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TRUST DEED

Sevenmile Creek Ranch LLC
 920 SW Sixth Avenue, \$1400
 Portland, OR 97204

Grantor's Name and Address

Robert F. Brown

Beneficiary's Name and Address

After recording, return to (Name, Address, Zip):

Steven Abel
 Stoel Rives LLP
 900 SW Fifth Avenue, #2600
 Portland, OR 97204

SPACE RE
FO.
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2007-001522
Klamath County, Oregon



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Fee: \$36.00

THIS TRUST DEED, made on January 15, 2007

, between

Sevenmile Creek Ranch LLC
 AmeriTitle Company

, as Grantor,

, as Trustee, and

Robert F. Brown

, as Beneficiary,

WITNESSETH:

Grantor irrevocably grants, bargains, sells and conveys to trustee, in trust, with power of sale, the property in Klamath County, Oregon, described as:

See attached Exhibit A.

together with all and singular the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in any way now or hereafter appertaining, and the rents, issues and profits thereof, and all fixtures now or hereafter attached to or used in connection with the property.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of Three Million Dollars (\$3,000,000) * See Exhibit B Dollars, with interest thereon according to the terms of a promissory note of even date herewith, payable to beneficiary or order and made by grantor, the final payment of principal and interest, if not sooner paid, to be due and payable on December 31, 2013

The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of the note becomes due and payable. To protect the security of this trust deed, grantor agrees:

1. To protect, preserve and maintain the property in good condition and repair; not to remove or demolish any building or improvement thereon; and not to commit or permit any waste of the property.

2. To complete or restore promptly and in good and habitable condition any building or improvement which may be constructed, damaged or destroyed thereon, and pay when due all costs incurred therefor.

3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property; if the beneficiary so requests, to join in executing such financing statements pursuant to the Uniform Commercial Code as the beneficiary may require, and to pay for filing the same in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by the beneficiary.

4. To provide and continuously maintain insurance on the buildings now or hereafter erected on the property against loss or damage by fire and other hazards, as the beneficiary may from time to time require, in an amount not less than \$ fair market value, written by one or more companies acceptable to the beneficiary, with loss payable to the latter. All policies of insurance shall be delivered to the beneficiary as soon as issued. If the grantor shall fail for any reason to procure any such insurance and to deliver the policies to the beneficiary at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on the buildings, the beneficiary may procure the same at grantor's expense. The amount collected under any fire or other insurance policy may be applied by beneficiary upon any indebtedness secured hereby and in such order as beneficiary may determine, or at option of beneficiary the entire amount so collected, or any part thereof, may be released to grantor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

5. To keep the property free from construction liens and to pay all taxes, assessments and other charges that may be levied or assessed upon or against the property before any part of such taxes, assessments and other charges becomes past due or delinquent and promptly deliver receipts therefor to beneficiary. Should the grantor fail to make payment of any taxes, assessments, insurance premiums, liens or other charges payable by grantor, either by direct payment or by providing beneficiary with funds with which to make such payment, beneficiary may, at its option, make payment thereof, and the amount so paid, with interest at the rate set forth in the note secured hereby, together with the obligations described in paragraphs 6 and 7 of this trust deed, shall be added to and become a part of the debt secured by this trust deed, without waiver of any rights arising from breach of any of the covenants hereof. For such payments, with interest as aforesaid, the property hereinbefore described, as well as the grantor, shall be bound to the same extent that they are bound for the payment of the obligation herein described. All such payments shall be immediately due and payable without notice, and the nonpayment thereof shall, at the option of the beneficiary, render all sums secured by this trust deed immediately due and payable and shall constitute a breach of this trust deed.

6. To pay all costs, fees and expenses of this trust, including the cost of title search, as well as the other costs and expenses of the trustee incurred in connection with or in enforcing this obligation, and trustee and attorney fees actually incurred.

7. To appear in and defend any action or proceeding purporting to affect the security rights or powers of beneficiary or trustee; and in any suit, action or proceeding in which the beneficiary or trustee may appear, including any suit for the foreclosure of this deed or any suit or action related to this instrument, including but not limited to its validity and/or enforceability, to pay all costs and expenses, including evidence of title and the beneficiary's or trustee's attorney fees. The amount of attorney fees mentioned in this paragraph in all cases shall be fixed by the trial court, and in the event of an appeal from any judgment or decree of the trial court, grantor further agrees to pay such sum as the appellate court shall adjudge reasonable as the beneficiary's or trustee's attorney fees on such appeal.

It is mutually agreed that:

8. In the event that any portion or all of the property shall be taken under the right of eminent domain or condemnation, beneficiary shall have the right, if it so elects, to require that all or any portion of the monies payable as compensation for such taking which are in excess of the amount required to pay all reasonable costs, expenses and attorney fees necessarily paid or incurred by grantor in such proceedings, shall be paid to beneficiary and applied by it first upon any reasonable costs and expenses and attorney fees, both in the trial and appellate courts, necessarily paid or incurred by beneficiary in such proceedings, and the balance applied upon the indebtedness secured hereby. Grantor agrees, at its own expense, to take such actions and execute such instruments as shall be necessary in obtaining such compensation promptly upon beneficiary's request.

NOTE: The Trust Deed Act provides that the trustee hereunder must be either an attorney who is an active member of the Oregon State Bar, a bank, trust company or savings and loan association authorized to do business under the laws of Oregon or the United States, a title insurance company authorized to insure title to real property of this state, its subsidiaries, affiliates, agents or branches, the United States or any agency thereof, or an escrow agent licensed under ORS 696.505 to 696.585.

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Do not lose or destroy this Trust Deed OR THE NOTE which it
severes. Both should be delivered to the trustee for cancellation before
Beneficiary

The undersigned is the legal owner and holder of all intangible assets held by the trustee under the terms of the trust deed. All sums secured by the trust deed have been fully paid and satisfied. You hereby agree to pay to the trustee the amounts owing to you under the terms of the trust deed or pursuant to statute, to cancel all evidence of indebtedness secured by the trust deed (which are delivered to you herewith together with the trust deed) and to reconvey, without warranty, to the parties designat

REQUEST FOR FULL RECONVEYANCE (To be used only when obligations have been paid.)

An official circular seal of the State of Oregon, featuring a central shield with a plow, a sheaf of wheat, and a vine, surrounded by the words "THE GREAT SEAL OF THE STATE OF OREGON".

The grantor warrants that the proceeds of the loan represented by the above described note and this trust deed are (choose one):*
 (a) **FOR AN ORGANIZATION, OR (IF GRANTOR IS A NATURAL PERSON) FOR BUSINESSES OR COMMERCIAL PURPOSES.**
 (b) **FOR AN ORGANIZATION, OR (IF GRANTOR IS A NATURAL PERSON) FOR PERSONAL PURPOSES.**
 (c) **FOR AN ORGANIZATION, OR (IF GRANTOR IS A NATURAL PERSON) FOR PERSONAL AND COMMERCIAL PURPOSES.**

WARNING: Unless grantor provides beneficiary with evidence of insurance coverage as required by the contract or loan agreement between them, beneficiary may purchase insurance at grantor's expense to protect beneficiary's interest. This insurance may not need to protect grantor's interest. If the collateral becomes damaged, the coverage purchased by beneficiary may not pay any claim made by or against grantor. Grantor may later cancel the coverage by providing evidence that grantor has obtained property coverage elsewhere. Grantor is responsible for the cost of any insurance coverage purchased by beneficiary, which cost may be added to grantor's contract of loan balance. If it is so added, the interest rate on the underlying contract or loan will apply to it. The effective date of coverage may be the date grantor's prior coverage lapsed or the date grantor failed to provide proof of coverage. The coverage beneficiary purchases may be considerably more expensive than insurance might obtain alone and may not satisfy any need for property damage liability insurance requirements imposed by applicable law.

13. After the trustee has commenced foreclosure by advertisement and sale, and at any time before the date the trustee conducts the sale, the master provided in ORS 86.753 may cure the default by paying the entire amount due at the time of the sale. If the default consists of a failure to pay, when due, sums received by the grantor or any other person so privileged that may be cured by payment of the entire amount due at the time of the sale, the trustee may cure the default by paying the entire amount due at the time of the sale. If the default consists of a failure to pay, when due, sums received by the grantor or any other person so privileged that may be cured by payment of the entire amount due at the time of the sale, the trustee may cure the default by paying the entire amount due at the time of the sale.

10. Upon any death by grantor hereunder, beneficiary may, at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, receive services mentioned in this paragraph shall be not less than \$5.

At any time, and from time to time upon written request of beneficiary, payment of its fees and presentation of this deed and the note for endorsement (in

EXHIBIT "A"
LEGAL DESCRIPTION

The SE1/4 of Section 35, Township 33 South, Range 6 East of the Willamette Meridian, Klamath County, Oregon.

Government Lots 5 and 6, Government Lots 7 and 10, less that portion conveyed to Robert D. Helms, et ux, by Deed recorded in Volume 227, page 92, Deed Records of Klamath County, Oregon, Government Lots 11, 12, 13 and 20 of Section 1; Government Lots 1, 2, 3, 6, 7, 8, 9 and Government Lot 10, Government Lots 16, 17, and 24 of Section 2, all in Township 34 South, Range 6 East of the Willamette Meridian, Klamath County, Oregon, including all permits or rights to use and divert surface or ground waters, whether such rights are characterized as real or personal property, and rights to the existing rock quarry located in the real property.

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Page 8 of 8

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AMERITITLE KLAMATH FALLS

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EXHIBIT B

ADDITIONAL TERMS TO TRUST DEED

The following additional provisions are part of the Trust Deed:

1. Any consent of the beneficiary to the sale of any interest in the property is at the beneficiary's sole discretion.
2. The Trust Deed is and shall remain the senior financing encumbrance applicable to the property, and the Grantor covenants that it will not undertake any action that would cause the Trust Deed to be junior to any other financing encumbrance.
3. Construction liens are intended to include all miners' liens or other liens arising out of operations of the rock quarry.
4. This deed of trust further secures a contingent liability in the amount of up to \$500,000 as evidenced by a side letter agreement of even date herewith. Interest at the rate provided in the promissory note shall not accrue on such contingent amount unless and until such contingent liability becomes non-contingent.

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