

NTC 88421-KR

2010-010797
Klamath County, Oregon



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09/10/2010 03:29:01 PM

Fee: \$72.00

After recording, return to:

C. Paul Dagle
707 S.W. Washington St.
Suite 1501
Portland, OR 97205

TRUST DEED

Date: April 1, 2010

From: Trails View, LLC ("Grantor")
1445 Avalon Street
Klamath Falls, Oregon 97603

To: AmeriTitle ("Trustee")
300 Klamath Avenue
Klamath Falls, Oregon 97601

For: Klamath Housing Authority ("Beneficiary")
1445 Avalon Street
Klamath Falls, Oregon 97603

1. The Collateral. For a valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby:

(a) mortgages, transfers, assigns, and conveys in trust to Trustee with power of sale upon default for the benefit of Beneficiary the improvements (the "Improvements") on the land located in the Klamath Falls, Klamath County, Oregon, more particularly described on Exhibit A attached hereto and incorporated herein by reference (the "Land"), including without limitation all buildings, structures, improvements, fixtures, and landscaping now or hereafter located on the Land, all roads, rights-of-way, easements, access rights, water rights, appurtenances, tenements, hereditaments and licenses now or hereafter belonging thereto and all leases, rents, royalties, issues, profits and proceeds therefrom, specifically including, but not limited to, all insurance and condemnation proceeds and awards, with the Land and Improvements sometimes referred to herein as the "Real Property";

(b) conveys, transfers, and assigns to Beneficiary all existing and future leases, rental agreements and similar contracts and all maintenance, security, and janitorial contracts relating to all or any part of the Real Property or to the use or enjoyment thereof, any contracts for the sale of the Real Property, and all income, royalties, and profits arising from the Real Property, and all rights and remedies related thereto, specifically including the right to demand, sue for and/or collect rent and other payments due from lessees or tenants, subject only to a limited license reserved to Grantor to collect and properly apply said rents and payments prior to Grantor's default hereunder (the "Leases and Contracts"); and

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(c) pledges and grants to Beneficiary pursuant to Article 9 of the Uniform Commercial Code as adopted in Oregon a security interest in and to all present and after-acquired goods (including materials and supplies), fixtures, equipment, vehicles, furniture, furnishings owned by Grantors, or any of them, and used or for use in connection with the Real Property, accounts and all general intangibles, including leases and rents, arising from or related to the Real Property (the "Personal Property"),

2. Obligations Secured. The above-described collateral is given to secure:

(a) performance of those terms and conditions as more fully set forth in that certain Loan Agreement of even date herewith;

(b) performance of the covenants and agreements hereinafter made;

(c) payment of the sum of \$1,001,652, together with interest on the unpaid balance thereof, in accordance with that certain Promissory Note of even date herewith (the "Note") on or before March 31, 2039 and any and all renewals and extensions thereof whether or not evidenced by new or additional instruments; and

(d) payment or performance, as the case may be, of all other present or future debts, liabilities or obligations of Beneficiary incurred by Beneficiary in preserving, handling, protecting, collecting, foreclosing, disposing and otherwise realizing on any and all security, including the Real Property.

3. Grantor's Representations and Warranties. Grantor represents and warrants:

(a) Grantor is the lessee of the Land pursuant to a long-term ground lease with Beneficiary;

(b) Grantor is, or will be, the owner of the Improvements on or to be constructed on the Land in fee simple and has the right and authority to convey the Improvements as provided herein; and

(c) The Improvements are, and will be, free and clear of all other liens and encumbrances except encumbrances of record.

4. Promise to Pay and Perform. Grantor will pay the debts and liabilities secured by this Trust Deed promptly when due and will strictly and punctually perform all additional obligations, covenants and agreements that are contained in this Trust Deed, the Note and any other instrument or agreement between Grantor and Beneficiary.

5. Encumbrances and Compliance with Law.

5.1 Grantor shall pay all taxes, assessments and other charges of every nature (including utilities) which may be levied or assessed upon or against the Real Property, or any part thereof, when due and payable according to law. Grantor shall promptly pay and satisfy all construction liens and other liens or encumbrances that are or might by operation of law or otherwise become a prior lien on the Real Property.

5.2 Grantor shall comply with all existing and future laws, orders and regulations of all governmental bodies that affect the Real Property or the use thereof.

5.3 Grantor shall indemnify and hold Trustee and Beneficiary harmless from all costs incurred in connection with such taxes, assessments, charges, compliance with governmental requirements, liens and encumbrances. Grantor shall defend Beneficiary's rights against any and all liens and encumbrances.

5.4 Grantor shall not be deemed in default hereunder by reason of failure to pay any taxes, assessments, liens or other charges levied, assessed or imposed upon or against the Real Property when due and payable so long as Grantor is contesting such taxes, assessments, liens or charges in good faith by appropriate means and Grantor provides to Beneficiary cash deposits or bonds in the amount of the taxes, assessments, liens or other charges being contested.

6. Protection of Real Property.

6.1 Grantor shall keep all Improvements in good order and repair and shall not commit or suffer any waste of the Real Property.

6.2 Grantor shall not do or allow any act or omission, including removal or alteration of Improvements, which shall materially reduce the security value of the Real Property.

6.3 Grantor shall afford Beneficiary the right to enter upon and inspect the Real Property at all reasonable times.

7. Insurance. Grantor shall keep all Improvements now or hereafter on the Real Property insured against loss or damage by fire with extended coverage indorsement by a responsible insurance company satisfactory to Beneficiary in an amount equal to the full replacement value of the Improvements. The insurance policy shall name Grantor, Beneficiary and the holder of any prior mortgage or trust deed insured parties as their respective interests may appear and provide that such insurance coverage shall not be canceled without at least 15 days' prior written notice having been given to Beneficiary. Grantor shall give prompt notice to Beneficiary of any insured or uninsured casualty.

WARNING:

Unless Grantor provides Beneficiary with evidence of the insurance coverage required by the Note, 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 Real 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 Grantor has obtained property coverage elsewhere.

Grantor is responsible for the cost of any insurance purchased by Beneficiary. The cost of this insurance may be added to Grantor's loan balance. If the cost is added to Grantor's loan balance, the interest rate on the underlying loan 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 its own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

8. Performance of Grantor's Obligations by Beneficiary. If Grantor allows insurance coverage to expire or fails or refuses to pay taxes, assessments, charges, liens or encumbrances or to comply with governmental requirements, Beneficiary may, but shall not be required to, procure, pay or perform the same and the amount of such payment or cost of such procurement or performance, together with interest thereon at the rate provided for in the Note, shall be immediately due and payable by Grantor to Beneficiary and secured by the lien of this Trust Deed. Performance by Beneficiary shall not be deemed a waiver of any rights Beneficiary may have on account of Grantor's failure to timely perform.

9. Default. Time is of the essence. Occurrence of one or more of the following shall constitute an event of default ("Event of Default"):

9.1 Grantor shall fail to pay principal or interest in accordance with the terms of the Note.

9.2 Any representation or warranty herein or in any agreement executed pursuant hereto or in connection with this transaction shall prove to have been materially false or misleading in any material adverse respect when made.

9.3 Grantor fails to comply with the terms and conditions set forth in this Trust Deed, the Loan Agreement and the Note.

9.4 The filing by Grantor of a petition for relief under the Federal Bankruptcy Code, or any other applicable federal or state law, or the consent by it to the filing of any such petition or the consent to the appointment of a receiver, liquidator, assignee, trustee, or other similar official, of Grantor, or of any substantial part of its property, or the making by Grantor of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due or the taking of corporate action by Grantor in furtherance of any such action.

9.5 The commencement of an action against Grantor seeking any bankruptcy, insolvency, reorganization, liquidation, dissolution or similar relief under any applicable federal or state law or regulation, which action is not dismissed within 120 days after commencement, or the appointment without the consent or acquiescence of Grantor of any trustee, receiver or liquidator of Grantor, or of all or any substantial part of the properties of Grantor, which appointment is not vacated within 120 days after such appointment.

10. Right to Cure.

10.1 Monetary Default. If an Event of Default occurs pursuant to Section 9.1, Grantor shall have a period of thirty (30) days after receipt of written notice of default from Beneficiary to Grantor to cure the default prior to the exercise of remedies by Beneficiary pursuant to the terms of this Agreement.

10.2 Non-Monetary Default. If an Event of Default occurs pursuant to Sections 9.2 or 9.3, Grantor shall have a period of thirty (30) days after receipt of written notice of default from Beneficiary to Grantor to cure any such default which is curable prior to the exercise of remedies by Beneficiary pursuant to the terms of this Agreement, except that if default is curable, but cannot be cured within such 30-day period, Grantor shall have such additional time as is reasonably necessary to cure the default prior to the exercise of any remedies by Beneficiary.

11. Remedies. In the event of a default hereunder, Beneficiary shall have the option to declare all debts and liabilities of Grantor to Beneficiary immediately due and payable and this Trust Deed by reason thereof may be foreclosed at any time thereafter either by advertisement and sale in the manner provided in ORS 86.705 to 86.795 or by civil action as a mortgage. In addition, Beneficiary, either directly or through a receiver appointed by the presiding judge of the circuit court for the county in which the Real Property is located, may take possession of the Real Property upon Grantor's default hereunder (whether or not the apparent value of the Real Property exceeds the debts and liabilities of Grantor to Beneficiary), collect the rents and profits therefrom and apply the same, after payment of costs, charges and expenses, to the payments of amounts due to Beneficiary during the pendency of any foreclosure either by advertisement and sale or by civil action. Any receiver appointed may serve without bond.

12. Reinstatement. In the event Beneficiary elects to foreclose this Trust Deed by advertisement and sale in the manner provided in ORS 86.705 to 86.795, Grantor and certain other persons specified by those statutes shall have the right, at any time prior to five days before the date set by Trustee for the trustee's sale, to cure Grantor's default by payment to Beneficiary of the entire amount then due, other than such portion of the principal of the Note and any other instruments secured by this Trust Deed as would not then be due had no default occurred, plus all costs and expenses incurred and all fees provided by those statutes.

13. Security Agreement and Assignment. This Trust Deed, without affecting its validity as a real estate trust deed and mortgage, is also executed and shall be construed as a security agreement under the Oregon Uniform Commercial Code granting to Beneficiary a security interest in all the Personal Property and an assignment to Beneficiary in and to any "contract vendor" or similar interest of Grantor in and to the Real Property. In addition to the rights and remedies provided herein, Beneficiary shall have all the rights and remedies granted

by such Uniform Commercial Code; and reasonable notice, when notice is required, shall be ten (10) days. Grantor covenants and agrees to execute and file financing statements and similar instruments deemed necessary or desirable by Beneficiary to perfect, continue and renew said security interest and assignment.

14. Consent to Modifications. In the event Beneficiary consents to the transfer of the Real Property or any part thereof or any interest therein, and such a transfer is made, Beneficiary may, without notice to Grantor or any one else, once or often, extend the time of payment or grant renewals of the debt hereby secured for any term, execute releases or partial releases from the lien of this Trust Deed or in any other respect modify the terms hereof without thereby affecting the primary liability of Grantor for the payment of the debts and performance of the obligations hereby secured.

15. Waiver. No covenant, agreement or condition of this Trust Deed shall be deemed waived unless expressly waived in writing by Beneficiary. The failure of Beneficiary at any time to require strict performance by Grantor of any covenant, agreement or condition shall not estop or otherwise affect Beneficiary's right to enforce the same nor shall any acceptance of partial payment on account, waiver or forbearance by Beneficiary be held to be a waiver of Grantor's default or the covenant, agreement or condition itself or any future failure to perform the same.

16. Foreclosure Costs. In the event civil action is instituted to foreclose this Trust Deed as a mortgage, which results in judgment against Grantor, Grantor agrees to pay all costs and disbursements allowed by law and such sum as the trial judge or appeal court may adjudge reasonable as attorney fees in such action, together with reasonable costs incurred by Beneficiary for title reports and title search, all such sums to be secured by the lien of this Trust Deed and included in the decree of foreclosure.

17. Notice. Whenever any notice, demand, or request is required by the terms hereof or by any law now in existence or hereafter enacted, the notice, demand or request shall be sufficient if actually furnished to Grantor or mailed to Grantor by certified mail, return receipt requested, in a postage prepaid envelope addressed to the last address of Grantor shown in Beneficiary's records.

18. Binding Effect. This Trust Deed, and the warranties, covenants and agreements made herein, shall bind Grantor and Grantor's personal representatives, heirs, successors and assigns and inure to the benefit of Trustee, successor trustees, Beneficiary and Beneficiary's personal representatives, heirs, successors and assigns.

*[The remainder of this page intentionally left blank.
The next page is the signature page.]*

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

TRAILS VIEW, LLC

By: Klamath Housing Authority,
Managing Member

By: 
Diana Otero, Executive Director



Acknowledgements

STATE OF OREGON)
) ss.
County of Klamath)

This instrument was acknowledged before me on this 26th day of August, 2010 by Diana Otero, Executive Director of the Klamath Housing Authority, the Managing Member of Trails View, LLC, on behalf of said company.


Notary Public for OREGON
My commission expires: 04-28-2013

Exhibit A
Legal Description

The Land upon which the Improvements are to be developed by Grantor is situated in the State of Oregon, County of Klamath and is described as follows:

A parcel of land situated in the NE ¼ of the SE ¼ of Section 3, Township 39 South, Range 9 East, Willamette Meridian, County of Klamath, State of Oregon, more particularly described as follows:

Commencing at the northwest corner of Lot 1 of Townsend Tracts, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, also being the True Point of Beginning; thence S65°56'24"E along the southerly right-of-way line of the OC&E Woodslane State Trail, 267.87 feet; thence leaving said right-of-way S0°34'41"W, 72.73 feet; thence N88°54'22"W, 67.17 feet; thence S1°54'44"W, 10.05 feet; thence N88°54'22"W, 42.07 feet; thence S1°54'44"W, 9.71 feet; thence N88°54'22"W, 50.93 feet; thence N1°54'44"E, 20.70 feet; thence N88°54'22"W, 86.14 feet; thence N0°46'05"E, 176.31 feet to the True Point of Beginning; **EXCEPTING THEREFROM** the westerly 10 feet of said described parcel. Parcel contains 0.70 acres more or less.