

2007-013250

Klamath County, Oregon

MTC 79950-TM

TRUST DEED

Klamath Lake Employment Training
Institute, Inc.
220 Pine Sixth Street
Klamath Falls, Oregon 97601

Grantor

5 Star OR LLC
345 N Yosemite Street Ste B
Stockton, CA 95203

Beneficiary

After Recording, return to:

Susan T. Felstiner
Cable Huston Benedict Haagensen &
Lloyd LLP
1001 SW Fifth Avenue, Suite 2000
Portland, Oregon 97204

SPACE
 RESERVED
 FOR
 RECORDER'S
 USE



00027784200700132500080082

07/26/2007 11:17:20 AM

Fee: \$56.00

STATE OF OREGON,)
 County of _____)ss.

I certify that the within instrument was received for
 recording on _____ at _____
 o'clock ____ M., and recorded in book/reel/volume No. _____
 on page _____ and/or as fee/file/instrument /
 microfilm/reception No. _____, Records of this County.

Witness my hand and seal of County affixed.

Name

Title

By: _____ (Deputy)

THIS TRUST DEED, made on July 22, 2007, between Klamath Lake
 Employment Training Institute, Inc., as Grantor, and Susan T. Felstiner, as Trustee, and 5 Star
 OR, LLC, 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 Legal Description Attached as Exhibit A
commonly known as 134 North Third, Klamath Falls, Oregon 97601, subject to all liens,
encumbrances and easements of record

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 outstanding balance of the commercial Lease Agreement
 made and effective June 15, 2005 between Grantor and Beneficiary in the sum of Ninety
 Thousand Six Hundred Thirteen and 32/100ths Dollars (\$90,613.32), with interest at the rate of
 8.01% per annum from July 22, 2007 until July 22, 2010 at which time the remaining balance, if
 any, is due and payable.

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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 there-on, 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 the real market value of the property, written notice 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 of 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 become 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, within 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 any 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.

9. 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 case of full reconveyances, for cancellation), without affecting the liability of any person for the payment of the indebtedness, trustee may (a) consent to the making of any map or plat of the property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this deed or the lien or charge thereof; or (d) reconvey, without warranty, all or any part of the property. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof. Trustee fees for any of the services mentioned in this paragraph shall be not less than \$5.

10. Upon any default 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, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of the property or any part thereof, in its own name sue or otherwise collect the rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney fees, upon any indebtedness secured hereby, and in such order as beneficiary may determine.

11. The entering upon and taking possession of the property, the collection of such rents, issues and profits, or the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder, or invalidate any act done pursuant to such notice.

12. Upon default by grantor in payment of any indebtedness secured hereby or in grantor's performance of any agreement hereunder, time being of the essence with respect to such payment and/or performance, the beneficiary may declare all sums secured hereby immediately due and payable. In such event, the beneficiary may elect to proceed to foreclose this trust deed in equity as a mortgage or direct the trustee to foreclose this trust deed by advertisement and sale, or may direct the trustee to pursue any other right or remedy, either at law or in equity, which the beneficiary may have. In the event the beneficiary elects to foreclose by advertisement and sale, the beneficiary or the trustee shall execute and cause to be recorded a written notice of default and election to sell the property to satisfy the obligation secured hereby whereupon the trustee shall fix the time and place of sale, give notice thereof as then required by law and proceed to foreclose this trust deed in the manner provided in ORS 86.735 to 86.795.

13. After the trustee has commenced foreclosure by advertisement and sale, and at any time prior to 5 days before the date the trustee conducts the sale, the grantor or any other person so privileged by ORS 86.753 may cure the default or defaults. If the default consists of a failure to pay, when due, sums secured by the trust deed, the default may be cured by paying the entire amount due at the time of the cure other than such portion as would not then be due had no default occurred. Any other default that is capable of being cured may be cured by tendering the performance required under the obligation or trust deed. In any case, in addition to curing the default or defaults, the person effecting the cure shall pay to the beneficiary all costs and expenses actually incurred in enforcing the obligation of the trust deed, together with trustee and attorney fees not exceeding the amounts provided by law.

14. Otherwise, the sale shall be held on the date and at the time and place designated in the notice of sale or the time to which the sale may be postponed as provided by law. The trustee may sell the property either in one parcel or in separate parcels and shall sell the parcel or parcels at auction to the highest bidder for cash, payable at the time of sale. Trustee shall deliver to the purchaser its deed in form as required by law conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters of fact shall be conclusive proof of the truthfulness thereof. Any person, excluding the trustee, but including the grantor and beneficiary, may purchase at the sale.

15. When trustee sells pursuant to the powers provided herein, trustee shall apply the proceeds of sale to payment of: (1) the expenses of sale, including the compensation of the trustee and a reasonable charge by trustee's attorney; (2) to the obligation secured by the trust deed; (3) to all persons having recorded liens subsequent to the interest of the trustee in the trust deed as their interests may appear in the order of their priority; and (4) the surplus, if any, to the grantor, or to any successor in interest entitled to such surplus.

16. Beneficiary may, from time to time, appoint a successor or successors to any trustee named herein or to any successor trustee appointed hereunder. Upon such appointment, and

without conveyance to the successor trustee, the latter shall be vested with all title, powers and duties conferred upon any trustee herein named or appointed hereunder. Each such appointment and substitution shall be made by written instrument executed by beneficiary, which, when recorded in the mortgage records of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee.

17. Trustee accepts this trust when this deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which grantor, beneficiary or trustee shall be a party unless such action or proceeding is brought by trustee.

The grantor covenants to and agrees with the beneficiary and the beneficiary's successors in interest that the grantor is lawfully seized in fee simple of the real property and has a valid, unencumbered title thereto, except as may be set forth in any addendum or exhibit attached hereto, and that the grantor will warrant and forever defend the same against all persons whomsoever.

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, but need not, also 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 or 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 grantor might otherwise obtain alone and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

The grantor warrants that the above described debt and this trust deed are for an organization, or are for business or commercial purposes.

This deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors and assigns. The term beneficiary shall mean the holder and owner, including pledgee, of the contract secured hereby, whether or not named as a beneficiary herein.

In construing this trust deed, it is understood that the grantor, trustee and/or beneficiary may each be more than one person; that if the context so requires, the singular shall be taken to mean and include the plural, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

IN WITNESS WHEREOF, the grantor has executed this instrument the day and year first written above.

KLAMATH LAKE EMPLOYMENT TRAINING INSTITUTE

By-

Barry Faganello

Executive Director

I

STATE OF OREGON, County of Klamath) ss.

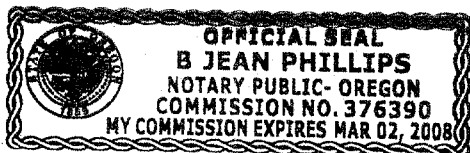
This instrument was acknowledged before me on July 25 2007, by _____

This instrument was acknowledged before me on 7-25-07, by _____

Barry Faganello

as Executive Director

of KLAMATH LAKE EMPLOYMENT TRAINING INSTITUTE INC



B Jean Phillips
Notary Public for Oregon

My Commission Expires: 3-2-08

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

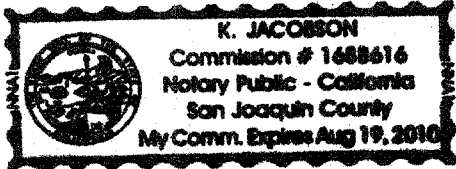
State of California

County of San Joaquin } ss.

On 7/24/07, before me, K. Jacobson, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
personally appeared Terry Lee McDonald
Name(s) of Signer(s)

☐ personally known to me

☒ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Place Notary Seal Above

Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Trust Deed

Document Date: 7/22/07

Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL 1:

The following described real property in Klamath County, Oregon:

A parcel of land situated in Lots 7 and 8, Block 19 of the Original Town of Linkville known now as Klamath Falls, being more particularly described as follows:

Beginning at the most Northerly corner of Lot 8 in said Block 19, being at the intersection of Third and Pine Streets; thence Southeasterly along Third Street 62.0 feet to the true point of beginning for this description; thence Southwesterly parallel to Pine Street 86.5 feet to a point; thence Southeasterly parallel to Third Street, 50.00 feet to a point lying Northwesterly 8 feet from Southeasterly lot line of Lot 7; thence Northeasterly and 8 feet distant of the Southeasterly lot lines of Lots 7 and 8, 86.5 feet to the Southerly right of way line of Third Street; thence Northwesterly along said Southerly right of way line, 50 feet to the point of beginning, being a portion of Lots 7 and 8, Block 19, Original Town of Linkville.

PARCEL 2

The following described real property in Klamath County, Oregon;

A parcel of land situated in Lots 7 and 8, Block 19 of the Original Town of Linkville, known now as Klamath Falls, being more particularly described as follows:

Being at the most Northerly corner of Lot 8 in said Block 19 being at the intersection of Third and Pine Streets; thence Southwesterly along the Southerly right of way line of Pine Street, 86.5 feet to the true point of beginning; thence Southeasterly parallel to the Third Street 112 feet to a point lying Northwesterly 8 feet distant of the Southeasterly lot line of Lot 7; thence Southwesterly and 8 feet distant of the Southeasterly line of Lot 7, 46.00 feet to the lot line common to Lots 6 and 7; thence Northwesterly along the lot line common to said Lots 6 and 7, 112 feet to the Southerly line of Pine Street; thence Northeasterly along said Southerly line of Pine Street 46.00 feet to the point of beginning, being a portion of Lot 7, Block 19, Original Town of Linkville.