

NTC 85235

DEED OF TRUST

Taylor Day & Lisa Day :
38380 Modoc Point Rd. :
Chiloquin, OR 97624-6771 :
Grantor :

Thomas A. Huntsberger, Trustee: :
870 Centennial Loop :
Springfield, OR 97477 :
Beneficiary :

After Recording Return To

Thomas A. Huntsberger :
870 Centennial Loop :
Springfield, OR 97477 :
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:
:

2009-010891

Klamath County, Oregon



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Fee: \$76.00

**DEED OF TRUST
(Commercial)**

THIS DEED OF TRUST, effective the 11th day of August, 2009, between Taylor Day and Lisa Day, as Grantor, AmeriTitle, as Trustee, and Thomas A. Huntsberger, Trustee for the Bankruptcy Estate of 10 Bears at Chiloquin, Inc., as Beneficiary,

For valuable consideration from Grantor to Beneficiary, Grantor irrevocably grants, bargains, sells and conveys to Trustee for the benefit of Beneficiary, with power of sale, the property in Klamath County, Oregon, described on Exhibit A attached hereto, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way and appurtenances; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, and the rents, issues and profits thereof and all fixtures now or hereafter attached to or used in connection with said real property (the "Real Property").

Grantor presently assigns to Beneficiary (also known as Beneficiary in this Deed of Trust) all of Grantor's right, title and interest in and to all present and future leases of the Real Property and all Rents from the Real Property.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of Grantor herein contained and payment of the sum of \$75,000.00, without interest thereon according to the terms of that certain Promissory Note dated August 11, 2009, which is due and payable upon sale of the Real Property, but not later than December 31, 2013.

The date of maturity of the debt secured by this instrument is the date, as stated above, on which the balance due under the Promissory Note becomes due and payable. In the event the within described property, or any part thereof, or any interest therein is sold, agreed to be sold, conveyed, assigned or alienated by the Grantor without first having obtained the written consent or approval of the Beneficiary, then, at the Beneficiary's option, all obligations secured by this instrument, irrespective of the maturity dates expressed therein, or herein, shall become immediately due and payable.

DEFINITIONS. The following words shall have the following meanings when used in this Deed of Trust. Terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Uniform Commercial Code. All references to dollar amounts shall mean amounts in lawful money of the United States of America.

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Beneficiary. The word "Beneficiary" means Thomas A. Huntsberger, Trustee of the Bankruptcy Estate of 10 Bears at Chiloquin, Inc., U.S. Bankruptcy Court for District of Oregon, Case No. 06-62079-fra7.

Day Trust Deed. The term "Day Trust Deed" means that certain Trust Deed dated May 17, 2004, wherein 10 Bears of Chiloquin, Inc. granted Taylor Day and Lisa Day a lien on the Property to secure the principal indebtedness in the amount of \$782,893.00 as evidenced by that certain Memorandum of Trust Deed dated May 17, 2004 and recorded in the Official Records of Klamath County, Oregon on May 17, 2004 at Volume M04, Page 30782.

Deed of Trust. The words "Deed of Trust" mean this Deed of Trust among Grantor, Beneficiary, and Trustee, and includes without limitation all assignment and security interest provisions relating to the Rents.

Gienger Trust Deed. The term "Gienger Trust Deed" means that certain Trust Deed dated June 23, 1994, wherein Taylor A. Day and Lisa I. Day granted L.A. Gienger and Pauline Gienger a lien on the Property to secure the principal indebtedness in the amount of \$620,000.00 that was recorded in the Official Records of Klamath County, Oregon on July 1, 1994 at Volume M94, Page 20577, as subsequently modified by an instrument dated December 30, 2005 and recorded in the Official Records of Klamath County, Oregon on January 19, 2006 at Volume M06, Page 01151, wherein the beneficiary's interest in said trust deed was assigned to Leroy Albert Gienger and Pauline Helene Gienger, Trustees of the Gienger Family Revocable Trust dated October 25, 2005. The provisions of this Deed of Trust will be subordinate and subject to the provisions of the Gienger Trust Deed.

Grantor. The word "Grantor" means Taylor Day and Lisa Day.

Improvements. The word "Improvements" means and includes without limitation all existing and future improvements, building, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means the principal amount payable under that certain Promissory Note and any amounts expended or advanced by Beneficiary to discharge obligations of Grantor or expenses incurred by Trustee or Beneficiary to enforce obligations of Grantor under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust.

Promissory Note. The term "Promissory Note" means the promissory note dated August 11, 2009 between Grantor and Beneficiary to evidence Grantor's obligation to pay Beneficiary \$75,000.00.

Personal Property. The words "Personal Property" mean all fixtures now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of and all substitutions for, any of such property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the property, interests and rights described above in the "Conveyance and Grant" section.

Related Documents. The words "Related Documents" mean and include without limitation all bills of sale and Orders of the U. S. Bankruptcy Court for the District of Oregon executed and/or entered in connection with the Indebtedness.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

Trustee. The word "Trustee" means AmeriTitle, and any substitute or successor trustees.

THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST PERSONAL PROPERTY, IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND (2) PERFORMANCE OF ANY AND ALL OBLIGATIONS OF GRANTOR UNDER THE PROMISSORY NOTE, THE RELATED DOCUMENTS, AND THIS DEED OF TRUST. ANY EVENT OF DEFAULT UNDER THE PROMISSORY NOTE, OR ANY OF THE RELATED DOCUMENTS REFERRED TO THEREIN, SHALL ALSO BE AN EVENT OF DEFAULT UNDER THIS DEED OF TRUST. THE PROMISSORY NOTE AND THIS DEED OF TRUST ARE GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Deed of Trust, Grantor shall pay to Beneficiary all amounts secured by this Deed of Trust as they become due, and shall strictly and in a timely manner perform all Grantor's obligations under the Promissory Note, this Deed of Trust, and the Related Documents.

SUBORDINATION OF DAY TRUST DEED. Grantor acknowledges and agrees that the Day Trust Deed, and the liens on the Property arising thereunder, shall be subject and subordinate to the Beneficiary's liens on the Property arising under this Deed of Trust. Until the Indebtedness has been fully satisfied, Grantor shall hold any funds it receives arising from or relating to the Property, exclusive of Rents received by Grantor prior to an Event of Default, including any proceeds from a sale, transfer, conveyance, or assignment of all or any portion of the Property, as well as proceeds from insurance policies and condemnation proceedings, in trust for the benefit of the Beneficiary except as otherwise provided in this Deed of Trust.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (a) remain in possession and control of the Property, (b) use, operate or manage the Property, and (c) collect any Rents from the Property. The following provisions relate to the use of the Property or to other limitations on the Property. **THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.****

Hazardous Substances. The terms "hazardous waste," "hazardous substance," "disposal," "release," and "threatened release," as used in this Deed of Trust, shall have the same meanings as set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or Federal laws, rules or regulations adopted pursuant to any of the foregoing. The terms "hazardous waste" and "hazardous substance" shall also include, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos. Grantor represents and warrants to Beneficiary that, except as previously disclosed to Beneficiary, Grantor shall not, in violation of any applicable environmental law, use, generate, manufacture, store, treat, dispose of, or release any hazardous waste or substance on, under about or from the Property and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation those laws, regulations, and ordinances described above. Grantor authorizes Beneficiary and its agents to enter upon the Property to make such inspections and tests, at Beneficiary's expense, as Beneficiary may deem appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by Beneficiary shall be for Beneficiary's purposes only and shall not be construed to create any responsibility or liability on the part of Beneficiary to Grantor or to any other person. Grantor hereby (a) releases and waives any future claims against Beneficiary for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws arising from acts or omissions that occurred prior to the date the 10 Bears of Chiloquin, Inc. filed its petition for relief in the above referenced bankruptcy and after the date of this Deed of Trust, and agrees to indemnify and hold harmless Beneficiary against any and all claims, losses, liabilities, damages, penalties, and

expenses arising from those acts or omissions during the applicable periods of time stated above, whether or not the same was or should have been known to Grantor. The provisions of this section of the Deed of Trust, including the obligation to indemnify, shall survive the payment of the indebtedness and the satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by Beneficiary's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), soil, gravel or rock products without the prior written consent of Beneficiary except to the extent such removal is required in order to complete the remediation of the Property contemplated by Grantor and Beneficiary.

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Beneficiary in writing prior to doing so and so long as, in Beneficiary's sole opinion, Beneficiary's interests in the Property are not jeopardized. Beneficiary may require Grantor to post adequate security or surety bond, reasonably satisfactory to Beneficiary, to protect Beneficiary's interest.

Duty to Protect. Grantor agrees neither to abandon nor leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY BENEFICIARY. Beneficiary may, at its option, declare immediately due and payable all sums secured by this Deed of Trust upon the sale or transfer, without the Beneficiary's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest therein; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than one (1) year, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of Real Property interest.

GRANTOR'S SALE REQUIREMENTS. The Real Property the subject of investigation by the Oregon Department of Environmental Quality ("DEQ") regarding a possible discharge of gasoline from an underground storage tank in 1986. Grantor shall immediately undertake all actions required by the DEQ to remediate the Real Property in a manner necessary to obtain a "No Further Action" letter from the DEQ. Grantor shall provide the Beneficiary with periodic reports on the progress of the remediation, as well as copies of all reports relating thereto Grantor receives from any source. Grantor shall also undertake appropriate action to list the Real Property for sale with a realtor licensed by the state of Oregon immediately after Grantor has received a "No Further Action" letter from the DEQ. Grantor shall provide the Beneficiary with bi-monthly written reports from its realtor setting forth all inquiries, showings and offers related to the purchase and sale of the Real Property during the two month period covered by said report. However, it being expressly understood that Beneficiary shall have no right to exercise any control or influence over Grantor's choice of realtor, offering or listing price for the Real Property, or Grantor's acceptance or rejection of any offer to purchase the Real Property or any portion thereof.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are a part of this Deed of Trust.

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Exclusive of any existing lien in the Property and any lien in the Property that is subject to a subordination agreement executed by Beneficiary, Grantor shall maintain the Property free of all liens having priority over or equal to the interest of Beneficiary under this Deed of Trust, except for the lien of taxes and assessments not due and except as otherwise provided in this Deed of Trust.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Beneficiary's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within thirty (30) days after the lien arises or, if a lien is filed, within thirty (30) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Beneficiary, deposit with Beneficiary cash or sufficient corporate surety bond or other security satisfactory to Beneficiary in an amount sufficient to discharge the lien plus any costs and attorneys' fees or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Beneficiary and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Beneficiary as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Beneficiary satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Beneficiary at any time a written statement of the taxes and assessments against the Property.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Deed of Trust.

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Beneficiary. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption, and boiler insurance, as Beneficiary may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Beneficiary and issued by a company or companies reasonably acceptable to Beneficiary. Grantor, upon request of Beneficiary, will deliver to Beneficiary from time to time the policies or certificates of insurance in form satisfactory to Beneficiary, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days' prior written notice to Beneficiary. Each insurance policy also shall include an endorsement providing that coverage in favor of Beneficiary will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property at any time become located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain federal Flood Insurance to the extent such insurance is required by Beneficiary and is or becomes available, for the term of the loan or for the full unpaid principal balance of the loan, or the maximum limit of coverage that is available, whichever is less.

Application of Proceeds. Grantor shall promptly notify Beneficiary of any loss or damage to the Property. Beneficiary may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. The application of insurance proceeds shall be subject to the Gienger Trust Deed. Otherwise, if at the time of damage or destruction of the Property, Grantor is in default of its obligations under this Deed of Trust, whether or not Beneficiary's security is impaired, Beneficiary may, at its election, receive and retain the proceeds of any insurance payable with respect to such damage or destruction and apply the same in reduction of the Indebtedness. However, so long as Grantor is not in default of its obligations under this Deed of Trust, Grantor shall have the right to apply insurance proceeds for repair and restoration provided Grantor enters into such agreements as Beneficiary may reasonably require in order to ensure that the proceeds are promptly applied toward effecting the repairs or restoration.

Unexpired Insurance at Sale. Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property covered by this Deed of Trust at any trustee's sale or other sale held under the provisions of the Deed of Trust, or at any foreclosure sale of such property.

Grantor's Report on Insurance. Upon request of Beneficiary, however not more than once a year, Grantor shall furnish to Beneficiary a report on each existing policy of insurance showing: (a) the name of the insurer; (b) the risks insured; (c) the amount of the policy; (d) the property insured, the then current replacement value of such property, and the manner of determining that value; and (e) the expiration date of the policy.

EXPENDITURES BY BENEFICIARY. If Grantor fails to comply with any provision of this Deed of Trust, or if any action or proceeding is commenced that would materially affect Beneficiary's interests in the Property, Beneficiary on Grantor's

behalf may, but shall not be required to, take any action that Beneficiary deems appropriate. Any amount that Beneficiary expends in so doing will bear interest at the rate provided for in the Promissory Note from the date incurred or paid by Beneficiary to the date of repayment by Grantor. All such expenses, at Beneficiary's option, will (a) be payable on demand, or (b) be treated as a balloon payment which will be due and payable at the Promissory Note's maturity. This Deed of Trust also will secure payment of these amounts. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which Beneficiary may be entitled on account of the default. Any such action by Beneficiary shall not be construed as curing the default so as to bar Beneficiary from any remedy that it otherwise would have had.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Deed of Trust:

Title. Grantor warrants that (a) Grantor holds good and marketable title of record to the Property in fee simple, other than the Gienger Trust Deed, Day Trust Deed, and other matters of record and (b) Grantor has the full right, power, and authority to execute and deliver this Deed of Trust to Beneficiary.

Defense of Title. Subject to the exceptions in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Beneficiary under this Deed of Trust Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Beneficiary shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Beneficiary's own choice, and Grantor will deliver, or cause to be delivered, to Beneficiary such instruments as Beneficiary may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Deed of Trust.

Application of Net Proceeds. The following provisions are subject to the provisions of the Gienger Trust Deed. Otherwise, if all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Beneficiary may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Trustee or Beneficiary in connection with the condemnation.

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Beneficiary in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Beneficiary shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Beneficiary such instruments as may be requested by it from time to time to permit such participation.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Deed of Trust as a security agreement are a part of this Deed of Trust.

Security Agreement. This instrument shall constitute a security agreement to the extent any of the Property constitutes fixtures or other personal property, and Beneficiary shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Beneficiary, Grantor shall execute financing statements and take whatever other action is requested by Beneficiary to perfect and continue Beneficiary's security interest in the Rents and Personal Property. In addition to recording this Deed of Trust in the real property records, Beneficiary may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Grantor shall reimburse Beneficiary for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall assemble the Personal Property in a manner and at a place reasonably

convenient to Grantor and Beneficiary and make it available to Beneficiary within three (3) days after receipt of written demand from Beneficiary.

Addresses. The mailing addresses of Grantor (debtor) and Beneficiary (secured party), from which information concerning the security interest granted by this Deed of Trust may be obtained (each as required by the Uniform Commercial Code), are as stated on the first page of this Deed of Trust.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Deed of Trust.

Further Assurances. At any time, and from time to time, upon request of Beneficiary, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Beneficiary or to Beneficiary's designee, and when requested by Beneficiary, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Beneficiary may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates and other documents as may, in the sole opinion of Beneficiary, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve the obligations of Grantor under the Promissory Note, this Deed of Trust, and the Related Documents, subject only to the Gienger Trust Deed.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Beneficiary may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Beneficiary as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Beneficiary's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Grantor pays all the Indebtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Deed of Trust, and the Promissory Note, Beneficiary shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file evidencing Beneficiary's security interest in the Rents and the Personal Property. Any reconveyance fee required by law shall be paid by Grantor, if permitted by applicable law.

DEFAULT. Each of the following, at the option of Beneficiary, shall constitute an event of default ("Event of Default") under this Deed of Trust:

Default on Indebtedness. Failure of Grantor to make any payment when due on the Indebtedness.

Default on Other Payments. Failure of Grantor within the time required by this Deed of Trust to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any subsequent lien.

Default in Favor of Third Parties. Grantor's default on its obligations secured by the Geinger Trust Deed.

Compliance Default. Failure of Grantor to comply with any other term, obligation, covenant or condition contained in this Deed of Trust, the Promissory Note or in any of the Related Documents.

Defective Collateralization. This Deed of Trust or the Promissory Note ceases to be in full force and effect at any time and for any reason.

Insolvency. The insolvency of any Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by any Grantor.

Foreclosure, Forfeiture, etc. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any of the Property. However, this subsection shall not apply in the event of a good faith dispute by Grantor as to the validity

or reasonableness of the claim which is the basis of the foreclosure or forfeiture proceeding, provided that Grantor gives Beneficiary written notice of such claim and furnishes reserves or a surety bond for the claim satisfactory to Beneficiary.

Breach of Other Agreement. Any breach by Grantor, under the terms of any other agreement between Grantor and Beneficiary that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Grantor to Beneficiary.

Right to Cure. If such a failure is curable and if Grantor has not been given a notice of a breach of the same provision of this Deed of Trust within the preceding twelve (12) months, it may be cured (and no Event of Default will have occurred) if Grantor, after Beneficiary sends written notice demanding cure of such failure: (a) cures the failure within thirty (30) days; or (b) if the cure requires more than thirty (30) days, immediately initiates steps sufficient to cure the failure and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

Cross Default. The occurrence of an Event of Default under this Deed of Trust shall constitute a default by Grantor in Promissory Note and a default by Grantor in the Promissory Note shall constitute an Event of Default in this Deed of Trust.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any Event of Default and at any time thereafter, Trustee or Beneficiary, at its option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Beneficiary shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediate due and payable, including any prepayment penalty which Grantor would be required to pay.

Foreclosure. With respect to all or any part of the Real Property, the Trustee shall have the right to foreclose by notice and sale, and Beneficiary shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law. If this Deed of Trust is foreclosed by judicial foreclosure, Beneficiary will be entitled to a judgment which will provide that if the foreclosure sale proceeds are insufficient to satisfy the judgment, execution may not issue for the amount of the unpaid balance of the judgment.

UCC Remedies. With respect to all or any part of the Personal Property, Beneficiary shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Collect Rents. Beneficiary shall have the right, without notice to Grantor, to take possession of and manage the Property and collect the Rents including amounts past due and unpaid, and apply the net proceeds, over and above Beneficiary's costs, against the Indebtedness. In furtherance of this right, Beneficiary may require any tenant or other user of the Property to make payments of rent or use fees directly to Beneficiary. If the Rents are collected by Beneficiary, then Grantor irrevocably designates Beneficiary as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Beneficiary in response to Beneficiary's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Beneficiary may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Beneficiary shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Beneficiary's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Beneficiary shall not disqualify a person from serving as a receiver.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Beneficiary otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become

a tenant at sufferance of Beneficiary or the purchaser of the Property and shall, at Beneficiary's option, either (a) pay a reasonable rental for the use of the Property, or (b) vacate the Property immediately upon the demand of Beneficiary.

Other Remedies. Trustee or Beneficiary shall have any other right or remedy provided in this Deed of Trust or the Promissory Note or by law.

Notice of Sale. Beneficiary shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other interim disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of Personal Property may be made in conjunction with any sale of the Real Property.

Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all rights to have the Property marshalled. In exercising its rights and remedies, the Trustee or Beneficiary shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Beneficiary shall be entitled to bid at any public sale on all or any portion of the Property.

Waiver; Election of Remedies. A waiver by any party of a breach of a provision of this Deed of Trust shall not constitute a waiver of or prejudice the party's rights otherwise to demand strict compliance with that provision or any other provision. Election by Beneficiary to pursue any remedy provided in this Deed of Trust, the Promissory Note, or the Related Documents, or provided by law shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Deed of Trust after failure of Grantor to perform shall not affect Beneficiary's right to declare a default and to exercise any of its remedies.

Attorneys' Fees; Expenses. If Beneficiary institutes any suit or action to enforce any of the terms of this Deed of Trust, Beneficiary shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and on any appeal. Whether or not any court action is involved all reasonable expenses incurred by Beneficiary which in Beneficiary's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable under the terms of the Promissory Note. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Beneficiary's attorneys' fees whether or not there is a lawsuit, including attorneys' fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

Rights of Trustee. Trustee shall have all of the rights and duties of Beneficiary as set forth in this section.

POWERS AND OBLIGATIONS OF TRUSTEE. The following provisions relating to the powers and obligations of Trustee are part of this Deed of Trust.

Powers of Trustee. In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the written request of Beneficiary and Grantor: (a) join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Beneficiary under this Deed of Trust.

Obligations to Notify. Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Beneficiary, or Trustee shall be a party, unless the action or proceeding is brought by Trustee.

Trustee. Trustee shall meet all qualifications required for Trustee under applicable law. In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Beneficiary shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

Successor Trustee. Beneficiary, at Beneficiary's option, may from time to time appoint a successor Trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Beneficiary and recorded in the office of the recorder of Klamath County, Oregon. The instrument shall contain, in addition to all other matters required by state law, the names of the original Beneficiary, Trustee, and Grantor, the book and page where this Deed of Trust is recorded, and the name and address of the successor trustee, and the instrument shall be executed and acknowledged by Beneficiary or its successors in interest. The successor trustee, without conveyance of the Property, shall succeed to all the title power, and duties conferred upon the Trustee in this Deed of Trust and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

NOTICES TO GRANTOR AND OTHER PARTIES. Any notice under this Deed of Trust shall be in writing, may be sent by facsimile, and shall be effective when actually delivered, or when deposited with a nationally recognized overnight courier, or, if mailed, shall be deemed effective when deposited in the United States mail first class, certified or registered mail, postage prepaid, directed to the addresses shown near the beginning of this Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. All copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust shall be sent to Beneficiary's address, as shown near the beginning of this Deed of Trust. For notice purposes, Grantor agrees to keep Beneficiary and Trustee informed at all times of Grantor's current address.

MISCELLANEOUS PROVISION. The following miscellaneous provisions are a part of this Deed of Trust:

Amendments. This Deed of Trust, together with the Promissory Note and any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration of or amendment to this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Applicable Law. This Deed of Trust has been delivered to Beneficiary and accepted by Beneficiary in the State of Oregon. This Deed of Trust shall be governed by and construed in accordance with the laws of the State of Oregon.

Caption Headings. Caption headings in this Deed of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

Merger. There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held or for the benefit of Beneficiary in any capacity, without the written consent of Beneficiary.

Severability. If a court of competent jurisdiction finds any provision of this Deed of Trust to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Deed of Trust in all other respects shall remain valid and enforceable.

Successors and Assigns. Subject to the limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Beneficiary, without notice to Grantor, may deal with Grantor's successors with reference to this Deed of Trust and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Deed of Trust or liability under the Indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Deed of Trust.

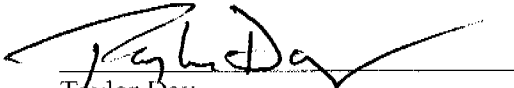
Waivers and Consents. Beneficiary shall not be deemed to have waived any rights under this Deed of Trust (or under the Related Documents) unless such waiver is in writing and signed by Beneficiary. No delay or omission on the part of Beneficiary in exercising any right shall operate as a waiver of such right or any other right. A waiver by any party of a provision of this Deed of Trust shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. No prior waiver by Beneficiary, nor any course of dealing between Beneficiary and Grantor, shall constitute a waiver of any of Beneficiary's rights or any of Grantor's obligations as to any future transactions. Whenever consent by Beneficiary is required in this Deed of Trust, the granting of such

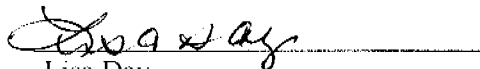
consent by Beneficiary in any instance shall not constitute continuing consent to subsequent instances where such consent is required.

COMMERCIAL DEED OF TRUST. Grantor agrees with Beneficiary that this Deed of Trust is a commercial deed of trust and that Grantor will not change the use of the Property without Beneficiary's prior written consent.

GRANTOR ACKNOWLEDGES HAVING READ ALL OF THE PROVISIONS OF THIS DEED OF TRUST, AND GRANTOR AGREES TO ITS TERMS.


Grantor:


Taylor Day


Lisa Day

On August 12, 2009 before me, the undersigned Notary Public, personally appeared Taylor Day to me known to be the individual described in and who executed the Deed of Trust, and acknowledged that he signed the Deed of Trust as his free and voluntary act and deed, for the uses and purposes therein mentioned.




Notary Public for Oregon
My Commission Expires: 11/16/2011

On August 12, 2009 before me, the undersigned Notary Public, personally appeared Lisa Day to me known to be the individual described in and who executed the Deed of Trust, and acknowledged that she signed the Deed of Trust as her free and voluntary act and deed, for the uses and purposes therein mentioned.




Notary Public for Oregon
My Commission Expires: 11/16/2011

EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL 1

All of Government Lots 2, 3, 9, 14, 40 and 41 in Section 21, Township 35 South, Range 7 East of the Willamette Meridian, Klamath County, Oregon, lying East of Highway 97 and Northwesterly of the Williamson River.

PARCEL 2

A part of Lots 33 and 32, Section 16, Township 35 South, Range 7 East of the Willamette Meridian, Klamath County, Oregon, lying East of U.S. Highway Number 97 and being more particularly described as follows:

Beginning at the quarter section corner on the South boundary of Section 16, Township 35 South, Range 7 East of the Willamette Meridian, Klamath County, Oregon; thence North along the center section line of Section 16 a distance of 1320.0 feet to the Northwest corner of Lot 33, which corner is marked with a 3/4 inch iron pipe; thence East along the North boundary of Lot 33 a distance of 323.30 feet more or less to a point on the Easterly right of way boundary of U.S. Highway Number 97, which point is marked with a 3/4 inch iron pipe; thence South 2° 22' West along said right of way boundary a distance of 333.30 feet to a 3/4 inch iron pipe marking the true point of beginning of this description; thence North 62° 07' East a distance of 395.00 feet to the center of an existing water well; thence continuing North 62° 07' East 234.30 feet to a 3/4 inch iron pipe which bears South 40.00 feet distant from the North boundary of Lot 33; thence East parallel with aforesaid boundary, 454.20 feet to the East boundary of Lot 33; thence South along same, 95.00 feet; thence in Lot 32, East 107.27 feet; thence South 32° 20' East 381.50 feet; thence South 9° 30' West 205.30 feet to a 2 inch iron pipe on the South boundary of Lot 32; thence West along the South boundary of Lots 32 and 33 a distance of 1301.30 feet more or less to the Easterly right of way boundary of U.S. Highway Number 97; thence North 2° 22' East along same, 326.00 feet to the true point of beginning.

Saving and excepting that portion acquired by the State of Oregon in Stipulated Final Judgment filed in Circuit Court Case 90-493CV, and recorded in M-91, page 4868, Records of Klamath County, Oregon.

PARCEL 3

Government Lots 38 and 39 of Section 16, Township 35 South, Range 7 East of the Willamette Meridian, Klamath County, Oregon, lying East of Highway 97.

Saving and excepting that portion acquired by the State of Oregon in Stipulated Final Judgment filed in Circuit Court Case 90-493CV, and recorded in M-91, page 4868, Records of Klamath County, Oregon.