Trustee under this Deed of Trust.

7.19 **Successors and Assigns.** Subject to Section 4.8 above, this Deed of Trust applies to, inures to the benefit of and binds all parties to this Deed of Trust, their heirs, legatees, devisees, administrators, executors, successors and assigns.

7.20 **Appraisal and Property Valuation Costs.** Trustor acknowledges that Beneficiary has a legitimate business need to remain apprised of the current value of the Property, and Beneficiary from time to time after recordation of this Deed of Trust may order a valuation ("Subsequent Valuation") of the Property. Trustor shall cooperate in allowing Beneficiary or its agents reasonable access to the Property for the purpose of performing any such Subsequent Valuation, whether it is in the form of an appraisal or any other method of valuing the Property. Trustor shall pay promptly to Beneficiary, on demand, the costs of any such Subsequent Valuation, whether performed by employees, agents, or independent contractors of Beneficiary.

7.21 **Waiver of Marshalling Rights.** Trustor for itself and for all parties claiming through or under Trustor, 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 which is now or later may be security for any Secured Obligation ("Other Property") marshaled upon any foreclosure of this Deed of Trust or on a foreclosure of any other security for any of the Secured Obligations. Beneficiary shall have the right to sell, and any court in which foreclosure proceedings may be brought shall have the right to order a sale of the Property and any or all of the Other Property, as a whole or in separate parcels, in any order Beneficiary may designate.

7.22 **Counterparts.** This Deed of Trust may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which, together, shall constitute but one and the same instrument.

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

TRUSTOR:
SIERRA-CASCADE NURSERY, INC.

By: Steve Fortin
Steve Fortin, President

By: C. Robert Akeson
C. Robert Akeson, Secretary

STATE OF CALIFORNIA

County of LASSEN

On OCT 16 2006 before me JACK L. HELSEL, NOTARY personally
date name and title of officer, e.g., "Jane Doe, Notary Public"
appeared STEVE FORTIN
name of signer(s)

☐ personally known to me **OR** ☐ proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the corporation upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

JACK L. HELSEL
COMM. #1471209
NOTARY PUBLIC - CALIFORNIA
LASSEN COUNTY
My Comm. Expires Feb. 20, 2008

Notary Public for the State of CALIFORNIA
Residing at SUSANVILLE, CA 96130
My commission expires 2-20-08
Printed Name JACK L. HELSEL

STATE OF CALIFORNIA

County of Lassen

On Oct 16, 2006 before me, Jack L. Helsel, Notary Public personally
date name and title of officer, e. g., "Jane Doe, Notary Public"
appeared C. Robert Akeson
name of signer(s)

☐ personally known to me **OR** ☑ proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the corporation upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

JACK L. HELSEL
COMM. #1471209
NOTARY PUBLIC - CALIFORNIA
LASSEN COUNTY
My Comm. Expires Feb. 20, 2008

Notary Public for the State of California
Residing at Susanville, CA 96130
My commission expires 2.20.08
Printed Name Jack L. Helsel

Beneficiary acknowledges that this Deed of Trust is subject to a security interest in favor of CoBank, ACB (Bank) and by its acceptance hereto and pursuant to and in confirmation of certain agreements and assignments by and between Beneficiary and Bank, does assign, transfer, and set over the same unto Bank, its successors and assigns, to secure all obligations of Beneficiary to Bank, provided that pursuant to such agreements and assignments Beneficiary has authority to perform all loan servicing and collection actions and activities hereunder, including without limitation thereto, releasing in whole or in part and foreclosing judicially or otherwise this Deed of Trust until the Bank, by instrument recorded in the office in which this Deed of Trust is recorded, revokes such authority.

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EXHIBIT A
PROPERTY DESCRIPTION

NW1/4NE1/4, S1/2NE1/4 and SE1/4 of Section 36, Township 37 South, Range 11 ½ East of the Willamette Meridian, Klamath County, Oregon.

EXCEPTING THEREFROM:

A track of land being a portion of Parcel 2 of "Minor Land Partition 15-90". Situated in the W1/2E1/2 and the NE1/4NW1/4 of Section 36, Township 37 South, Range 11 ½ East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the North ¼ corner of said Section 36; thence North 89 degrees 05'03" East 1,323.78 feet to the East 1/16 corner common to Sections 25 and 36 and the West line of that tract of land owned by Mike and Donna Russell; thence South 00 degrees 21'57" West, along the said tract of land, 1,320.15 feet to a fence corner; thence the following courses and distances generally along an existing fence line; South 88 degrees 49'15" West 114.29 feet, South 00 degrees 14'09" East 1,318.34 feet, South 00 degrees 05'02" East 962.47 feet and South 89 degrees 25'11" West 1,132.76 feet; thence South 89 degrees 25'11" West, to a point on the center line of Squaw Flat Road and on the West boundary line of said Parcel 2, 26.9 feet more or less; thence the following courses and distances along said boundary; North 00 degrees 10'06" West 2,732.58 feet, along the arc of a curve to the left (radius equals 1,909.86 feet and central angle equals 05 degrees 00'00") 166.67 feet, North 05 degrees 10'06" West 546.22 feet and along the arc of a curve to the left (radius equals 954.93 feet and central angle equals 09 degrees 09'08") 152.54 feet, North 89 degrees 05'03" West 42.65 feet to the point of beginning, with bearings based on "Minor Land Partition 15-90".

Subject to: A 20 foot wide irrigation easement, the centerline of which is more particularly described as follows:

Beginning at a point on the South line of the above described tract of land, from which the Southeast corner of said Tract of land bears North 89 degrees 25'11" East 587.87 feet; thence North 31 degrees 11'49" East, 1,132.14 feet to a point on the East boundary line of the said tract of land.

AND

W1/2NE1/4 and all that portion of the NW1/4SE1/4 of Section 1, Township 38 South, Range 11 ½ East of the Willamette Meridian, Klamath County, Oregon, lying North of the center of the County Road running Easterly and Westerly through said tract as said County Road presently exists on the ground.

Tax Account No:	3711-V0000-07301-000	Key No.	871968
Tax Account No:	3811-V0100-00200-000	Key No.	482784
Tax Account No:	3811-V0100-00200-000	Key No.	643
Tax Account No:	3811-V0100-00800-000	Key No.	482793