

2010-008111

Klamath County, Oregon

Recording requested by and
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Fee: \$172.00

Parker, Hudson, Rainer & Dobbs, LLP
1500 Marquis Two Tower
285 Peachtree Center Avenue, N.E.
Atlanta, Georgia 30303
Attention: Kathleen O. Currey, Esq.

1st 1495554

**LINE OF CREDIT DEED OF TRUST,
ASSIGNMENT OF RENTS AND FIXTURE FILING**

Cover Sheet

(LINE OF CREDIT INSTRUMENT)

DATE: Executed on June 29, 2010, effective as of July 2, 2010

GRANTOR: Peterson Machinery Co., an Oregon corporation

GRANTOR'S
ADDRESS: 955 Marina Blvd., San Leandro, California 94577

TRUSTEE: First American Title Company

TRUSTEE'S
ADDRESS: 222 SW Columbia, 4th Floor, Portland, Oregon 97201

BENEFICIARY: Caterpillar Financial Services Corporation

BENEFICIARY'S
ADDRESS: 2120 West End Avenue, P.O. Box 340001, Nashville, Tennessee 37203

MAXIMUM
PRINCIPAL
AMOUNT THAT MAY
BE ADVANCED: \$376,020,396.30

LATEST MATURITY
DATE: July 2, 2015

COUNTY: Klamath County

STATE: Oregon

RECORD OWNER
OF LAND: Peterson Machinery Co., an Oregon corporation

**LINE OF CREDIT DEED OF TRUST,
ASSIGNMENT OF RENTS AND FIXTURE FILING**

This LINE OF CREDIT DEED OF TRUST, ASSIGNMENT OF RENTS AND FIXTURE FILING ("Deed of Trust"), executed on June 29, 2010, and effective as of July 2, 2010, is made and executed by **PETERSON MACHINERY CO.**, an Oregon corporation, as grantor ("Grantor"), whose address is c/o Peterson Holding Company, 955 Marina Boulevard, San Leandro, California 94577, Attention: Chief Financial Officer, in favor of **FIRST AMERICAN TITLE COMPANY**, as trustee ("Trustee"), whose address is 222 SW Columbia, 4th Floor, Portland, Oregon 97201, for the benefit of **CATERPILLAR FINANCIAL SERVICES CORPORATION**, a Delaware corporation (together with its successors and assigns, "Beneficiary"), whose address is 2120 West End Avenue, P.O. Box 340001, Nashville, Tennessee 37203, Attention: CBC Dealer Credit Unit. Capitalized terms used and not otherwise defined herein shall have the respective meanings given to them in the Revolving Loan Agreement (as defined below).

Beneficiary is party to the following financing agreements with Grantor and certain of Grantor's affiliates (such affiliates, together with Grantor, each an "Obligor" and collectively the "Obligors"): (a) that certain Amended and Restated Term Loan Agreement dated July 2, 2010 (as amended, restated, supplemented or otherwise modified time to time, the "Term Loan Agreement"), and (b) that certain Revolving Loan Agreement dated July 2, 2010 (as amended, restated, supplemented or otherwise modified time to time, the "Revolving Loan Agreement", and together with the Term Loan Agreement, each a "Loan Agreement" and collectively, the "Loan Agreements"). Pursuant to the Term Loan Agreement and the Notes (as defined in the Term Loan Agreement), Beneficiary has made secured term loans to the Obligors in an aggregate current principal amount of \$330,791,610.39, and Beneficiary may, in its discretion and subject to the terms and conditions thereof, make additional term loans, the principal amount of which, together with the principal amount of the existing term loans, would not exceed \$356,020,396.33 in the aggregate. Pursuant to the Revolving Loan Agreement, Beneficiary, subject to the terms and conditions thereof and hereof, has established a revolving line of credit facility in an aggregate principal amount not to exceed at any time outstanding \$20,000,000. The Loan Agreements, this Deed of Trust and the other instruments and documents executed by Obligors in connection with the Loan Agreements are referred to collectively in this Deed of Trust as the "Loan Documents."

Grantor, in order to secure the indebtedness owing by Grantor and the other Obligors to Beneficiary, and in order to induce Beneficiary to extend credit to Grantor and the other Obligors on the strength and security provided by this Deed of Trust, has agreed to execute and deliver this Deed of Trust.

In consideration of the foregoing, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor and Beneficiary hereby agree as follows:

1. Grant and Assignment in Trust With Power of Sale. To secure the performance and observance by Grantor of all covenants and conditions in the Loan Agreements, this Deed of Trust and in all other instruments securing the Loan Agreements and evidencing the obligations thereunder, and in order to charge the properties, interests and rights hereunder described with such payment, performance, and observance, and for and in consideration of the sum hereinabove set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor does hereby grant, bargain, sell, alien, release, remise, convey, assign, transfer, mortgage, hypothecate, pledge, deliver, set over, warrant and confirm to Trustee, in trust for the benefit of Beneficiary, and its successors and assigns, with power of sale and right of entry and possession, all of the following described land and interests in land, estates, easements, rights, improvements, personal property, fixtures and appurtenances (collectively, the "Property"):

(a) That certain real property (the "Land") in the County of Klamath, State of Oregon, described in Exhibit A, attached hereto and incorporated herein by this reference;

(b) All buildings, structures, facilities, landscaping and other improvements now or hereafter located on or appurtenant to the Land, including, without limitation, the Fixtures (as defined below) (collectively, the "Improvements"; the Land and Improvements being collectively referred to as the "Premises");

(c) All easements, rights-of-way, licenses and other rights now or hereafter used in connection with the Property or as a means of access thereto, including, without limitation, water and water rights, and shares of stock evidencing the same; trackage agreement rights; rights to use common drive entries; rights relating to land within the right-of-way of adjoining streets; rights in or to sidewalks, alleys and strips and gores of land adjoining or used in connection with the Premises; air rights; development rights and credits; and tenements, hereditaments and other appurtenances of and to the Premises;

(d) All fixtures and equipment now or hereafter located on, attached to, installed in or used in connection with the Premises (collectively, the "Fixtures"), including, without limitation, all partitions, generators, screens, awnings, boilers, furnaces, pipes, plumbing, elevators, cleaning, call and sprinkler systems, fire extinguishing machinery and equipment, water tanks, heating, ventilating, air conditioning and air cooling machinery and equipment, gas and electric machinery and equipment, and other appliances, machinery and equipment and fixtures of every nature, all of which shall remain real property;

(e) All oil, gas and other mineral rights relating to the Premises, and all royalty, leasehold and other rights pertaining thereto;

(f) All of Grantor's right, title and interest as landlord or tenant in and to all leases and subleases relating to any portion of the Premises, including, without limitation, all advance rentals and deposits (but not including the Rents, as defined and separately assigned in Section 3, hereof);

(g) All deposits made with and other security given to utility companies by Grantor in connection with the Premises, or any other item of property described in this Section 1, and all claims in law and equity that relate to the Premises;

(h) All greater right, title and interest hereafter acquired by Grantor in or to the Premises, or any other item of property described in this Section 1, and all options relating to such property (whether Grantor is optionor or optionee);

(i) All building materials, equipment, work in process or other personal property of any kind, whether stored on the Land or elsewhere, which have been or later will be acquired for the purpose of being delivered to, incorporated into or installed in or about the Land or Improvements;

(j) All rights to, the payment of money, accounts, accounts receivable, reserves, deferred payments, refunds, cost savings, payments and deposits, whether now or later to be received from third parties (including all earnest money sales deposits) or deposited by Grantor with third parties (including all utility deposits), contract rights, development and use rights, governmental permits and licenses, applications, architectural and engineering plans, specifications and drawings, as-built drawings, chattel paper, instruments, documents, notes, drafts, letters of credit (other than letters of credit in favor of Beneficiary), letter of credit rights (whether or not the letter of credit is evidenced by a writing), supporting obligations, and general intangibles, including payment intangibles (whether any of the

foregoing are tangible or electronic), which arise from or relate to construction on the Land, or to any business now or later to be conducted on it or to the Land and Improvements generally;

(k) All proceeds, including all claims to and demands for them, of the voluntary or involuntary conversion of any of the Land, Improvements or the other property described above into cash or liquidated claims, including all proceeds of any insurance policies, present and future, payable because of loss sustained to all or part of any Property, whether or not such insurance policies are required by Beneficiary, and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Land, Improvements or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements, including causes of action arising in tort, contract, fraud or concealment of a material fact;

(l) All books and records and all recorded data of any kind or nature (regardless of the medium of recording) pertaining to any and all of the property described above, including records relating to tenants under any leases, and the qualification of such tenants, and all certificates, vouchers, and other documents in any way related thereto, including all computer-readable memory and any computer hardware or software necessary to access and process such memory;

(m) All software embedded within or used in connection with any of the property described above; and

(n) All products, accounts, and proceeds (cash or non-cash) of, additions and accretions to, substitutions, renewals and replacements for, and changes in any of the property described above, including all proceeds of any voluntary or involuntary disposition or claim respecting any such property (arising out of any judgment, condemnation or award, or otherwise arising) and all supporting obligations ancillary to or arising in connection therewith, and all goods, accounts, instruments, documents, promissory notes, chattel paper, deposit accounts, supporting obligations, and general intangibles (including payment intangibles) (whether any of the foregoing are tangible or electronic), wherever located, acquired with cash proceeds of any of the foregoing or its proceeds.

2. Obligations Secured. This Deed of Trust secures the performance of each of the following obligations (collectively, the "Secured Obligations");

(a) All indebtedness (including, without limitation, all principal, interest, fees and other charges) now or at any time or times hereafter owing by Grantor and the other Obligors (or any of them) to Beneficiary under the Revolving Loan Agreement, on account of loans and extensions of credit made or to be made by Beneficiary to Grantor and the other Obligors on a revolving basis ("Revolving Loans") up to a maximum principal amount of Revolver Loans outstanding at any time equal to TWENTY MILLION AND NO/100 DOLLARS (\$20,000,000.00), final payment of which is due on or before November 16, 2011;

(b) All indebtedness (including, without limitation, all principal, interest, fees and other charges) now or at any time or times hereafter owing by Grantor and the other Obligors (or any of them) to Beneficiary under the Term Loan Agreement and as evidenced by (i) those certain Notes (as defined in the Term Loan Agreement) dated on or about the effective date of this Deed of Trust (the "Effective Date Notes"), made by Obligors to the order of Beneficiary in the aggregate current principal amount of up to THREE HUNDRED THIRTY MILLION SEVEN HUNDRED NINETY ONE THOUSAND SIX HUNDRED TEN AND 39/100 DOLLARS (\$330,791,610.39), and (ii) other Notes (as defined in the Term Loan Agreement) that may be issued after the effective date of this Deed of Trust, to

be made by Obligors to the order of Beneficiary in an aggregate principal amount, together with the principal amount of the Effective Date Notes, of THREE HUNDRED FIFTY SIX MILLION TWENTY THOUSAND THREE HUNDRED NINETY SIX AND 33/100 (\$356,020,396.33), final payment of the loans made thereunder being due and payable as follows:

(i) such loan made thereunder in the original principal amount of \$10,204,059.00 due on or before July 2, 2015,

(ii) such loan made thereunder in the original principal amount of \$4,000,000 due on or before December 31, 2014,

(iii) such loan made thereunder in the original principal amount of \$7,702,769.06 (of which the principal amount outstanding as of the date hereof is \$6,205,008.39) due on or before November 16, 2012,

(iv) such loan made thereunder in the original principal amount of \$4,000,000 due on or before October 2, 2010, and

(v) all other loans made thereunder due on or before November 16, 2011;

(c) All indebtedness at any time owing under any extensions, renewals, modifications, replacements or consolidations of any of the foregoing;

(d) Any and all advances made by Beneficiary to protect or preserve the Property or the security interest or lien created hereby on the Property, or for Impositions (as defined below) or insurance premiums as hereinafter provided or for performance of any of Grantor's obligations hereunder or for any other purpose provided herein (whether or not Grantor remains the owner of the Property at the time of such advances);

(e) All other Obligations (as defined in each of the Revolving Loan Agreement and the Term Loan Agreement) at any time owing by Grantor or any other Obligor to Beneficiary, however and whenever incurred or evidenced, whether express or implied, direct or indirect, absolute or contingent, or due or to become due, and all renewals, modifications, consolidations, replacements and extensions thereof; and

(f) All costs of collection of any of the foregoing Secured Obligations, including reasonable attorneys' fees and court costs if such indebtedness is collected by or through an attorney at law.

The obligations and liabilities of Grantor and certain other Obligors pursuant to that certain Environmental Indemnity Agreement dated July 2, 2010, and executed by Grantor and certain other Obligors in favor of Beneficiary (as at any time amended, restated, supplemented or otherwise modified, the "Environmental Indemnity Agreement") are not secured by this Deed of Trust and are a separate and independent obligation.

3. Assignment of Rents and Profits.

(a) Absolute Assignment. Grantor hereby absolutely and irrevocably assigns 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 hereby irrevocably appoints Beneficiary as its true and lawful attorney-in-fact, at Beneficiary's option at any

time, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, either in Grantor's name or in Beneficiary's name, for all Rents.

(b) License to Collect. Notwithstanding the foregoing assignment of the Rents, so long as no Event of Default (as defined below) has occurred and is continuing, Grantor shall have a license to collect all Rents (but no more than one month in advance), and to retain and enjoy the same.

(c) Collection and Application of Rents by Beneficiary. While any Event of Default exists, (i) Grantor's license to collect the Rents shall automatically terminate, without notice, (ii) Beneficiary may at any time, without notice, in person, by agent or by court-appointed receiver, and without regard to the adequacy of any security for the Secured Obligations, enter upon any portion of the Property and, with or without taking possession thereof, in its own name sue for or otherwise collect the Rents (including past due amounts), and (iii) promptly following demand by Beneficiary therefor, Grantor shall deliver to Beneficiary all prepaid Rents, deposits relating to Rents, and all other Rents then held by or thereafter collected by Grantor. All Rents collected by or delivered to Beneficiary may only be applied by Beneficiary against the Secured Obligations, in such order as Beneficiary shall determine in its absolute discretion. No application of Rents against any Secured Obligation or other action taken by Beneficiary under this Section shall be deemed to cure or waive any Event of Default, or to invalidate any other action, taken in response to such default, or to make Beneficiary a mortgagee-in-possession of the Property.

(d) Further Assignments. Upon demand by Beneficiary from time to time, Grantor shall promptly execute and deliver to Beneficiary, in form and substance reasonably satisfactory to Beneficiary, recordable assignments of Grantor's interest in any leases, subleases, contracts, licenses, permits and other documents and agreements to which Rents relate; provided, however, that no such assignment shall be construed to impose upon Beneficiary any obligation with respect thereto.

(e) Termination. The assignment of the Rents to Beneficiary hereunder shall terminate and be of no further force and effect following the satisfaction in full of all Secured Obligations and termination of all commitments to lend under the Revolving Loan Agreement and Term Loan Agreement and termination of the Revolving Loan Agreement and the Term Loan Agreement.

(f) Assigned Leases. Except as otherwise agreed in writing by Beneficiary from time to time, the following shall apply to each lease and sublease (collectively, the "Assigned Leases") with respect to which any portion of the landlord's interest is assigned to Beneficiary under this Deed of Trust:

(i) Grantor shall promptly perform all of its obligations as landlord under each Assigned Lease, and shall immediately notify Beneficiary in writing of any notice of default received by Grantor from the tenant thereunder;

(ii) Grantor 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;

(iii) Grantor shall not collect the Rents (or any other amounts) due under any Assigned Lease more than one month in advance of the date due;

(iv) Grantor hereby irrevocably authorizes and directs the tenants under all Assigned Leases to pay all amounts owing to Grantor thereunder to Beneficiary following receipt of any written notice from Beneficiary which states that an Event of Default exists and that all

such amounts are to be paid to Beneficiary. Grantor further authorizes and directs all such tenants to pay all such amounts to Beneficiary without any right or obligation to inquire as to the validity of Beneficiary's notice and regardless of the fact that Grantor has notified any such tenant(s) that Beneficiary's notice is invalid or has then directed any such tenant(s) not to pay such amounts to Beneficiary;

(v) Upon the foreclosure of this Deed of Trust, no Assigned Lease shall be destroyed or terminated by application of the doctrine of merger or as a matter of law unless Beneficiary or any purchaser at such foreclosure sale so elects. No act by or on behalf of Beneficiary or any such purchaser shall constitute a termination of any Assigned Lease unless Beneficiary or such purchaser gives written notice thereof to the applicable tenant or subtenant; and

(vi) Grantor hereby represents and warrants to Beneficiary, with respect to each Assigned Lease that is presently in effect (collectively, the "Current Assigned Leases"), (a) that Grantor has delivered to Beneficiary a true and complete copy of (i) each Current Assigned Lease, together with all modifications; and (ii) the rent rolls with respect to all Current Assigned Leases; (b) that Grantor has not accepted any payment of rent (or other charge) under any Current Assigned Lease that is not due until on or after the 30th day following the execution thereof; and (c) that, to the best of Grantor's knowledge, no material default by Grantor or any other person under any Current Assigned Lease exists.

4. Maintenance, Operation, Preservation and Repair of Property. Grantor shall maintain the Property (and all abutting grounds, sidewalks, roads, parking and landscape areas) in good condition and repair, shall operate the Property in a businesslike manner, shall use its best efforts to preserve and protect both its own and Beneficiary's interests in connection with the Property, shall not commit or permit any waste or deterioration of the Property, shall not abandon any portion of the Property, and shall not otherwise act, or fail to act, in such a way as to unreasonably increase the risk of any damage to the Property or of any other impairment of Beneficiary's interests hereunder. Without limiting the generality of the foregoing, and except as otherwise agreed by Beneficiary in its sole discretion in writing from time to time, Grantor shall promptly and faithfully perform and observe each of the following provisions:

(a) Alterations and Repair. Grantor shall not remove, demolish or materially alter any Improvement, except to make non-structural repairs which preserve or increase the Property's value. Grantor shall promptly restore, in a good and workmanlike manner, any Improvement (or other aspect of the Property) that is damaged or destroyed from any cause, and shall diligently complete, in a good and workmanlike manner, any Improvement constructed by Grantor from time to time.

(b) Compliance with Laws. Grantor shall comply with all applicable federal, state and local laws, rules, ordinances, regulations, permits, approvals, codes and administrative and judicial decisions applicable to the Property, shall not permit any act on or with respect to the Property in violation of any of the foregoing, and shall obtain and maintain in effect all licenses, permits, exemptions, approvals and other authorizations required by law in connection with the ownership and operation of the Property.

(c) Compliance with Rights of Third Parties. Grantor shall comply with all covenants, conditions, restrictions, easements and rights of way, and all other contract and other rights of third parties relating to the Property, including, without limitation, all leases and subleases under which Grantor is a landlord or tenant.

(d) Changes in Property Restrictions. Grantor shall not initiate, join in or consent to any change in any applicable zoning ordinance, general plan or similar law, or the zoning classification of the Property, or to any private restrictive covenant or any similar public or private restriction or obligation with respect to the Property.

(e) Taxes and Impositions. Grantor shall pay, prior to delinquency, all of the following (collectively, the "Impositions"): all general and special real property taxes and assessments imposed on the Property; all other taxes and assessments of every kind that are assessed upon the Property (or upon the owner or operator of the Property, or both) and that create or may create a lien upon the Property (or upon any personal property or fixture used in connection with the Property), including, without limitation, non-governmental levies and assessments imposed in connection with covenants, conditions or restrictions; all taxes and assessments imposed on the Property following Grantor's execution hereof in lieu of or in addition to any of the foregoing Impositions; and all license fees, taxes and assessments imposed on Beneficiary (other than income and franchise taxes) and measured by or based upon (in whole or in part) the Secured Obligations. If permitted by law, Grantor may pay any Imposition in installments.

(i) Grantor shall not be required to pay any Imposition so long as (a) its validity is being actively contested in good faith and by appropriate proceedings and (b) Grantor has demonstrated to Beneficiary's reasonable satisfaction that leaving such Imposition unpaid pending the outcome of such proceedings could not result in the sale of the Property to satisfy such Imposition or otherwise impair Beneficiary's interests hereunder; provided that, Beneficiary may, in its sole discretion, require Grantor to furnish Beneficiary with a bond or other security reasonably satisfactory to Beneficiary in an amount not less than 150% of the applicable claim.

(ii) Upon demand by Beneficiary from time to time, Grantor shall deliver to Beneficiary, within 30 days following the due date of any Imposition, evidence of payment reasonably satisfactory to Beneficiary.

(f) Utility Charges. Grantor shall promptly pay all utility charges incurred for the benefit of the Property or which may become a lien upon the Property, and all assessments and other charges of a similar nature, public or private, relating to the Property, regardless of whether any such charge is or may become a lien thereon.

(g) Liens. Grantor shall perform, on or before the date due, all obligations secured by any lien or encumbrance upon any portion of the Property.

(i) Notwithstanding the foregoing, Grantor shall not be required to perform any such secured obligation so long as (a) its validity is being actively contested in good faith and by appropriate proceedings and (b) Grantor has demonstrated to Beneficiary's reasonable satisfaction that leaving such obligation unpaid or unperformed pending the outcome of such proceedings could not result in the sale of the Property to satisfy such obligation or otherwise impair Beneficiary's interests hereunder; provided that, Beneficiary may, in its sole discretion, require Grantor to furnish Beneficiary with a bond or other security reasonably satisfactory to Beneficiary in an amount not less than 150% of the applicable claim.

(ii) If Grantor fails to fulfill its obligations under this Section with respect to any lien or encumbrance, Beneficiary may discharge the same by paying the amount due or by providing a bond or other security therefor, without inquiring into the validity of such lien or encumbrance and without regard for any claimed defense or offset, and Grantor shall, within

three (3) business days following receipt of written demand, reimburse Beneficiary for all costs incurred by Beneficiary in connection therewith.

(h) Books and Records. Grantor shall maintain complete books of account and other records relating to the ownership and operation of the Property, including contributions of equity investment capital, in accordance with accounting principles reasonably acceptable to Beneficiary and applied on a consistent basis.

(i) Hazardous Materials. Grantor shall not cause or permit the violation of any law relating to industrial hygiene or environmental conditions in connection with the Property, including soil and ground water conditions, or use, generate, manufacture, store or dispose of on, under or about the Property, or transport to or from the Property, any Hazardous Materials in violation of applicable law. Without prior written notice to Beneficiary (except in the case of emergency), Grantor shall take no remedial action with respect to any Hazardous Materials on, under or about the Property, and shall not enter into any settlement agreement, consent decree or other compromise or agreement relating to any such Hazardous Materials. As used herein, "Hazardous Materials" shall mean and include, but shall not be limited to, any element, substance, compound or mixture, including disease-causing agent, which after release into the environment and upon exposure, ingestion, inhalation, or assimilation into any organism, either directly or indirectly, will or may reasonably be anticipated to cause death, disease, behavior abnormalities, cancer, genetic mutation, physiological malfunctions, including malfunctions in reproduction, or physical deformations in such organisms or their offspring, and all hazardous or toxic substances, wastes, materials, pollutants or contaminants (including, without limitation, asbestos, any petroleum or petroleum derived waste or products, and raw materials that include hazardous constituents), or any other similar substances, or materials which are included under or regulated by any local, state or federal law, rule or regulation pertaining to environmental matters, as now or hereafter amended, including, without limitation, the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Federal Resource Conservation and Recovery Act, the Federal Superfund Amendments and Reauthorization Act of 1986, the Federal Toxic Substances Control Act, the Federal Hazardous Material Transportation Act, the Federal Clean Air Act, the Federal Water Pollution Control Act, and any state or local superlien or environmental clean-up or disclosure statutes, rules or regulations, as now or hereafter amended.

5. Insurance.

(a) Policies Required. Grantor shall at all times maintain at Grantor's sole expense, with insurers reasonably approved by Beneficiary, the following policies of insurance in form and substance reasonably satisfactory to Beneficiary:

(i) All insurance required by law from time to time with respect to the ownership or operation of the Property, including without limitation workers' compensation and employer's liability insurance;

(ii) Fire and hazard "all risk" property and casualty insurance covering 100% of the replacement cost of the Improvements in the event of fire, lightning, windstorm, vandalism, malicious mischief and all other risks normally covered by "all risk" coverage policies in the area where the Property is located (including loss by flood if the Property is in an area designated as subject to the danger of flood);

(iii) Commercial general liability insurance in amounts reasonably required by Beneficiary from time to time; and

(iv) All other insurance reasonably required by Beneficiary from time to time.

All such insurance shall provide that it may not be cancelled or materially modified without 30 days' prior written notice to Beneficiary. The policies required under this Section shall include a "lender's loss payable endorsement" (Form 438BFU) in form and substance satisfactory to Beneficiary, assuring Beneficiary that all proceeds, to the extent of the outstanding balance of the Secured Obligations, shall be paid to Beneficiary as encumbrancer. Beneficiary shall be an additional named insured on the liability insurance policies. No such insurance shall include deductible amounts to which Beneficiary has not previously consented in writing. Certificates of insurance for the above policies (or original policies, if required by Beneficiary) shall be delivered to Beneficiary from time to time upon demand. All policies insuring against damage to the Improvements shall contain an agreed value clause sufficient to eliminate any risk of co-insurance. Not less than 30 days prior to the expiration of each policy, Grantor shall deliver to Beneficiary evidence of renewal or replacement of such policy reasonably satisfactory to Beneficiary.

(b) Flood Insurance. If any part of the Property lies within a "special flood hazard area" as defined and specified by the United States Department of Housing and Urban Development pursuant to the Flood Disaster Protection Act of 1973, and Beneficiary determines that flood insurance coverage is required to be obtained for the Property in order to comply with the Flood Disaster Protection Act of 1973 as now in effect, Grantor shall (i) promptly purchase and pay the premiums for flood insurance policies as Beneficiary deems required so that Beneficiary shall be deemed in compliance with the rules and regulations and provisions of the Flood Disaster Protection Act of 1973 as then in effect; and (ii) deliver such policies to Beneficiary together with evidence satisfactory to Beneficiary that the premiums therefor have been paid. Such policies of flood insurance shall be in a form satisfactory to Beneficiary, shall name Beneficiary as an insured thereunder, shall provide that losses thereunder be payable to Beneficiary pursuant to such forms of loss payable clause as Beneficiary may approve, shall be for an amount equal to the maximum limit of coverage made available with respect to the Property under the National Flood Insurance Act of 1968, as amended and shall be noncancellable as to Beneficiary except upon thirty (30) days prior written notice given by the insurer to Beneficiary. Within thirty (30) days prior to the expiration date of each such flood insurance policy, Grantor shall deliver to Beneficiary a renewal policy or endorsement together with evidence satisfactory to Beneficiary that the premium therefor has been paid.

(c) Grant of Security Interest; Claims. Grantor hereby assigns to Beneficiary and grants to Beneficiary a security interest in any and all proceeds of each of the insurance policies maintained pursuant to this Section 5. Grantor shall give Beneficiary immediate notice of any casualty to any portion of the Property, whether or not covered by insurance. If covered, Grantor hereby authorizes Beneficiary, if Beneficiary so elects, to make proof of loss, to appear in and prosecute any action arising from any applicable policy and, while any Event of Default exists, to settle, adjust or compromise any claim under any such policy, and Grantor hereby irrevocably appoints Beneficiary its true and lawful attorney-in-fact for all such purposes. Grantor shall not settle, adjust or compromise any such claim without the reasonable prior written approval of Beneficiary. Nothing in this Section is intended to prohibit Grantor from participating if Beneficiary elects to pursue any such claim.

(d) Delivery of Proceeds to Beneficiary. In the event that, notwithstanding the "lender's loss payable endorsement" requirement set forth above, the proceeds of any casualty insurance policy described herein are paid to Grantor, Grantor shall deliver such proceeds to Beneficiary immediately upon receipt.

(e) Application of Casualty Insurance Proceeds. Grantor hereby (i) authorizes and directs each insurance company to pay all proceeds collected directly and solely to Beneficiary and not to

Grantor and Beneficiary jointly, and (ii) authorizes and empowers Beneficiary to execute and endorse in Grantor's name all proofs of loss, drafts, checks and any other documents or instruments necessary to accomplish such collection, and any Person making payments to Beneficiary under the terms of this paragraph are hereby relieved absolutely from any obligation or responsibility to see to the application of any sums so paid. After deduction from any such proceeds of all costs and expenses (including attorneys' fees) incurred by Beneficiary in the collection and handling of such proceeds, the net amount of such proceeds may be applied, at Beneficiary's option, either toward replacing or restoring the Property, in a manner and on terms satisfactory to Beneficiary, or toward payment of the Secured Obligations, whether matured or unmatured, as Beneficiary shall determine in its sole discretion.

(f) Restoration. Nothing in this Section shall be construed to excuse Grantor from repairing and restoring all damage to the Property, regardless of whether insurance proceeds are available or sufficient.

(g) Assignment of Policies Upon Foreclosure. In the event of foreclosure of this Deed of Trust or other assignment of the Property in payment of any Secured Obligations, all policies of insurance required hereunder and any related unearned premiums shall, without further action, be assigned to the successor-in-interest of Grantor with respect to the Property, and Grantor hereby irrevocably appoints Beneficiary as its true and lawful attorney-in-fact to execute all documents necessary to effect any such transfer, without accounting to Grantor for any unearned premiums thereon. Beneficiary shall not be held responsible for any failure to collect any insurance proceeds due under the terms of the policy regardless of the cause of such failure.

(h) Waiver of Subrogation. Grantor hereby waives all rights to recover against Beneficiary (or any officer, employee, agent or representative of Beneficiary) for any loss incurred by Grantor from any cause insured against; provided, however, that this waiver of subrogation shall not be effective with respect to any insurance policy if the coverage thereunder would be materially reduced or impaired as a result. Grantor shall use its best efforts to obtain only policies which permit the foregoing waiver of subrogation.

(i) Cumulative Nature of Insurance Requirements. The foregoing requirements with respect to insurance are in addition to insurance requirements that may be contained in the Loan Agreements. With respect to the Property, in the event of a conflict between the insurance requirements contained in the Loan Agreements and the provisions hereof, the provision hereof shall control.

(j) INSURANCE WARNING OF ORS 746.201. **WARNING: UNLESS GRANTOR PROVIDES BENEFICIARY WITH EVIDENCE OF THE INSURANCE COVERAGE AS REQUIRED BY THE LOAN DOCUMENTS, 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 PROPERTY BECOMES DAMAGED, THE COVERAGE BENEFICIARY PURCHASES MAY NOT PAY ANY CLAIM GRANTOR MAKES OR ANY CLAIM MADE AGAINST GRANTOR. GRANTOR MAY LATER CANCEL THIS COVERAGE BY PROVIDING EVIDENCE THAT THE GRANTOR HAS OBTAINED PROPERTY COVERAGE AS REQUIRED BY THE LOAN DOCUMENTS ELSEWHERE.**

GRANTOR IS RESPONSIBLE FOR THE COST OF ANY INSURANCE PURCHASED BY BENEFICIARY. THE COST OF THIS INSURANCE MAY BE ADDED TO GRANTOR'S INDEBTEDNESS. IF THE COST IS ADDED TO GRANTOR'S INDEBTEDNESS, THE INTEREST RATE ON THE UNDERLYING INDEBTEDNESS WILL APPLY TO THIS ADDED AMOUNT. 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 CAN OBTAIN ON GRANTOR'S OWN AND MAY NOT SATISFY ANY NEED FOR PROPERTY DAMAGE COVERAGE OR ANY MANDATORY LIABILITY INSURANCE REQUIREMENTS IMPOSED BY APPLICABLE LAW.

6. Condemnation.

(a) Proceedings. Upon learning of the institution or threatened institution of any proceeding for the condemnation or other taking for public or quasi-public use of any portion of the Property, Grantor shall immediately notify Beneficiary in writing and provide Beneficiary copies of all documents applicable thereto. Grantor shall take all action reasonably required by Beneficiary in connection therewith to protect the interests of Grantor and Beneficiary (and each of them), and Beneficiary shall be entitled (without regard to the adequacy of its security) to participate in any such proceeding and be represented therein by counsel of its choice.

(b) Compensation. Grantor hereby assigns to Beneficiary, as security for the Secured Obligations and to the extent of the outstanding balance of the Secured Obligations plus the amount of any unfunded commitment to extend credit, all amounts payable to Grantor in connection with any taking of any portion of the Property for public or quasi-public use, and any proceeds of any related settlement regardless of whether eminent domain proceedings are instituted in connection therewith (collectively, "Compensation"). Grantor shall deliver all Compensation to Beneficiary immediately upon receipt. Any Compensation received by Beneficiary shall be disbursed by Beneficiary in accordance with the rights, procedures and other provisions set forth in this Deed of Trust for the application of casualty insurance proceeds.

7. Additional Duties and Powers.

(a) Actions by Beneficiary to Protect Its Interests. If Grantor fails to perform any Secured Obligation, either Beneficiary or Trustee or both may, without releasing Grantor from such obligation, perform such obligation to the extent reasonably necessary to protect Beneficiary's interests hereunder. Without limiting the generality of the foregoing, Beneficiary and Trustee are each hereby specifically authorized to do any or all of the following:

- (i) Enter upon and/or take possession of the Property;
- (ii) Make alterations, repairs and other improvements reasonably necessary to maintain the Property in good condition and repair;
- (iii) Participate and appear in any action or proceeding which may affect Beneficiary's interests hereunder;
- (iv) Pay, purchase, contest and/or compromise any encumbrance, lien or other claim which may affect Beneficiary's interests hereunder; and
- (v) Pay all expenses reasonably incurred in protecting Beneficiary's interests hereunder, including fees and costs of attorneys and other consultants.

(b) Inspections. Beneficiary and its representatives may from time to time, at reasonable times and following reasonable notice (except in emergencies), conduct inspections of the Property, and inspect and/or copy any and all books and records relating thereto, for the purpose of monitoring Grantor's compliance with its obligations under this Deed of Trust and any other document secured hereby.

(c) Defense of Actions. Grantor shall, at its sole expense, appear in and defend any action or proceeding which may affect Beneficiary's interests hereunder, or under the Loan Agreements, any Loan Documents, the Secured Obligations or any related document.

(d) Indemnity of Beneficiary and Trustee. Grantor shall defend, indemnify and hold Beneficiary and Trustee, and each of them, harmless from and against:

(i) all claims, demands and causes of action asserted against Beneficiary or Trustee by any person (except to the extent that it results from the gross negligence or willful misconduct of Beneficiary or Trustee, as applicable) which directly or indirectly relate to (a) a claim, demand or cause of action that such person has or asserts against Grantor (or any other obligor or guarantor with respect to any Secured Obligation), (b) any lease or other contract assigned to Beneficiary hereunder, (c) acts or omissions of Grantor, or other rights of third parties, relating to the Property or (d) the ownership, occupancy or use of the Property; and

(ii) all liabilities, losses and other costs (including court costs and attorneys' fees) reasonably incurred by Beneficiary or Trustee as the result of any claim, demand or cause of action described in subsection (i) immediately above.

Grantor's indemnity obligations hereunder shall survive the reconveyance of this Deed of Trust.

(e) Reimbursement of Beneficiary. Grantor shall reimburse Beneficiary immediately upon written demand for all costs reasonably incurred by Beneficiary (including fees and expenses of attorneys and other consultants) in the exercise of Beneficiary's rights hereunder and the enforcement of Grantor's obligations hereunder, including, without limitation, the following:

(i) Inspection costs incurred hereunder to protect Beneficiary's interests hereunder;

(ii) Costs incurred in connection with claims, demands, causes of action, liabilities, losses and other costs against which Beneficiary is indemnified hereunder; and

(iii) All liabilities, losses and other costs incurred by Beneficiary as a direct or indirect result of any Event of Default, including the cost of a Trustee's sale guarantee, Trustee's fees and expenses, including its attorneys' fees, and receiver's fees and expenses.

Grantor's reimbursement obligations under this Deed of Trust shall be Secured Obligations, shall bear interest following written demand at the rate provided in the Revolving Loan Agreement, and shall survive the reconveyance and cancellation of this Deed of Trust.

(f) Notice of Certain Matters. Grantor shall give notice to Beneficiary, within five (5) Business Days after Grantor's learning thereof, of each of the following:

(i) any litigation or claim affecting or relating to the Property;

(ii) any dispute between Grantor and any Governmental Authority relating to the Property, the adverse determination of which might materially affect the Property; and

(iii) the presence of any Hazardous Materials on, under or about the Property; and enforcement, clean-up, removal or other action or requirement of any Governmental Authority relating to any such Hazardous Materials; and the existence of any occurrence or condition on any property or in the vicinity of the Property that could cause the Property to be subject to any restrictions relating to Hazardous Materials.

(g) Further Assurances. Grantor shall execute and deliver to Beneficiary all documents, and take all actions, reasonably required by Beneficiary from time to time to confirm the rights created or now or hereafter intended to be created hereunder, to protect and further the validity, priority and enforceability hereof, to subject to the lien hereof any property intended to be encumbered hereby, or otherwise to carry out the purposes hereof. Without limiting the generality of the foregoing, Grantor shall, upon request of Beneficiary, promptly correct any defect, error or omission which may be discovered in the contents hereof or in the execution or acknowledgment hereof.

(h) Impounds.

(i) While any Event of Default exists, if requested by Beneficiary, Grantor shall deposit with Beneficiary, in monthly installments, an amount equal to one-twelfth of the estimated aggregate annual Impositions on the Property. In such event, Grantor shall cause all bills and other documents relating to Impositions to be sent directly to Beneficiary and, upon receipt of the same, and provided Grantor has deposited sufficient funds with Beneficiary, Beneficiary shall pay the amounts due out of the funds so deposited. If at any time and for any reason the funds so deposited are or will be insufficient to pay such amounts as may then or subsequently be due, Beneficiary shall notify Grantor and Grantor shall immediately deposit an amount equal to such deficiency with Beneficiary. Notwithstanding the foregoing, nothing contained herein shall cause Beneficiary to be deemed a trustee of such funds or obligate Beneficiary to pay any amounts in excess of the deposited funds. Beneficiary may commingle such funds with its own funds and Grantor shall not be entitled to interest thereon.

(ii) While any Event of Default exists, if requested by Beneficiary, Grantor shall deposit with Beneficiary, in monthly installments, an amount equal to one-twelfth of the estimated aggregate annual premiums on all policies of insurance required by this Deed of Trust. In such event, Grantor shall cause all bills and other documents relating to such insurance premiums to be sent directly to Beneficiary and, upon receipt of the same, and provided Grantor has deposited sufficient funds with Beneficiary, Beneficiary shall pay the amounts due out of the funds so deposited. If at any time and for any reason the funds so deposited are or will be insufficient to pay such amounts as may then or subsequently be due, Beneficiary shall notify Grantor and Grantor shall immediately deposit an amount equal to such deficiency with Beneficiary. Notwithstanding the foregoing, nothing contained herein shall cause Beneficiary to be deemed a trustee of such funds or obligate Beneficiary to pay any amounts in excess of the deposited funds, nor shall anything contained herein modify the obligation of Grantor to maintain such insurance in force at all times. Beneficiary may commingle such funds with its own funds and Grantor shall not be entitled to interest thereon.

8. Sale or Lease of Property. Except as otherwise permitted in this Deed of Trust, Grantor shall not sell, lease, encumber or otherwise transfer any interest in the Property without the prior written consent of Beneficiary, which consent may be withheld in Beneficiary's absolute discretion. In connection with the foregoing consent requirements, Grantor acknowledges that Beneficiary relied upon Grantor's

particular expertise in entering into the transaction to which this Deed of Trust relates and continues to rely on such expertise to ensure the satisfactory operation of the Property.

(a) Transfers. Transfers requiring Beneficiary's prior written consent shall include, without limitation, the following:

- (i) Involuntary transfers and transfers by operation of law;
- (ii) Liens, encumbrances and assignments as security for obligations, whether voluntary or involuntary (other than inchoate liens for property taxes not yet payable and arising by operation of law); and
- (iii) If Grantor is a partnership, limited liability company, joint venture, trust or closely-held corporation, the issuance, transfer, disposition or encumbering of more than 10% of any class of outstanding capital stock of Grantor or of the partnership interest, membership interest, or other beneficial interest of such partnership, limited liability company, joint venture or trust, or a change of any general partner, manager, managing member or joint venturer, whether voluntarily, involuntarily or otherwise. For purposes of this subsection (iii), "closely-held corporation" shall mean any corporation not listed on a national or regional stock exchange.

(b) Continuing Liability of Grantor. No sale, lease or other transfer shall relieve Grantor from primary liability for any Secured Obligation, or relieve Grantor from any such liability under the Loan Agreements or any Loan Documents, or relieve any guarantor of any obligation from any liability under its guaranty. Grantor shall deliver to Beneficiary all documents reasonably required by Beneficiary to evidence Grantor's and any guarantor's continuing liability.

9. Other Waivers, Rights and Obligations.

(a) Authority to Modify Obligations. Beneficiary may from time to time, without notice, and without affecting the lien of this Deed of Trust or the liability of any other person or entity for, any Secured Obligation, (i) release any person from any Secured Obligation, (ii) extend the maturity or otherwise alter the terms of any Secured Obligation, (iii) grant other indulgences, (iv) release or reconvey any portion of the Property, (v) take or release any other security for any Secured Obligation, and/or (vi) make compromises and other arrangements with debtors relating to any Secured Obligation.

(b) Additional Security. No other collateral held as security for any Secured Obligation shall be affected by the execution of this Deed of Trust, and all such collateral shall be cumulative. Neither the taking of additional security nor the release or partial release of any security for any Secured Obligation shall affect the lien hereof or the liability of any obligor, endorser, guarantor or other surety in connection therewith. Beneficiary may, in its absolute discretion, and in accordance with applicable law, enforce the sale of (or otherwise realize on) any other security for any Secured Obligation before, after, or concurrently with, any exercise of its remedies hereunder.

(c) Survival of Warranties. Any representations and warranties set forth herein or otherwise made by Grantor in connection herewith shall survive the delivery and recording hereof and continue so long as any Secured Obligation remains outstanding.

(d) Other Waivers By Grantor. Grantor waives, to the extent permitted by law (i) the benefit of all present and future laws providing for any appraisal before sale of any portion of the Property, (ii) whether now existing or hereafter created, all rights of redemption, valuation, appraisal, stay of execution, and marshalling, in the event of any foreclosure hereunder, (iii) the right to plead or

assert any statute of limitations as a defense to the enforcement of any Secured Obligation or this Deed of Trust, and (iv) all rights which Grantor may now or hereafter have by reason of laws of the State of Oregon pertaining to sureties.

(e) Subrogation to Lienholder Rights. To the extent that proceeds of the Secured Obligations are used to pay any outstanding lien, charge or encumbrance against the Property, Beneficiary shall be subrogated to all rights and liens held by the owner or holder of such lien, charge or encumbrance, regardless of whether such lien, charge or encumbrance is released.

(f) Non-liability of Beneficiary. Unless expressly provided in a separate writing signed by Beneficiary, no assignment to Beneficiary hereunder of any lease, sublease or other document shall be construed to impose any obligation or liability upon Beneficiary in connection therewith.

(g) Partial Invalidity of Lien. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the Secured Obligations or any part of the Property, the unsecured or partially unsecured portion of such obligations shall be completely paid prior to the payment of the remaining and secured or partially secured portion of such obligations, and all payments made on the Secured Obligations, whether voluntary or under foreclosure or other enforcement action or procedure, shall be first applied against that portion of such obligations which is not secured or fully secured by the lien of this Deed of Trust.

(h) Performance of Secured Obligations. Grantor shall pay and perform when due each of the Secured Obligations.

10. Events of Default. The occurrence of any of the following, whatever the reason therefor, shall constitute an "Event of Default" hereunder:

(a) The occurrence of any Event of Default under (and as defined in) the Revolving Loan Agreement;

(b) The occurrence of any Event of Default under (and as defined in) the Term Loan Agreement;

(c) A default or failure to perform when due to be performed by Grantor or any other Obligor under any other document or agreement secured hereby; or

(d) A default or failure to perform when due to be performed by Grantor of any obligation of Grantor's to be performed under this Deed of Trust.

11. Foreclosure and Other Remedies.

(a) Acceleration Upon Default; Additional Remedies. Upon the occurrence of any Event of Default, Beneficiary may declare all Secured Obligations immediately due and payable in accordance with the terms of the Revolving Loan Agreement and the Term Loan Agreement and, whether or not Beneficiary exercises such option, Beneficiary may at any time and from time to time do any or all of the following:

(i) In person or by agent or court-appointed receiver, and without regard to the adequacy of its security, enter upon and take possession of the Property, or any part thereof, in its own name or in the name of Trustee; take any action which Beneficiary reasonably deems necessary to preserve the value, marketability or rentability of the Property, increase the income

therefrom or protect the security hereof; and, with or without taking possession of the Property, sue for or otherwise collect the Rents, including those past due and unpaid, and apply the same, less costs of operation and collection, against any Secured Obligation, all in such order as Beneficiary determines in its absolute discretion;

(ii) Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

(iii) Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Grantor's interest in the Property to be sold, which notice the Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of the County in which the Property is located; and

(iv) Exercise all other rights and remedies provided herein, in any of the Loan Agreements, or in any Loan Document or other document secured hereby, or in any document that secures all or any portion of the Secured Obligations, or provided by law.

(b) Foreclosure By Power of Sale.

(i) Should Beneficiary elect to foreclose by exercise of the power of sale contained herein, Beneficiary shall notify Trustee and deposit with Trustee this Deed of Trust and such evidence of expenditures made and secured hereby as Trustee may reasonably require.

(ii) Upon receipt of any such notice from Beneficiary, Trustee shall cause to be recorded, published and delivered to Grantor and all other entitled parties such notice of default and election to sell as is then required by law and by this Deed of Trust. Trustee shall, without demand on Grantor, after lapse of such time as is then required by law after recordation of such notice of default, and after notice of sale has been given as required by law, sell the Property at the time and place of sale fixed in such notice of sale, either as a whole or in separate lots, parcels or items and in such order as Beneficiary elects, 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(s) good and sufficient deed(s) conveying the property so sold, but without any warranty, express or implied. Any person, including Grantor, Trustee or Beneficiary, may purchase at any such sale. Instead of paying cash for such property, Beneficiary may pay the purchase price by crediting the sale price of the property against the following obligations: (a) first, the portion of the Secured Obligations attributable to the expenses of sale, costs of any action and any other sums for which Grantor is obligated to pay or reimburse Beneficiary or Trustee under Sections 7(d) and (e) hereof; and (b) second, the other Secured Obligations in such order and proportions as Beneficiary, in its sole discretion, may choose.

(iii) After deducting all fees and costs of Beneficiary and Trustee, including costs of evidence of title in connection with any such sale, Beneficiary shall apply the proceeds of sale to payment of (a) first, all amounts expended under the terms hereof and not then repaid, with accrued interest; (b) second, all other amounts then secured hereby; and (c) the remainder, if any, to the person(s) legally entitled thereto.

(iv) To the extent permitted by applicable law, Trustee may postpone the sale of all or any portion of the Property by public announcement at the time and place of sale, and from time to time thereafter may again postpone such sale by public announcement or subsequently noticed sale.

(v) A sale of less than all of the Property or any defective or irregular sale made hereunder shall not exhaust the power of sale provided for herein, and subsequent sales may be made hereunder until all Secured Obligations have been satisfied or the entire Property has been sold without defect or irregularity.

(c) Appointment of Receiver. While any Event of Default exists, Beneficiary may, without regard to the value of the Property, apply to any court having jurisdiction to appoint a receiver or receivers of the Property, and Grantor hereby irrevocably consents to such appointment. Any such receiver shall have the usual powers and duties of receivers in similar cases, and all the powers and duties of Beneficiary in case of entry as provided herein, until the date of confirmation of sale of the Property (unless such receivership is sooner terminated).

(d) Application of Funds. Except as otherwise expressly provided herein, while any Event of Default exists, Beneficiary may, at any time without notice, apply any amounts received by Beneficiary from or on account of Grantor or the Property (including amounts received as Rents, as insurance or condemnation proceeds, and/or as impounds with respect to insurance premiums or Impositions) against any Secured Obligation, in such order as Beneficiary elects, regardless of whether any such obligation is yet due. The receipt, use or application of any such amount shall not be construed to (a) affect the maturity of any Secured Obligations; (b) affect any rights of Beneficiary or Trustee under any Loan Agreement, any Loan Document, any Secured Obligation or any related documents; (c) affect any obligations of Grantor under any Loan Agreement, any Loan Document, any Secured Obligation or any related documents; (d) cure or waive any default under any Loan Agreement, any Loan Document, any Secured Obligation or any related documents; or (e) invalidate any act of Trustee or Beneficiary.

(e) Cumulative Remedies; No Waiver. Trustee and Beneficiary shall each be entitled to enforce the performance of any Secured Obligation and to exercise all rights under this Deed of Trust, any Loan Agreement, any Loan Document, any Secured Obligation or other agreement or any law now or hereafter in force, regardless of whether some or all of the Secured Obligations are otherwise secured, whether by guaranty, deed of trust, lien, assignment or otherwise. Neither the acceptance or enforcement of this Deed of Trust, whether by court action or pursuant to the power of sale or other powers contained herein, shall prejudice Trustee's or Beneficiary's right to realize upon any other security held by Trustee or Beneficiary, it being agreed that Trustee and Beneficiary shall each be entitled to enforce this Deed of Trust and any such other security in such order as they determine in their absolute discretion in accordance with applicable law. Trustee's and Beneficiary's rights and remedies hereunder are cumulative and in addition to all rights and remedies provided by law or otherwise from time to time. Every right or remedy given by any Loan Agreement, any Loan Document, any Secured Obligation or any related documents to Trustee or Beneficiary or to which either of them is otherwise entitled may be exercised, concurrently or independently, from time to time and as often as is deemed expedient by Trustee or Beneficiary, and either of them may pursue inconsistent remedies. No waiver of any default shall be implied from any omission by Beneficiary or Trustee to take action on account of such default if such default persists or is repeated. No waiver of any default shall affect any default other than the default expressly waived, and any such waiver shall be operative only for the time and to the extent stated. No waiver of any provision of any Loan Agreement, any Loan Document, any Secured Obligation or any related documents shall be construed as a waiver of any subsequent breach of the same provision, Beneficiary's consent to or approval of any act by Grantor requiring further consent or approval shall not be deemed to waive or render unnecessary Beneficiary's consent to or approval of any subsequent act. Beneficiary's acceptance of the late performance of any Secured Obligation shall not constitute a waiver by Beneficiary of the right to require prompt performance of all further Secured Obligations; Beneficiary's acceptance of any performance following the filing of a notice of default hereunder shall not constitute a waiver of Beneficiary's right to proceed with the exercise of its remedies for any unfulfilled

obligations; and Beneficiary's acceptance of any partial performance shall not constitute a waiver of any rights relating to the unfulfilled portion of the applicable obligation.

(f) Request for Notice. Grantor hereby requests that a copy of any notice of default and a copy of any notice of sale hereunder be mailed to it at the address set forth in the first paragraph of this Deed of Trust.

12. Future Advances. This Deed of Trust is given to secure not only the existing Indebtedness, but also future advances (whether such advances are obligatory or are made at the option of Beneficiary, or otherwise) made by Beneficiary under the Revolving Loan Agreement, the Term Loan Agreement, or this Deed of Trust, to the same extent as if such future advances were made on the date of the execution of this Deed of Trust.

13. Miscellaneous Provisions.

(a) Execution of Reconveyances and Other Instruments by Trustee. Upon written request of Beneficiary from time to time and upon payment of Trustee's fees and costs in connection therewith and, if reasonably required by Trustee, upon presentation of this Deed of Trust for endorsement, Trustee shall, without affecting the personal liability of any person with respect to any Secured Obligation or the lien of this Deed of Trust upon the remainder of the Property, (i) reconvey to "the person(s) legally entitled thereto", without warranty, any portion of the Property then held hereunder, (ii) consent in writing to the making of any map or plat thereof, (iii) join in granting any easement thereon, or (iv) join in any extension agreement, agreement subordinating the lien or charge hereof, or other agreement or document relating hereto or to the Property.

(b) Appointment of Successor Trustee. Trustee or any successor acting hereunder may resign and thereupon be discharged of the trusts hereunder upon 30 days' prior written notice to Beneficiary. Regardless of whether such resignation occurs, Beneficiary may from time to time substitute a successor or successors to any Trustee. If permitted by law, Beneficiary may substitute such successor or successors by recording a document executed by Beneficiary and containing the name of the original Grantor and Beneficiary hereunder, the book and page where this Deed of Trust is recorded (and/or instrument number, as applicable) and the name of the new Trustee, in which event such successor Trustee or Trustees shall, without conveyance from the predecessor Trustee, succeed to all its estate, rights and duties hereunder.

(c) Trust Irrevocable; Acceptance by Trustee. The trust created hereby is irrevocable by Grantor. Trustee accepts this trust when this Deed of Trust is made a public record as provided by law.

(d) Statements by Grantor. Grantor shall, within ten (10) days following Beneficiary's demand from time to time, deliver to Beneficiary a written statement setting forth all outstanding amounts secured by this Deed of Trust and stating whether any offset or defense exists against such amounts.

(e) Waiver of Statute of Limitations. Grantor hereby waives the right to assert any statute of limitations as a bar to the enforcement of the lien created by any of the Loan Documents or to any action brought to enforce the Revolving Loan Agreement, the Term Loan Agreement, or any other obligation secured by any of the Loan Documents.

(f) Notices. All notices, demands, approvals and other communications provided for herein shall be in writing and be sent or delivered 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 effective when actually received; provided, however, that non-receipt 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.

(g) Amendments. This Deed of Trust cannot be amended or otherwise modified except by an instrument in writing signed by the party against whom enforcement of any amendment or other modification is sought. A copy of any such document shall be sent by such party to all other parties.

(h) Headings. 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.

(i) Severability of Provisions. Every provision of this Deed of Trust is intended to be severable. In the event that any provision hereof is declared to be invalid or unenforceable for any reason by a court of competent jurisdiction, such invalidity or unenforceability shall not affect the remaining provisions hereof.

(j) Governing Law. This Deed of Trust shall be governed by and construed and enforced in accordance with the laws of the State of Oregon.

(k) Joint and Several Obligations. Should this Deed of Trust be signed by more than one party, all obligations contained herein shall be deemed to be the joint and several obligations of each such party.

(l) Interpretation. In this Deed of Trust the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires. Any reference to any Loan Agreement, Loan Documents, Note (as defined in the Term Loan Agreement), Secured Obligation or other related document shall include such document both as originally executed and as it may from time to time be modified. References herein to Sections and Exhibits shall be construed as references to this Deed of Trust unless a different document is named, and references to subsections shall be construed as references to the same Section in which the reference appears. The term "document" is used in its broadest sense and encompasses agreements, certificates, opinions, consents, instruments and other written material of every kind. The terms "including" and "include" mean "including (include) without limitation." The term "any" as a modifier to any noun, shall be construed to mean "any and/or all" preceding the same noun in the plural. The terms "modify" and "modification", when used with reference to any document or obligation, include amendments, supplements, renewals, extensions, waivers, terminations and other modifications of every kind. The terms "law" and "laws", unless otherwise modified, mean, collectively, all federal, state and local laws, rules, ordinances, regulations, codes and administrative and judicial precedents. The word "person" includes corporations, partnerships and other forms of association. The terms "herein", "hereunder" and other similar compounds of the word "here" refer to this entire Deed of Trust and not to any particular provision or Section hereof.

(m) Counterparts. This Deed of Trust may be executed in counterparts and any party may execute any counterpart, each of which shall be deemed to be an original and all of which, taken together, shall be deemed to be one and the same document.

(n) Successors and Assigns. This Deed of Trust shall bind, and shall inure to the benefit of, Grantor, Trustee, Beneficiary and their heirs, legatees, devisees, administrators, executors and other successors and assigns.

(o) Fixture Filing. This Deed of Trust is being recorded as a fixture filing and covers goods which are, and goods which become, fixtures on the Property.

(p) Expenses and Attorney's Fees. If Beneficiary refers any of the obligations to a lawyer for collection or seeks legal advice after a default, if any litigation is instituted in connection with any of the Secured Obligations, or if Beneficiary or any other Person initiates any judicial or nonjudicial action, suit, or proceeding in connection with any of the Secured Obligations or the Property (including but not limited to proceedings under federal bankruptcy law, eminent domain, under probate proceedings, or in connection with any state or federal tax lien), and Beneficiary employs a lawyer to appear in any such action, suit, or proceeding or to reclaim, seek relief from a judicial or statutory stay, sequester, protect, preserve, or enforce Beneficiary's interests, then in any such event Grantor must pay reasonable attorney fees, costs, and expenses incurred by Beneficiary or its lawyer in connection with the above-mentioned events or any appeals related to them, including but not limited to, costs incurred in searching records, the cost of title reports, and the cost of surveyors' reports. Those amounts will be secured by this Deed of Trust and, if not paid on demand, will bear interest at the rate specified in the Revolving Loan Agreement. Grantor's obligations contained in this Section 13(p) are in addition to, and not in lieu of, any other right of indemnification in favor of Beneficiary contained in any other Loan Documents.

14. Suretyship Provisions. The following provisions shall apply to the extent that all or any portion of the Secured Obligations now or hereafter constitute obligations of any persons (collectively, "Obligors") other than, or in addition to, Grantor:

(a) Conditions to Exercise of Rights. Grantor hereby waives any right it may now or hereafter have to require Beneficiary, as a condition to the exercise of any remedy or other right against Grantor hereunder or under any other document executed by Grantor in connection with any Secured Obligation, (i) to proceed against any Obligor or other person, or against any other collateral assigned to Beneficiary by Grantor or any Obligor, or other person, (ii) to pursue any other right or remedy in Beneficiary's power, or (iii) to make or give any presentment, demand, protest, notice of dishonor, notice of protest or other demand or notice of any kind in connection with any Secured Obligation or any collateral (other than the Property) for any Secured Obligation.

(b) Waiver of Rights and Defenses. Grantor hereby waives any rights or defenses it may now or hereafter have by reason of or that relate to: (i) any disability or other defense of any Obligor or other person, (ii) the cessation, from any cause other than full performance, of the obligations of any Obligor or any other person, (iii) the application of the proceeds of any Secured Obligation by any Obligor or other person, for purposes other than the purposes represented to Grantor by any Obligor or otherwise intended or understood by Grantor or any Obligor, (iv) any act or omission by Beneficiary which directly or indirectly results in or contributes to the release of any Obligor or other person or any collateral for any Secured Obligation, (v) the unenforceability or invalidity of any collateral assignment or guaranty with respect to any Secured Obligation, or the lack of perfection or continuing perfection or lack of priority of any lien which secures any Secured Obligation, (vi) any failure of Beneficiary to marshal assets in favor of Grantor or any other person, (vii) any modification of any Secured Obligation, including any renewal, extension, acceleration or increase in interest rate, (viii) any election of remedies by Beneficiary, (ix) any Secured Obligation or other obligation being secured by real property or an estate for years, (x) any law which provides that the obligation of a surety or guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal or which reduces a surety's or guarantor's obligation in proportion to the principal obligation, (xi) any failure of Beneficiary to file or enforce a claim in any bankruptcy or other proceeding with respect to any person, (xii) the election by Beneficiary, in any bankruptcy proceeding of any person, of the application or non-application of Section 1111(b)(2) of Title 11 of the United States Code (the "Bankruptcy Code"), (xiii) any extension of credit or the grant of any lien under Section 364 of the Bankruptcy Code, (xiv) any use of cash collateral under

Section 363 of the Bankruptcy Code, or (xv) any agreement or stipulation with respect to the provision of adequate protection in any bankruptcy proceeding of any person.

(c) Subrogation. Grantor hereby waives (i) any right of subrogation which Grantor may now or hereafter have against any Obligor that relates to any Secured Obligation, (ii) any right to enforce any remedy Grantor may now or hereafter have against any Obligor that relates to any Secured Obligation, and (iii) any right to participate in any collateral now or hereafter assigned to Beneficiary with respect to any Secured Obligation. Grantor further agrees that, if and to the extent that any waiver, set forth in this subsection is ever held to be unenforceable, all such rights of subrogation, enforcement and participation shall be junior and subordinate to the right of Beneficiary to obtain payment and performance of the Secured Obligations and to all rights of Beneficiary in and to any property which now or hereafter serves as collateral security for any Secured Obligation.

(d) Obligor Information. Grantor warrants and agrees: (i) that Grantor has not relied, and will not rely, on any representations or warranties by Beneficiary to Grantor with respect to the creditworthiness of any Obligor or the prospects of repayment of any Secured Obligation, (ii) that Grantor has established and/or will establish adequate means of obtaining from each Obligor on a continuing basis, financial and other information pertaining to the business operations, if any, and financial condition of each Obligor, (iii) that Grantor assumes full responsibility for keeping informed with respect to each Obligor's business operations, if any, and financial condition, and (iv) that Beneficiary shall have no duty to disclose or report to Grantor any information now or hereafter known to Beneficiary with respect to any Obligor, including, without limitation, information relating to any Obligor's business operations or financial condition.

(e) General Waiver. Grantor hereby waives any and all rights of subrogation, reimbursement, indemnification, and contribution and any other rights and defenses that are or may become available to Grantor whether at law or in equity.

(f) Duration. The lien of this Deed of Trust on the Property shall continue until the expiration of all periods within which any amount at any time paid on account of the Secured Obligations may be required to be restored or returned by Beneficiary upon the bankruptcy, insolvency or reorganization of any Obligor, any guarantor or any other person. In the event that any amount at any time paid on account of the Secured Obligations is required to be restored or returned by Beneficiary as a result of any such bankruptcy, insolvency or reorganization, this Deed of Trust shall secure such amount as if such amount was never paid.

(g) Lawfulness and Reasonableness. Grantor warrants that all of the waivers in this Deed of Trust are made with full knowledge of their significance, and of the fact that events giving rise to any defense or other benefit waived by Grantor may destroy or impair rights which Grantor would otherwise have against Beneficiary, Obligors and other persons, or against collateral. Grantor agrees that all such waivers are reasonable under the circumstances and further agrees that, if any such waiver is determined (by a court of competent jurisdiction) to be contrary to any law or public policy, such waiver shall be effective to the fullest extent permitted by law.

15. Jury Trial Waiver. GRANTOR WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS DEED OF TRUST, ANY RIGHTS, REMEDIES, OBLIGATIONS, OR DUTIES HEREUNDER, OR THE PERFORMANCE OR ENFORCEMENT HEREOF OR THEREOF. Except as prohibited by law, Grantor waives any right which it may have to claim or recover in any litigation referred to in the preceding sentence any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. Grantor (i) certifies that

neither Beneficiary nor any representative, agent or attorney of Beneficiary has represented, expressly or otherwise, that Beneficiary would not, in the event of litigation, seek to enforce the foregoing waivers or other waivers contained in this Deed of Trust, and (ii) acknowledges that, in entering into the Revolving Loan Agreement and the other Loan Documents in respect of the Revolving Loan Agreement, Beneficiary is relying upon, among other things, the waivers and certifications contained in this Section 15.

16. **ORS 93.040 WARNING.** The following notice is provided pursuant to ORS 93.040: BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007. THIS INSTRUMENT DOES 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 THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007.

17. **NOT A RESIDENTIAL TRUST DEED.** Grantor represents and warrants that this Deed of Trust is not and will continue to not be a "Residential Trust Deed" as defined in ORS 86.705(3).

18. **NO ORAL COMMITMENTS NOTICE.** The following notice is made pursuant to ORS 41.580(1)(h), (2) and (3): UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY BENEFICIARY CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE GRANTOR'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY BENEFICIARY TO BE ENFORCEABLE.

[Remainder of page intentionally left blank; signature appears on following page]

IN WITNESS WHEREOF, Grantor has caused this Deed of Trust to be duly executed on the date first written above.

PETERSON MACHINERY CO., an Oregon
corporation

By: [Signature]

Name: Thomas R. White

Title: Treasurer

ACKNOWLEDGMENT

STATE OF CALIFORNIA)
COUNTY OF ALAMEDA)

The foregoing instrument was acknowledged before me this 29th day of June, 2010, by THOMAS R. WHITE, as TREASURER of Peterson Machinery Co., an Oregon corporation, on behalf of said corporation.

[Signature]
Notary Public in and For the State of CALIFORNIA

My Commission Expires: 11-3-12

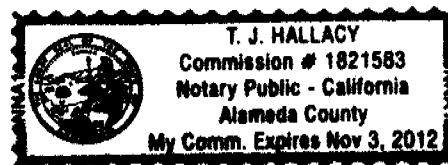


EXHIBIT A

Legal Description

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

PARCEL ONE:

A PARCEL OF LAND IN SECTION 33, TOWNSHIP 38 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WESTERLY RIGHT OF WAY LINE OF SOUTH SIXTH STREET WHICH BEARS S 55°08'50" E 594.48 FEET FROM THE WEST 1/4 OF SECTION 33; THENCE ALONG SAID WESTERLY RIGHT OF WAY LINE S 27°06'50" E 122.14 FEET; THENCE S 03°41'00" E 252.00 FEET; THENCE S 34°49'00" W 15.00 FEET; THENCE S 55°11'00" E 150.00 FEET; THENCE LEAVING SAID WESTERLY RIGHT OF WAY LINE S 34°49'00" W 623.06 FEET TO A POINT; THENCE 223.35 FEET ALONG THE ARC OF A 467.00 FOOT RADIUS CURVE TO THE RIGHT, THE LONG CHORD OF WHICH BEARS N 25°31'17" W 221.24 FEET AND HAVING A DELTA ANGLE OF 27°22'04"; THENCE 555.49 FEET ALONG THE ARC OF 686.05 FOOT RADIUS CURVE TO THE RIGHT, THE LONG CHORD OF WHICH BEARS N 11°21'30" E 540.44 FEET AND HAVING A DELTA ANGLE OF 46°23'30"; THENCE N 34°33'14" E 211.60 FEET; THENCE 76.23 FEET ALONG THE ARC OF A 487.68 FOOT RADIUS CURVE TO THE LEFT, THE LONG CHORD OF WHICH BEARS N 30°04'34" E 76.15 FEET AND HAVING A DELTA ANGLE OF 08°57'21" TO THE POINT OF BEGINNING TOGETHER WITH:

PARCEL 2:

A NONEXCLUSIVE EASEMENT FOR SEWER DRAINAGE PURPOSES AS CONTAINED IN THAT CERTAIN DECLARATION OF PRIVATE EASEMENT BY PETERSON MACHINERY CO., DATED APRIL 15, 2010, RECORDED ON APRIL 20, 2010 AS INSTRUMENT NO. 2010-04745, RECORDS OF KLAMATH COUNTY, OREGON

OVER THE FOLLOWING DESCRIBED LAND:

A PORTION OF THE LAND SITUATED IN THE SW ¼ OF SECTION 33, TOWNSHIP 38 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, BEING A PORTION OF A RAILROAD SPUR AS SHOWN ON THE CENTRAL PACIFIC RAILWAY MAP V-1/S5-D, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE W1/4 CORNER OF SAID SECTION 33, THENCE NORTH 00°00'49" EAST, 69.37 FEET; THENCE SOUTH 55°27'00" EAST, 407.10 FEET; THENCE SOUTH 10°46'30" WEST, 10.93 FEET; THENCE SOUTH 49°37'44" EAST, 197.05 FEET; THENCE ALONG THE ARC OF A NON-TANGENT 467.68 FOOT RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 03°03'47" (THE LONG CHORD OF WHICH BEARS SOUTH 22°58'05" WEST, 25.00 FEET) AN ARC DISTANCE OF 25.00 FEET TO THE NORTHWEST CORNER OF THE PROPERTY DESCRIBED IN D.V. 2009-011407 AND THE TRUE POINT OF BEGINNING; THENCE SOUTH 40°26'39" EAST, 21.98 FEET TO THE NORTHEAST CORNER OF THE PROPERTY DESCRIBED IN D.V. 2009-011407; THENCE ALONG THE EASTERLY BOUNDARY LINE OF THE PROPERTY DESCRIBED IN D.V. 2009-011407, ALONG THE ARC OF A 487.68 FOOT RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 08°57'21" (THE LONG CHORD OF WHICH BEARS SOUTH 30°04'20" WEST, 76.15 FEET) AN ARC DISTANCE OF 76.23 FEET; THENCE ALONG SAID EASTERLY BOUNDARY LINE, SOUTH 34°33'00" WEST, 23.90 FEET, THENCE LEAVING SAID EASTERLY BOUNDARY LINE, NORTH 55°27'00" WEST, 20.00 FEET TO A POINT ON THE WESTERLY BOUNDARY LINE OF THE PROPERTY DESCRIBED IN D.V. 2009-011407; THENCE ALONG SAID WESTERLY BOUNDARY LINE, NORTH 34°33'00" EAST, 23.90 FEET TO A POINT OF CURVATURE; THENCE ALONG SAID WESTERLY

BOUNDARY LINE, ALONG THE ARC OF A 467.68 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 10°03'01" (THE LONG CHORD OF WHICH BEARS SOUTH 29°31'29" EAST, 81.93 FEET) AN ARC DISTANCE OF 82.04 FEET TO THE TRUE POINT OF BEGINNING, WITH BEARINGS BASED ON KLAMATH COUNTY SURVEY 7682.

SAID PARCEL 2 BEING A PORTION OF THAT CERTAIN LAND CONVEYED TO PETERSON MACHINERY CO. BY UNION PACIFIC RAILROAD COMPANY BY QUITCLAIM DEED RECORDED AUGUST 25, 2009 AS INSTRUMENT NO. 2009-011407, RECORDS OF KLAMATH COUNTY