

UTC 88580

2011-011072

Klamath County, Oregon



00108181201100110720360360

10/04/2011 03:30:27 PM

Fee: \$227.00

Drawn By and Return To:  
Athy A. Mobilia, Esq.  
Cahill, Gordon & Reindel LLP  
80 Pine Street  
New York, New York 10005

SECOND LIEN LINE OF CREDIT TRUST DEED,  
ASSIGNMENT OF LEASES AND RENTS,  
SECURITY AGREEMENT AND FIXTURE FILING

STATE OF OREGON

COUNTY OF KLAMATH

MAXIMUM PRINCIPAL AMOUNT TO BE ADVANCED PURSUANT TO THE  
INDENTURE IS \$460,000,000.

THE MATURITY DATE OF THE INDENTURE, EXCLUSIVE OF ANY OPTION TO  
RENEW OR EXTEND SUCH MATURITY DATE, IS OCTOBER 15, 2017.

THE MAXIMUM PRINCIPAL AMOUNT TO BE ADVANCED PURSUANT TO THE  
INDENTURE MAY BE EXCEEDED BY ADVANCES TO COMPLETE CONSTRUCTION  
PURSUANT TO ORS 86.155(2)(c).

THIS SECURITY INSTRUMENT COVERS GOODS WHICH ARE OR ARE TO  
BECOME FIXTURES, IS EFFECTIVE AS A FINANCING STATEMENT FILED AS  
A FIXTURE FILING IN ACCORDANCE WITH ORS 79.0502 AND IS TO BE FILED IN  
THE REAL ESTATE RECORDS.

THIS SECOND LIEN LINE OF CREDIT TRUST DEED, ASSIGNMENT OF LEASES  
AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this "Security  
Instrument") is made and entered into as of October 3, 2011 (the "Escrow Release Date"), by and  
between JELD-WEN, inc., an Oregon corporation, whose address is 401 Harbor Isles Blvd.,  
Klamath Falls, Oregon 97601 (the "Grantor" or the "Company"), in favor of CHICAGO TITLE  
INSURANCE COMPANY OF OREGON, an Oregon corporation, in its capacity as trustee  
(together with its successors and assigns in such capacity, the "Trustee"), with an address of  
1211 SW Fifth Avenue, Suite 2130, Portland, Oregon 97204 and BANK OF AMERICA, N.A.,  
in its capacity as Collateral Agent (together with its successors and assigns in such capacity, the  
"Agent" or the "Collateral Agent") for the benefit of the Secured Parties (as defined herein) with  
an address of Agency Management, 1455 Market St, 5<sup>th</sup> Floor, CA5-701-05-19, San Francisco,  
California 94103, as beneficiary hereunder as defined in ORS 86.705(1).

Signature

## RECITALS

A. Pursuant to (i) that certain Purchase Agreement dated prior to the date hereof (as amended, restated, supplemented or otherwise modified from time to time including pursuant to the Joinder Agreement (as defined below), the "Purchase Agreement") among JELD-WEN Escrow Corporation, Inc., an Oregon corporation (the "Escrow Issuer") and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the Initial Purchasers (as defined therein), (ii) that certain Joinder Agreement dated as of the Escrow Release Date (as amended, restated, supplemented or otherwise modified from time to time, the "Joinder Agreement"), pursuant to which the Company and the guarantors party thereto (the "Guarantors") will become a party to the Purchase Agreement, (iii) that certain Indenture (as amended, restated, supplemented or otherwise modified from time to time including pursuant to the Supplemental Indenture (as defined below), the "Indenture"), dated as of even date herewith (the "Escrow Closing Date"), among the Escrow Issuer, Wells Fargo Bank, National Association, in its capacity as trustee (the "Indenture Trustee") and the Collateral Agent for the benefit of the Indenture Trustee and the holders of the Notes (as defined below), (iv) that certain Escrow Agreement dated as of the Escrow Closing Date among the Escrow Issuer, the Company, the Indenture Trustee and Wells Fargo Bank, National Association, in its capacity as escrow agent (the "Escrow Agreement") and (v) that certain Supplemental Indenture (as amended, restated, supplemented or otherwise modified from time to time, the "Supplemental Indenture"), dated as of the Escrow Release Date, among the Company, the Guarantors and the Indenture Trustee, the Escrow Issuer has issued \$460.0 million aggregate principal amount of its Senior Secured Second Lien Notes due 2017 (the "Notes"), the gross proceeds of which have been deposited into an escrow account pursuant to the terms of the Escrow Agreement and, as a condition to the release of such gross proceeds from escrow in accordance with the terms of the Escrow Agreement (the "Escrow Release"), the Escrow Issuer has merged with and into the Company, with the Company assuming all of the rights and obligations of the Escrow Issuer under the Notes and the Indenture, and the Guarantors have guaranteed all obligations of the Company under the Notes and the Indenture, in each case upon the terms and conditions set forth in the Notes and the Indenture.

B. The Company, Bank of America, N.A., in its capacity as collateral agent (the "First Lien Collateral Agent") for the lenders party to (i) that certain Credit Agreement dated as of September 19, 2011 (as further amended, modified, restated, extended, renewed or replaced from time to time, the "Credit Agreement") and (ii) that certain Amended and Restated Guaranty dated as of July 8, 2009, as amended heretofore and as may be further amended, modified, restated, extended, renewed or replaced from time to time, the Collateral Agent, Bank of America, N.A., in its capacity as control agent (the "Control Agent") for the First Lien Collateral Agent and the Collateral Agent, and the other loan parties signatory thereto have entered into that certain Intercreditor Agreement dated as of the date hereof (as may be amended, modified, restated, extended, renewed or replaced from time to time, the "Intercreditor Agreement"), pursuant to which the parties thereto have agreed upon the relative rights and priorities of the First Lien Claimholders (as defined therein) and the Secured Parties in respect of the Trust Property (as defined below).

C. It is a condition precedent to (i) the Escrow Release, and (ii) the performance of the obligations of the Secured Parties under the Senior Secured Note Documents (as hereinafter defined) that the Company shall have executed and delivered this Security Instrument to the Collateral Agent for the ratable benefit of the Secured Parties.

D. This Security Instrument is given by the Grantor in favor of the Agent for its benefit and the benefit of the Secured Parties to secure the payment and performance of all of the Secured Obligations.

WITNESSETH:

In consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor irrevocably grants, warrants, bargains, sells, pledges, remises, aliens, assigns, conveys, transfers and sets over to the Trustee, in trust, for the benefit of the Agent, WITH POWER OF SALE, for the benefit of the Secured Parties, subject to the terms of the Intercreditor Agreement, and with all other statutory rights and covenants and subject to the further terms of this Security Instrument, all of the Grantor's right, title and interest in and to the following:

(a) All that tract or parcel of land and other real property interests in Klamath County, Oregon more particularly described in Exhibit A attached hereto and made a part hereof, together with all of the Grantor's right, title and interest in, to and under all rights of way, easements, privileges and appurtenances relating or appertaining to such real estate and all water and water rights, sewer and sewer rights, ditches and ditch rights, minerals, oil and gas rights, royalties, lease or leasehold interests owned by the Grantor, now or hereafter used in connection with or appurtenant to or related to such real estate, and all interests of the Grantor now owned or hereafter acquired in and to streets, roads, alleys and public places, now or hereafter used in connection with such real estate, and all existing or future licenses, contracts, permits and agreements required or used in connection with the ownership, operation or maintenance of such real estate, and any and all insurance proceeds, and any and all awards, including interest, previously or hereafter made to the Grantor for taking by eminent domain or in lieu thereof (collectively, the "Land"); and

(b) All buildings and improvements of every kind and description now or hereafter erected or placed on the Land (the "Improvements") and all materials intended for construction, reconstruction, alteration and repair of such Improvements now or hereafter erected thereon, all of which materials shall be deemed to be included within the Premises (as hereinafter defined) immediately upon the delivery thereof to the Land, and all fixtures and articles of personal property now or hereafter owned by the Grantor and attached to or contained in and used in connection with the Land and Improvements including, but not limited to, all furniture, furnishings, apparatus, machinery, equipment, motors, elevators, supplies, fittings, radiators, ranges, refrigerators, awnings, shades, screens, blinds, carpeting, office equipment and other furnishings and all plumbing, heating, lighting, cooking, laundry, ventilating, refrigerating, incinerating, air conditioning and sprinkler equipment and fixtures and appurtenances thereto and all renewals or replacements thereof or articles in substitution thereof, whether or not the same are or shall be attached to the Land and Improvements in any manner (the "Tangible

Personalty”) and all proceeds of the Tangible Personalty (hereinafter, the Land, Improvements, Tangible Personalty and all other property and interests described above and in subsection (c) below, together with all proceeds thereof, being collectively referred to as the “Premises”); and

(c) the collateral described in (1) below, if and to the extent any of it constitutes real property.

TO HAVE AND HOLD the same, together with all privileges, hereditaments, easements and appurtenances thereunto belonging, to the Trustee, for the benefit of the Agent, as security for the Secured Obligations.

As additional security for the Secured Obligations, the Grantor hereby transfers and assigns to the Agent and grants to the Agent, for the benefit of the Secured Parties, subject to the terms of the Intercreditor Agreement, a security interest in, under the Uniform Commercial Code (as hereinafter defined), all right, title and interest of the Grantor in and to all of the following, except to the extent any of the same shall constitute Specific Excluded Property (as hereinafter defined):

(1) All security deposits, rents, issues, profits and revenues of the Premises from time to time accruing (the “Rents and Profits”) and all existing and future leases, subleases, licenses and other agreements for the use and occupancy of all or part of the Premises, together with all guarantees of the lessee’s obligations thereunder (collectively, the “Leases”), whether oral or written, for a definite term or month-to-month. This assignment shall extend to and cover any and all extensions and renewals and future Leases and to any and all present and future rights against guarantor(s) of any such obligations and to any and all Rents and Profits collected under the Leases or derived from the Premises. In pursuance of this assignment, and not in lieu hereof, the Grantor shall, upon request from the Agent, execute and deliver to the Agent separate specific assignments of rents and leases covering some or all of the Leases, the terms of such assignments being incorporated herein by reference. This assignment is absolute and effective immediately and without possession; however, the Grantor shall have a revocable license to receive, collect and enjoy the Rents and Profits accruing from the Premises until an Event of Default has occurred. Upon the occurrence of any Event of Default, subject to the terms of the Intercreditor Agreement, the license shall be revoked automatically, without need of notice, possession, foreclosure or any other act or procedure, and all Rents and Profits assigned hereby shall thereafter be payable to the Agent.

(2) All insurance policies and proceeds thereof, condemnation awards, any and all leases of personal property (including equipment leases), rental agreements, sales contracts, management contracts, franchise agreements, construction contracts, architects’ contracts, technical services agreements, and other contracts, licenses and permits now or hereafter affecting the Premises, all accounts relating to the Premises, including rights to payment for goods sold or leased or to be sold or leased or for services rendered or to be rendered), escrows, documents, instruments, chattel paper, claims, deposits and general intangibles, as the foregoing terms are defined in the Uniform Commercial Code in effect in the State in which the Premises is located, as amended from time to time (the “Uniform Commercial Code”), and all franchises, trade names, trademarks, symbols, service marks, books, records, plans, specifications, designs,

drawings, permits, licenses, contract rights (including, without limitation, any contract with any architect or engineer or with any other provider of goods or services for or in connection with any construction, repair or other work upon the Premises, and any contract for management or any other provision of service in connection with the Premises), approvals, actions, refunds of real estate taxes and assessments and any other governmental impositions related to the Premises, approvals, actions and causes of action that now or hereafter relate to, are derived from or are used in connection with the Premises, or the use, operation, maintenance, occupancy or enjoyment thereof or the conduct of any business or activities thereon (all of the foregoing being the "Intangible Personalty") or any part thereof, and the Grantor agrees to execute and deliver to the Agent such additional instruments, in form and substance reasonably satisfactory to the Agent, as may hereafter be reasonably requested by the Agent to evidence and confirm said assignment; provided, however, that acceptance of any such assignment shall not be construed as a consent by the Agent to any lease, rental agreement, management contract, franchise agreement, construction contract, technical services agreement or other contract, license or permit, or to impose upon the Agent any obligation with respect thereto.

(3) All proceeds, products, offspring, rents and profits from any of the foregoing, including, without limitation, those from sale, exchange, transfer, collection, loss, damage, disposition, substitution or replacement of any of the foregoing.

All the Tangible Personalty which comprises a part of the Premises shall, as far as permitted by law, be deemed to be "fixtures" affixed to the aforesaid Land and conveyed therewith. As to the balance of the Tangible Personalty and the Intangible Personalty, this Security Instrument shall be considered to be a security agreement which creates a security interest in such items for the benefit of the Agent. In that regard, the Grantor grants to the Agent all of the rights and remedies of a secured party under the Uniform Commercial Code and grants to the Agent a security interest in all of the Tangible Personalty and the Intangible Personalty. Collectively, the Premises, the Rents and Profits, the Leases, the Intangible Personalty and all of the proceeds and interests described above, together with all proceeds thereof, are collectively referred to herein as, the "Trust Property".

The Grantor, the Trustee and the Agent covenant, represent and agree as follows:

## ARTICLE I

### Secured Obligations

1.1 Secured Obligations. This Security Instrument secures the prompt payment, performance and observance of all Secured Obligations, whether now existing or hereafter arising or incurred, due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held or acquired.

1.2 Future Advances. The Agent and/or the Secured Parties may advance or loan additional sums (herein "Future Advances") to the Grantor. This Security Instrument shall secure not only the existing Secured Obligations, but also such Future Advances, with interest

thereon as provided in the Indenture, whether such advances are obligatory or to be made at the option of the Agent, the Secured Parties or otherwise, to the same extent as if such Future Advances were made on the date of execution of this Security Instrument.

### 1.3 Definitions.

(a) Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such term in the Indenture, including the following: "Default"; "Person"; "Security Agreement"; and "Senior Secured Note Documents".

(b) The following terms as used herein shall have the meaning ascribed to such term in the Security Agreement: "Secured Obligations"; "Secured Parties"; and "Specific Excluded Property".

(c) The term "First Lien Security Instrument" as used herein shall mean (i) that certain Line of Credit Trust Deed, Assignment of Leases and Rents, Security Agreement, Timber Filing and Fixture Filing dated as of July 8, 2009 and recorded in Volume 2009-009389 and re-recorded in Volume 2009-011143, Microfilm Records of Klamath County, Oregon, as amended and restated by that certain Amended and Restated Line of Credit Trust Deed, Assignment of Leases and Rents, Security Agreement and Fixture Filing recorded or to be recorded in the Microfilm Records of Klamath County, Oregon and/or (ii) one or more additional deeds of trust which (x) secure the same obligations as are secured by such amended and restated deed of trust and (y) encumber all or a portion of the Trust Property recorded or to be recorded in the Microfilm Records of Klamath County, Oregon, as any of the foregoing may be further amended, modified, supplemented, extended, renewed or replaced from time to time.

## ARTICLE II

### Grantor's Covenants, Representations and Agreements

2.1 [Reserved.]

2.2 Title to Premises. The Grantor represents and warrants to the Agent that (i) it is the fee simple owner of the Land and is the owner of the balance of the Premises and has the right to convey the same, (ii) that as of the date hereof title to the Premises is free and clear of all liens, encumbrances and other matters except for liens, encumbrances and other matters (a) shown on the title insurance policy, if any, accepted by the Agent in connection with this Security Instrument or (b) as are expressly permitted by Section 4.12 of the Indenture (collectively, the "Permitted Encumbrances"), and (iii) upon recordation in the official real estate records in the county (or other applicable jurisdiction) in which the Premises are located this Security Instrument will create and constitute a valid and enforceable second priority lien on the Trust Property in favor of the Agent for the benefit of the Secured Parties and, to the extent any of the Trust Property shall consist of fixtures or other personal property, a second priority security interest therein, which second priority lien and second priority security interest are, as of the date hereof, subject only to the Permitted Encumbrances. The Grantor shall warrant and

defend the title to the Premises except for the Permitted Encumbrances against the claims of all Persons.

2.3 Taxes and Other Charges. Subject to the Grantor's rights to contest the same in accordance with Section 4.5 of the Indenture or any other applicable provision of the Indenture, the Grantor will pay prior to delinquency all taxes, general and special assessments, insurance premiums, all other charges which are or may become a lien against the Trust Property, and all material permit fees, inspection fees, license fees, water and sewer charges, franchise fees and equipment rents and any other charges or fees against it or the Trust Property (and the Grantor, upon request by the Agent, will submit to the Agent receipts evidencing said payments). The Grantor shall pay any United States documentary stamp taxes, with interest and fines and penalties, and any recording taxes, with interest and fines and penalties, that may hereafter be levied, imposed or assessed under or upon or by reason hereof or the Secured Obligations or any instrument or transaction affecting or relating to either thereof.

2.4 Reimbursement. The Grantor agrees that if it shall fail to pay on or before the date that the same become delinquent any tax, assessment or charge levied or assessed against the Trust Property or any utility charge, whether public or private, or any insurance premium or if it shall fail to procure the insurance coverage and the delivery of the insurance certificates required hereunder, or if it shall fail to pay any other charge or fee described herein, then the Agent, at its option, may pay or procure the same and will give the Grantor prompt notice of any such expenditures. The Grantor will reimburse the Agent upon demand for any sums of money paid by the Agent pursuant to this Section, together with interest on each such payment at the applicable rate of interest set forth in the Indenture, and all such sums and interest thereon shall be secured hereby.

2.5 Additional Documents; Further Assurances; After-Acquired Property. At any time, and from time to time, upon request by the Agent, the Grantor will, at the sole cost and expense of Grantor, make, execute and deliver or cause to be made, executed and delivered, to the Agent and, where appropriate, to cause to be recorded and/or filed and from time to time thereafter to be rerecorded and/or refiled at such time and in such offices and places as shall reasonably be deemed desirable by the Agent any and all such other and further trust deeds, mortgages, financing statements, continuation statements, or similar instruments of further assurance, certificates and other documents as may, in the reasonable opinion of the Agent, be necessary or desirable in order to effectuate, complete, maintain, enlarge, or perfect, or to continue and preserve the obligations of the Grantor under the Indenture, the Senior Secured Note Documents, and all other documents evidencing, securing or relating to the transactions contemplated thereby and this Security Instrument, and the liens and security interests of this Security Instrument as a second priority lien upon all of the Trust Property, whether now owned or hereafter acquired by the Grantor, except to the extent such after acquired property constitutes Specific Excluded Property. The lien hereof will automatically attach, without further act, to all after acquired property attached to and/or used in the operation of the Trust Property or any part thereof. The Grantor hereby authorizes the Agent, at the sole expense of Grantor, to prepare and file such financing statements, fixture filings, renewals or continuations thereof, amendments and supplements thereto and other instruments as the Agent may from time to time deem necessary or appropriate in order to perfect and maintain the security interests granted in the Indenture and

the documents executed in connection therewith in accordance with the Uniform Commercial Code. The Grantor hereby irrevocably makes, constitutes and appoints the Agent as the true and lawful attorney of the Grantor to take any or all of the foregoing actions in the name of the Grantor.

2.6 Sale, Transfer or Encumbrance. Except as permitted in the Indenture, the Grantor shall not sell, transfer, convey or otherwise dispose of the Trust Property or any part thereof or any interest therein or engage in subordinate financing with respect thereto during the term of this Security Instrument. Except for the Permitted Encumbrances and the lien of this Security Instrument, the Grantor shall not permit to exist or grant any lien, mortgage or encumbrance on all or any part of the Trust Property or suffer or allow any of the foregoing to occur by operation of law or otherwise.

2.7 Fees and Expenses. The Grantor will promptly pay upon demand any and all reasonable costs and expenses of the Agent and the Trustee, (a) as required under the Indenture, this Security Instrument, and the other Senior Secured Note Documents, and (b) as necessary to protect the Trust Property or to exercise any rights or remedies under this Security Instrument or with respect to the Trust Property. All of the foregoing costs and expenses shall be Secured Obligations.

2.8 Leases and Other Agreements. The Grantor shall faithfully keep and perform, or cause to be kept and performed, in all material respects, all of the covenants, conditions, and agreements contained in each of the Leases and other material agreements or contracts affecting all or any portion of the Premises, now or hereafter existing, on the part of the Grantor to be kept and performed and shall at all times use commercially reasonable efforts to enforce, with respect to each other party thereto, all obligations, covenants and agreements by such other party to be performed thereunder.

2.9 Maintenance of Premises. The Grantor will abstain from and will not permit the commission of waste in or about the Premises and will maintain, or cause to be maintained (subject to reconstruction periods after the occurrence of an act of God), the Premises in good condition and repair, reasonable wear and tear excepted.

2.10 Insurance; Casualty. The Grantor shall maintain such insurance coverage and policies for the Premises required in the Indenture and, if any part of the Improvements is located in an area having "special flood hazards" as defined in the Federal Flood Disaster Protection Act of 1973, the Grantor shall maintain a flood insurance policy naming the Agent as mortgagee in accordance with the terms of Section 4.19 of the Indenture. The Grantor assigns to the Agent as security for the Secured Obligations all proceeds to which the Grantor may be entitled under such insurance policies and all such proceeds shall be applied in accordance with the terms of the Intercreditor Agreement and Section 4.19(c) of the Indenture.

2.11 Eminent Domain. The Grantor assigns to the Agent as security for the Secured Obligations any proceeds or awards which may become due by reason of any condemnation or other taking for public use of the whole or any part of the Premises or any rights appurtenant thereto to which the Grantor is entitled and such proceeds or awards shall be applied in

accordance with the terms of the Intercreditor Agreement and Section 4.19(c) of the Indenture. The Grantor agrees to execute such further assignments and agreements as may be reasonably required by the Agent to assure the effectiveness of this Section. Grantor represents and warrants that there is no proceeding pending for the total or partial condemnation of the Premises.

2.12 Releases and Waivers. The Grantor agrees that no release by the Agent or the Trustee of any portion of the Trust Property, no subordination of any lien, no forbearance on the part of the Secured Parties or the Agent to collect on the Secured Obligations, or any part thereof, no waiver of any right granted or remedy available to the Agent or the Trustee and no action taken or not taken by the Agent or the Trustee shall in any way have the effect of releasing the Grantor from full responsibility to the Secured Parties and the Agent for the complete discharge of each and every of the Grantor's obligations hereunder.

2.13 Authorizations; Restrictions. The Grantor represents and warrants that all material certifications, permits, licenses, authorizations, orders, exemptions, franchises and/or approvals, including, without limitation, certificates of completion and occupancy, licenses, permits required in order to use, occupy or operate all or any portion of the Premises for its current purpose (the "Authorizations") have been obtained and are in full force and effect. The Grantor may amend, supplement, cancel, surrender, allow to expire, terminate, release or waive any Authorization or any material provision thereof without the prior written consent of the Agent, except to the extent doing any of the foregoing would result in a material adverse effect on the ability of the Company and the Guarantors to satisfy their obligations under the Senior Secured Note Documents. Except to the extent permitted by the Indenture, the Grantor will not initiate, join in, or consent to any material change in the current use of the Premises or in any zoning ordinance, private restrictive covenant, assessment proceedings or other public or private restriction limiting or restricting the uses that may be made of the Premises or any part thereof or any operations thereon without the prior written consent of the Agent except to the extent doing any of the foregoing would result in a material adverse effect on the ability of the Company and the Guarantors to satisfy their obligations under the Senior Secured Note Documents.

2.14 Assignment of Leases and Grantor Collection of Rents and Profits.

(a) The Grantor hereby authorizes and directs any lessees or tenants of the Premises that, upon written notice from the Agent, all Rents and Profits and all payments required under the Leases, or in any way respecting same, shall be made directly to the Agent as they become due. The Grantor hereby relieves said lessees and tenants from any liability to the Grantor by reason of said payments being made to the Agent. Nevertheless, until the Agent notifies in writing said lessees and tenants to make such payments to the Agent, the Grantor shall be entitled to collect all such Rents and Profits and/or payments. The Agent is hereby authorized to give such notification upon the occurrence of any Event of Default and to maintain it in effect during the continuance thereof.

(b) Any and all Rents and Profits collected by the Agent may be applied in accordance with the terms of the Intercreditor Agreement and Section 6.10 of the

Indenture. Receipt by the Agent of such Rents and Profits shall not constitute a waiver of any right that the Agent may enjoy under this Security Instrument, the Indenture or under the laws of the state in which the Premises is located, nor shall the receipt and application thereof cure any default hereunder nor affect any foreclosure proceeding or any sale authorized by this Security Instrument, the Indenture and the laws of the state in which the Premises is located, except to the extent that the amount so applied is sufficient to cure such default in full and all other conditions to the cure of such default set forth herein or in the Indenture have been fully satisfied.

(c) The Agent does not consent to, does not assume and shall not be liable for any obligation of the lessor under any of the Leases and all such obligations shall continue to rest upon the Grantor as though this assignment had not been made. The Agent shall not be liable for the failure or inability to collect any Rents and Profits.

2.15 Compliance with Law. The Grantor will comply in all material respects with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental authorities in respect of the ownership of all or any portion of the Trust Property (including applicable statutes, regulations, orders and restrictions relating to environmental standards and controls).

2.16 Inspection. During such time as a Default or Event of Default exists, the Grantor will permit the Agent, or its agents, at the expense of the Company, to visit and inspect the Premises at such times and as often as may be reasonably requested by the Agent.

2.17 Security Agreement. This Security Instrument shall be construed as a security agreement under the Uniform Commercial Code with respect to the security interests granted herein. The Grantor warrants that the name and address of the "Debtor" (which is the Grantor), are as set forth in the introductory paragraph of this Security Instrument; and a statement indicating the types, or describing the items, of collateral is set forth hereinabove. The Grantor's organizational identification number is 065300-18. The Grantor warrants that the Grantor's exact legal name is correctly set forth in the preamble of this Security Instrument. The Grantor will not, without providing thirty (30) days prior written notice to the Agent and without filing such amendments to any previously filed financing statements as the Agent may require, change its registered legal name, be party to a merger, consolidation or other change in structure or use any trade name other than the trade names set forth for the Grantor in the Security Agreement, or take any other action which would necessitate the amendment, correction or re-filing of any financing statement.

### ARTICLE III

#### Event of Default

An event of default ("Event of Default") shall exist under the terms of this Security Instrument upon the occurrence and during the continuance of an "Event of Default" as defined in the Indenture.

## ARTICLE IV

### Acceleration; Foreclosure

4.1 Acceleration of Secured Obligations. Upon the occurrence and during the continuance of an Event of Default, subject to the terms of the Intercreditor Agreement, the entire balance of all or any portion of the Secured Obligations, including all accrued interest, shall, at the option of the Agent, become immediately due and payable.

4.2 Foreclosure. Upon the occurrence and during the continuance of an Event of Default, the Agent may foreclose or cause the Trustee to foreclose the lien of this Security Instrument by judicial or nonjudicial proceeding in a manner permitted by applicable law. To the maximum extent permitted by law, the Grantor hereby waives any statutory right of redemption in connection with such foreclosure proceeding.

4.3 Proceeds of Sale. Following a foreclosure sale, the proceeds of such sale shall, subject to the Intercreditor Agreement and applicable law, be applied in accordance with the terms of the Intercreditor Agreement and Section 6.10 of the Indenture.

4.4 Delivery of Possession After Foreclosure. In the event there is a foreclosure sale hereunder and at the time of such sale, the Grantor or the Grantor's heirs, devisees, representatives, successors or assigns are occupying or using the Premises, or any part thereof, each and all immediately shall become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either landlord or tenant, at a reasonable rental per day based upon the value of the property occupied, such rental to be due daily to the purchaser; and the purchaser at such sale, notwithstanding any language herein apparently to the contrary, shall, to the maximum extent permitted by law, have the sole option to demand possession immediately following the sale or to permit the occupants to remain as tenants at will. In the event the tenant fails to surrender possession of said property upon demand, the purchaser shall be entitled to institute and maintain a summary action for possession of the property (such as an action for forcible detainer) in any court having jurisdiction.

## ARTICLE V

### Additional Rights and Remedies of Agent

5.1 Rights Upon Maturity or an Event of Default. Upon the occurrence and during the continuance of an Event of Default, the Agent, immediately and without additional notice and without liability therefor to the Grantor and to the extent permitted by law, except for its own gross negligence or willful misconduct, may do or cause to be done any or all of the following: (a) take physical possession of the Premises; (b) exercise its right to collect the Rents and Profits; (c) enter into contracts for the completion, repair and maintenance of the Improvements thereon; (d) expend any income or Rents and Profits derived from the Premises for payment of any taxes, insurance premiums, assessments and charges for completion, repair and maintenance of the Improvements, preservation of the lien of this Security Instrument and satisfaction and

fulfillment of any liabilities or obligations of the Grantor arising out of or in any way connected with the construction of Improvements on the Premises whether or not such liabilities and obligations in any way affect, or may affect, the lien of this Security Instrument; (e) enter into leases demising the Premises or any part thereof; (f) take such steps to protect and enforce the specific performance of any covenant, condition or agreement in this Security Instrument, the Indenture, or the Senior Secured Note Documents, or to aid the execution of any power herein granted; (g) generally, supervise, manage, and contract with reference to the Premises as if the Agent were equitable owner of the Premises; (h) seek the appointment of a receiver as provided in Section 5.2 below; (i) exercise any or all of the remedies available to a secured party under the Uniform Commercial Code, including, but not limited to, selling, leasing or otherwise disposing of any fixtures and personal property which are encumbered hereby at public sale, with or without having such fixtures or personal property at the place of sale, and upon such terms and in such manner as the Agent may determine; (j) exercise any or all of the remedies of a secured party under the Uniform Commercial Code with respect to the Tangible Personalty and Intangible Personalty; and (k) enforce any or all of the assignments or collateral assignments made in this Security Instrument as additional security for the Secured Obligations. The Grantor also agrees that any of the foregoing rights and remedies of the Agent may be exercised at any time independently of the exercise of any other such rights and remedies, and the Agent may continue to exercise any or all such rights and remedies until the Event(s) of Default are cured or waived in accordance with the terms of the Indenture or until foreclosure and the conveyance of the Trust Property or until the Secured Obligations (other than contingent indemnity obligations) are satisfied or paid in full.

5.2 Appointment of Receiver. If any of the Secured Obligations are not paid upon maturity or upon the occurrence and continuance of an Event of Default, the Agent as a matter of right shall be entitled to the appointment of a receiver or receivers for all or any part of the Trust Property, to take possession of and to operate the Trust Property, and to collect the Rents and Profits thereof, all expenses of which shall become Secured Obligations, whether such receivership be incident to a proposed sale (or sales) of such property or otherwise, and without regard to the value of the Trust Property or the solvency of any Person or Persons liable for the payment of any Secured Obligations, and the Grantor does hereby irrevocably consent to the appointment of such receiver or receivers, waives any and all defenses to such appointment, and agrees not to oppose any application therefor by the Agent. Nothing herein is to be construed to deprive the Agent of any other right, remedy or privilege it may have under the law to have a receiver appointed. Any money advanced by the Agent in connection with any such receivership shall be a demand obligation (which obligation the Grantor hereby promises to pay) owing by the Grantor to the Agent pursuant to this Security Instrument.

5.3 Waivers. No waiver of any Event of Default shall at any time thereafter be held to be a waiver of any rights of the Agent stated anywhere in this Security Instrument, the Indenture or any of the Senior Secured Note Documents, except in respect of such Event of Default, nor shall any waiver of a prior Event of Default operate to waive any subsequent Event(s) of Default. All remedies provided in this Security Instrument, in the Indenture and in the Senior Secured Note Documents are cumulative and may, at the election of the Agent, be exercised alternatively, successively, or in any manner and are in addition to any other rights provided by law.

5.4 Marshalling. The Grantor hereby waives, in the event of foreclosure of this Security Instrument or the enforcement by the Agent of any other rights and remedies hereunder, any right otherwise available in respect to marshalling of assets which secure any Secured Obligations and any other indebtedness secured hereby or to require the Agent to pursue its remedies against any other such assets.

5.5 Protection of Premises. If the Grantor fails to perform the covenants and agreements contained in this Security Instrument, the Indenture or any of the Senior Secured Note Documents, and such failure continues beyond any applicable grace, notice and cure periods, except in the case of an emergency in which event the Agent may act immediately, then the Agent may take such actions, including, but not limited to, disbursements of such sums, as the Agent in its sole reasonable discretion deems necessary to protect the Agent's interest in the Trust Property.

## ARTICLE VI

### General Conditions

6.1 Terms. The singular used herein shall be deemed to include the plural; the masculine deemed to include the feminine and neuter; and the named parties deemed to include their heirs, successors and assigns. The term "Secured Party" shall include any Person which may become a Secured Party by way of assignment in accordance with the terms of the Indenture, together with their successors and permitted assigns.

6.2 Notices. All notices and other communications required or permitted to be given hereunder shall be given in accordance with the requirements of Section 13.2 of the Indenture. All notices or other communications to the Trustee hereunder shall be given in accordance with the requirements of the Indenture to:

1211 SW Fifth Avenue, Suite 2130  
Portland, Oregon 97204  
Telephone: (503) 973-7412  
Telecopy: (503) 248-0324

6.3 Severability. If any provision of this Security Instrument is determined to be illegal, invalid or unenforceable, such provision shall be fully severable and the remaining provisions shall remain in full force and effect and shall be construed without giving effect to the illegal, invalid or unenforceable provisions.

6.4 Headings. The captions and headings herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of this Security Instrument nor the intent of any provision hereof.

6.5 Conflicting Terms. In the event the terms and conditions of this Security Instrument conflict with the terms and conditions of the Indenture, the terms and conditions of the Indenture shall control and supersede the provisions of this Security Instrument with respect to such conflicts.

6.6 Governing Law. This Security Instrument shall be governed by and construed in accordance with the internal law of the state where the Premises is located.

6.7 [Intentionally Omitted.]

6.8 WRITTEN AGREEMENT.

(a) THE RIGHTS AND OBLIGATIONS OF THE GRANTOR AND THE AGENT SHALL BE DETERMINED SOLELY FROM THIS WRITTEN SECURITY INSTRUMENT AND THE SENIOR SECURED NOTE DOCUMENTS, AND ANY PRIOR ORAL OR WRITTEN AGREEMENTS BETWEEN THE AGENT AND THE GRANTOR CONCERNING THE SUBJECT MATTER HEREOF AND OF THE INDENTURE AND THE SENIOR SECURED NOTE DOCUMENTS ARE SUPERSEDED BY AND MERGED INTO THIS SECURITY INSTRUMENT, THE INDENTURE AND THE SENIOR SECURED NOTE DOCUMENTS.

(b) THIS SECURITY INSTRUMENT, THE INDENTURE AND THE SENIOR SECURED NOTE DOCUMENTS MAY NOT BE VARIED BY ANY ORAL AGREEMENTS OR DISCUSSIONS THAT OCCUR BEFORE, CONTEMPORANEOUSLY WITH, OR SUBSEQUENT TO THE EXECUTION OF THIS SECURITY INSTRUMENT, THE INDENTURE OR THE SENIOR SECURED NOTE DOCUMENTS.

(c) THIS WRITTEN SECURITY INSTRUMENT, THE INDENTURE AND THE SENIOR SECURED NOTE DOCUMENTS REPRESENT THE FINAL AGREEMENTS BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

6.9 WAIVER OF JURY TRIAL. THE AGENT AND THE GRANTOR HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, OR RELATED TO, THE SUBJECT MATTER OF THIS SECURITY INSTRUMENT. THIS WAIVER IS KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY MADE BY THE AGENT AND THE GRANTOR, AND THE AGENT AND THE GRANTOR ACKNOWLEDGE THAT NO PERSON ACTING ON BEHALF OF ANOTHER PARTY TO THIS AGREEMENT HAS MADE ANY REPRESENTATIONS OF FACT TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. THE AGENT AND THE GRANTOR FURTHER ACKNOWLEDGE THAT THEY HAVE BEEN REPRESENTED (OR HAVE HAD THE OPPORTUNITY TO BE REPRESENTED) IN THE SIGNING OF THIS SECURITY INSTRUMENT AND IN THE MAKING OF THIS

WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF THEIR OWN FREE WILL, AND THAT THEY HAVE HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

6.10 Intercreditor Agreement. Notwithstanding anything herein to the contrary, the lien and security interest granted to the Agent pursuant to this Security Instrument and the exercise of any rights or remedy by the Agent hereunder are subject to the provisions of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and this Security Instrument, the terms of the Intercreditor Agreement shall govern.

6.11 FIRST LIEN SECURITY INSTRUMENT SUPERIOR. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS SECURITY INSTRUMENT OR OTHERWISE, THE GRANTOR, THE TRUSTEE AND THE AGENT ACKNOWLEDGE AND AGREE THAT THE FIRST LIEN SECURITY INSTRUMENT (AS DEFINED HEREIN) IS SUPERIOR IN ALL RESPECTS TO THIS SECURITY INSTRUMENT AND THAT THE LIENS, SECURITY INTERESTS AND OTHER RIGHTS GRANTED PURSUANT TO THIS SECURITY INSTRUMENT ARE AND SHALL BE A JUNIOR PRIORITY LIEN, FULLY SUBORDINATED AND SUBJECT TO THE LIENS, SECURITY INTERESTS AND OTHER RIGHTS GRANTED IN THE FIRST LIEN SECURITY INSTRUMENT, IRRESPECTIVE OF WHETHER OR NOT THE FIRST LIEN SECURITY INSTRUMENT IS DATED AND/OR RECORDED AFTER THIS SECURITY INSTRUMENT IS DATED AND RECORDED.

## ARTICLE VII

### State Specific Provisions

7.1 State Specific Provisions. In the event of any inconsistencies between this Section and any of the other terms and provisions of this Security Instrument, the terms and provisions of this Section shall control and be binding.

(a) The Agent may foreclose this Security Instrument like a mortgage and obtain a decree foreclosing the Grantor's interest in all or any part of the Premises. The Agent may also direct the Trustee, and the Trustee shall be empowered, to foreclose the Premises by advertisement and exercise of sale under applicable law. Should the Agent elect to foreclose by exercise of the power of sale herein contained, the Agent shall notify the Trustee and request that the Trustee commence such proceedings.

(i) Upon receipt of such notice from the Agent, the Trustee shall cause to be recorded, published and delivered to the Grantor and served on occupant such Notice of Default and Election to Sell as shall then be required by law and by this Security Instrument. The Trustee shall, without demand on the Grantor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and after Notice of Sale having been given as required by law, sell the Premises at the time and place of sale fixed by the Trustee in said Notice of Sale, either as a whole, or in separate lots or parcels or items as the Trustee shall deem expedient, and in such order as it may determine, at public

auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. The Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the Premises so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof in favor of a purchaser for value in good faith relying on them. Any person, including the Grantor or the Agent but excluding the Trustee, may purchase at such sale and the Grantor hereby covenants to warrant and defend the title of such purchaser or purchasers. In addition, the Agent may credit bid at any such sale an amount up to and including the full amount of the Secured Obligations, including, without limitation, accrued and unpaid interest, principal, charges, advances made hereunder and the Trustee's fees and expenses.

(ii) After deducting all costs, fees and expenses of the Trustee and of this Security Instrument, including costs of evidence of title in connection with sale, the Trustee shall apply the proceeds of sale in accordance with the provisions of ORS 86.765 and otherwise in accordance with the provisions of the Intercreditor Agreement.

(iii) The Trustee may postpone sale of all or any portion of the Premises by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement or subsequently noticed sale, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new notice of sale; provided, however, any such postponement may be only for one or more periods totaling not more than 180 days from the original sale date.

(b) The Agent may proceed in any sequence to exercise its rights hereunder with respect to all or any portion of the Premises.

(c) Should the Agent elect to cause any of the Premises which is subject to the Uniform Commercial Code as adopted in Oregon to be disposed of, it may dispose of any part thereof in any manner now or hereafter permitted by the Uniform Commercial Code as adopted in Oregon, or in accordance with any other remedy provided by applicable law. Any such disposition may be conducted by an employee or agent of the Agent or the Trustee. Any person, including both the Grantor and the Agent, shall be eligible to purchase any part or all of such Premises at such disposition. Any such disposition may be either by public or private sale as the Agent may elect, subject to the provisions of applicable law. The Agent shall also have the rights and remedies of a secured party under the Uniform Commercial Code as adopted in Oregon, or otherwise available at law or in equity. In furtherance of the foregoing, it is agreed that the expenses of retaking, holding, preparing for sale, selling or the like shall be borne by the Grantor and shall include the Agent's and the Trustee's reasonable attorneys' fees and legal expenses. The Grantor, upon demand of the Agent, shall assemble such Premises and make it available to the Agent at the Land, a place which is hereby deemed to be reasonably convenient to the Agent and the Grantor. The Agent shall give the Grantor at least ten (10) days' prior

written notice of the time and place of any public sale or other disposition of such personalty or of the time of or after which any private sale or other intended disposition is to be made, and if such notice is sent to the Grantor, in the same manner as provided for the mailing of notices herein, it is hereby deemed that such notice shall be and is reasonable notice to the Grantor.

(d) This Security Instrument constitutes a financing statement filed as a fixture filing pursuant to the provisions of ORS 79.0502, with respect to those portions of the Premises consisting of goods which are or are to become fixtures relating to the Premises. The Grantor grants to the Agent a security interest in all Premises existing and future goods which are now or in the future become fixtures relating to the Premises and proceeds thereof. The Grantor covenants and agrees that the filing of this Security Instrument in the real estate records of the county where the Land is located shall also operate from the date of such filing as a fixture filing in accordance with ORS 79.0502. Without the prior written consent of the Agent, the Grantor shall not create or suffer to be created pursuant to the Uniform Commercial Code as adopted in Oregon, any other security interest in such items, including replacements and additions thereto, other than as permitted pursuant to the terms of the Indenture or the Senior Secured Note Documents.

(e) The Grantor waives to the extent permitted by law, (i) the benefit of all laws now existing or that may hereafter be enacted providing for any appraisal before sale of any portion of the Premises, and (ii) all rights of redemption, valuation, appraisal, stay of execution, notice of election to mature or declare due the whole of the secured indebtedness and marshaling in the event of foreclosure of the liens hereby created.

(f) Section 1445 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), or any comparable Section of the Oregon Revised Statutes, provide that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the Agent that the withholding of tax will not be required in the event of the disposition of the Premises pursuant to the terms of this Security Instrument, the Grantor hereby certifies, under penalty of perjury, that:

(i) The Grantor is not a foreign corporation, foreign partnership, foreign trust or foreign estate, as those terms are defined in the Internal Revenue Code and the regulations promulgated thereunder;

(ii) The Grantor's U.S. employer identification number is as follows: 93-0496342; and

(iii) The Grantor's principal place of business is 401 Harbor Isles Blvd., Klamath Falls, Oregon 97601.

It is understood that the Agent may disclose the contents of this certification to the Internal Revenue Service and the Oregon taxing authority and that any false statement contained herein could be punished by fine, imprisonment or both. The Grantor covenants and agrees to execute such further certificates, which shall be signed under

penalty of perjury, as the Agent shall reasonably require. The covenant set forth herein shall survive the foreclosure of the lien of this Security Instrument or acceptance of a deed in lieu thereof.

(g) If, for any reason, the Agent shall elect to substitute for the Trustee herein named (or for any successor to said Trustee), without limiting the Agent's right to use any other procedure authorized or permitted by applicable law, the Agent shall have the right to appoint successor Trustee(s) by duly acknowledged written instruments, and each such successor Trustee, immediately upon recordation of an instrument so appointing said successor Trustee, shall become successor in title to the Premises for the uses and purposes of this Security Instrument, with all the powers, duties and obligations conferred on the Trustee in the same manner and to the same effect as though said successor Trustee were named herein as the Trustee. If more than one Trustee has been appointed, each of such Trustees and each successor thereto shall be, and hereby is, empowered to act independently.

(h) WRITTEN AGREEMENTS. UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY US (SECURED PARTIES) CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES, OR SECURED SOLELY BY GRANTOR'S RESIDENCE, MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY US TO BE ENFORCEABLE.

(i) INSURANCE.

#### WARNING

UNLESS YOU PROVIDE US WITH EVIDENCE OF THE INSURANCE COVERAGE AS REQUIRED BY THE INDENTURE, WE MAY PURCHASE INSURANCE AT YOUR EXPENSE TO PROTECT OUR INTEREST. THIS INSURANCE MAY, BUT NEED NOT, ALSO PROTECT YOUR INTEREST. IF THE COLLATERAL BECOMES DAMAGED, THE COVERAGE WE PURCHASE MAY NOT PAY ANY CLAIM YOU MAKE OR ANY CLAIM MADE AGAINST YOU. YOU MAY LATER CANCEL THIS COVERAGE BY PROVIDING EVIDENCE THAT YOU HAVE OBTAINED PROPERTY COVERAGE ELSEWHERE.

YOU ARE RESPONSIBLE FOR THE COST OF ANY INSURANCE PURCHASED BY US. THE COST OF THIS INSURANCE MAY BE ADDED TO YOUR LOAN BALANCE. IF THE COST IS ADDED TO YOUR LOAN BALANCE, THE INTEREST RATE ON THE UNDERLYING LOAN WILL APPLY TO THIS ADDED AMOUNT. THE EFFECTIVE DATE OF COVERAGE MAY BE THE DATE YOUR PRIOR COVERAGE LAPSED OR THE DATE YOU FAILED TO PROVIDE PROOF OF COVERAGE.

THE COVERAGE WE PURCHASE MAY BE CONSIDERABLY MORE EXPENSIVE THAN INSURANCE YOU CAN OBTAIN ON YOUR OWN AND MAY

NOT SATISFY ANY NEED FOR PROPERTY DAMAGE COVERAGE OR ANY MANDATORY LIABILITY INSURANCE REQUIREMENTS IMPOSED BY APPLICABLE LAW.

(j) PROPERTY USE. 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 THE 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.

(k) Request for Notice. The Grantor requests a copy of any statutory notice of default and a copy of any statutory notice of sale hereunder be mailed to the Grantor in accordance with Section 6.2 of this Security Instrument.

(l) Not Residential Trust Deed. The Grantor warrants that this Security Instrument is not and will at all times continue not to be a residential trust deed (as that term is defined in ORS 86.705(3)).

(m) Attorneys' Fees. In the event suit or action is instituted to enforce any of the terms of this Security Instrument, the prevailing party shall be entitled to recover its reasonable attorneys' fees at trial, on any appeal, on any petition for review, in an arbitration proceeding, and in any bankruptcy proceeding in addition to all other sums provided by law. Whether or not any court action is involved, all reasonable expenses incurred by the Agent that are necessary at any time in the Agent's opinion for the protection of its interest or the enforcement of its rights shall become a part of the obligations payable on demand and shall bear interest from the date of expenditure until repaid at the applicable rate of interest provided in the Indenture. Expenses covered by this section include (without limitation) the cost of searching records, obtaining title reports, surveyors' reports, attorneys' opinions, title insurance, and fees for the Trustee.

PROVIDED ALWAYS, and it is the true intent and meaning of the Grantor and the Agent, that if the Grantor, or its successors and assigns, shall pay or cause to be paid and discharged unto the Agent, its successors and assigns, the Secured Obligations according to the terms of this Security Instrument, the Indenture and the Senior Secured Note Documents, then this Security Instrument shall cease, determine and be void, otherwise it shall remain in full force

and virtue. And it is agreed, by and between the Grantor and the Agent, that the Grantor is to hold and enjoy the said Premises until the occurrence of an Event of Default.

## ARTICLE VIII

### REGARDING TRUSTEE

#### 8.1 Trustee's Powers and Liabilities.

(a) The Trustee, by acceptance hereof, covenants faithfully to perform and fulfill the trusts herein created, being liable, however, only for gross negligence, bad faith or willful misconduct, and hereby waives any statutory fee and agrees to accept reasonable compensation, in lieu thereof, for any services rendered by it in accordance with the terms thereof. All authorities, powers and discretions given in this Security Instrument to the Trustee and/or the Agent may be exercised by either, without the other, with the same effect as if exercised jointly;

(b) The Trustee may resign at any time upon giving thirty (30) days' notice in writing to the Grantor and to the Agent;

(c) The Agent may remove the Trustee at any time or from time to time and select a successor trustee. In the event of the death, removal, resignation, refusal to act, inability to act or absence of the Trustee from the state in which the Premises are located, or in its sole discretion for any reason whatsoever. The Agent may, upon notice to the Grantor and without specifying the reason therefor and without applying to any court, select and appoint a successor trustee, and all powers, rights, duties and authority of the former trustee, as aforesaid, shall thereupon become vested in such successor. Such substitute trustee shall not be required to give bond for the faithful performance of his duties unless required by the Agent. Such substitute trustee shall be appointed by written instrument duly recorded in the county where the Premises is located. The Grantor hereby ratifies and confirms any and all acts that the herein named Trustee, or his successor or successors in this trust, shall do lawfully by virtue hereof. The Grantor hereby agrees, on behalf of itself and its heirs, executors, administrators and assigns, that the recitals contained in any deed or deeds executed in due form by any Trustee or substitute trustee, acting under the provisions of this instrument, shall be prima facie evidence of the facts recited, and that it shall not be necessary to prove in any court, otherwise than by such recitals, the existence of the facts essential to authorize the execution and delivery of such deed or deeds and the passing of title thereby;

(d) The Trustee shall not be required to see that this Security Instrument is recorded nor liable for its validity or its priority as a second lien deed of trust, or otherwise, nor shall the Trustee be answerable or responsible for performance or observance of the covenants and agreements imposed upon the Grantor or the Agent by this Security Instrument or any other agreement. The Trustee, as well as the Agent, shall have authority in their respective discretion to employ agents and attorneys in the execution of this trust and to protect the interest of the Agent hereunder, and to the fullest

extent permitted by law they shall be compensated and all expenses relating to the employment of such agents and/or attorneys, including expenses of litigation, shall be paid out of the proceeds of the sale of the Trust Property conveyed hereby should a sale be had, but if no such sale be had, all sums so paid out shall be recoverable to the fullest extent permitted by law by all remedies at law or in equity; and

(e) At any time, or from time to time, without liability therefor and with ten (10) days' prior written notice to the Grantor, upon written request of the Agent and without affecting the effect of this Security Instrument upon the remainder of the Trust Property, the Trustee may (A) reconvey any part of the Trust Property, (B) consent in writing to the making of any map or plat thereof, so long as the Grantor has consented thereto, (C) join in granting any easement thereon, so long as the Grantor has consented thereto, or (D) join in any extension agreement or any agreement subordinating the lien or charge hereof.

[SIGNATURES ON THE NEXT PAGE]

IN WITNESS WHEREOF, the Grantor has executed this Security Instrument under seal as of the above written date.

GRANTOR:

JELD-WEN, inc., an Oregon corporation

By:

  
Name: Jason de Vries  
Title: Authorized Representative

Unofficial Copy

2nd Lien Mortgage- Klamath County (Jeld-Wen 44)

STATE OF OREGON                    )  
  ):SS.:  
COUNTY OF KLAMATH            )

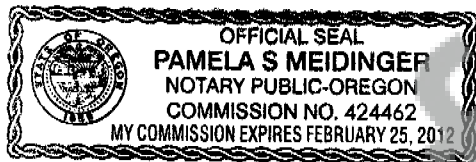
On this 2nd day of September, 2011, before me, the undersigned, a Notary Public in and for the State of Oregon, duly commissioned and sworn, personally appeared Jason de Vries, to me known to be the Authorized Representative of JELD-WEN, inc., an Oregon corporation, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument.

IN WITNESS WHEREOF, I hereunto set my hand and affixed my official seal, the day and year first above written.

My Commission expires: February 25, 2012

*Pamela S. Meidinger*

\_\_\_\_\_  
Pamela S. Meidinger, Notary Public in and  
for the State of Oregon



UNOFFICIAL COPY

## EXHIBIT A

### Legal Description

#### Parcel 4: (Admin)

A portion of the SE1/4 NE1/4, the NE1/4 SE1/4 and of Government Lot 4, all in Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at a point which is South 10°20' East a distance of 60 feet from the Southwest corner of Block 4, "Pelican City", Klamath County, Oregon, and running thence North 79°40' East 309 feet to the Westerly line of the right of way of the California Northeastern Railway; thence Southeasterly along said right of way, and 50 feet distant at right angles from the centerline thereof the following courses and distances: South 21°17' East 100 feet; South 24°10' East 100 feet; South 27°06' East 100 feet; South 30°08' East 100 feet; South 32°52' East 100 feet; South 35°30' East 100 feet; South 38°55' East 100 feet; South 41°34' East 100 feet; South 44°31' East 100 feet; South 47°11' East 100 feet; South 50°43' East 100 feet; South 48°00' East 44 feet to a point which is distant 25 feet Northerly at right angles from the centerline of the Shippington "E" Spur; thence Westerly parallel to and 25 feet distant Northerly at right angles from the centerline of said Shippington "E" Spur, with the following courses and distances: North 68°27' West 721.5 feet; North 70°06' West 100 feet; North 72°54' West 100 feet; thence North 76°42' West a distance of 30 feet, more or less, to a point on the centerline of Lakeport Boulevard; thence North 10°20' West along the centerline of said Lakeport Boulevard to a point which is on the said centerline and is South 79°40' West a distance of 30 feet from the place of beginning; thence North 79°40' East 30 feet to the place of beginning. Less right of way for Lakeport Boulevard.

Together with that portion of vacated Opal Street that inured thereto and was vacated by Ordinance No. 07-03 and recorded January 9, 2009 in Volume 2009-000274, Microfilm Records of Klamath County, Oregon.

#### Parcel 5: (Admin)

A strip of land situated in the SE1/4 NE1/4 and the NE1/4 SE1/4 of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, said strip of land being 20 feet in width and being 10 feet each side of, measured at right angles to the following described line:

BEGINNING at a point in the centerline of the Southern Pacific Railroad Company's Shippington Spur track, said point being North 24°58'10" West a distance of 2981.4 feet from the iron axle marking the Southeast corner of said Section 19 (bearings and distance being based on record of Survey No. 34 as filed in the office of the Klamath County Surveyor); thence South 61°30' East a distance of 233.4 feet to the beginning of a 14 degree curve to the right (total central angle of said curve is 61°38' and total arc length is 440.2 feet); thence along said curve to

the right to its intersection with the Southerly right of way line of Lakeport Boulevard; Excepting any land included herein that may have been previously deeded for a railroad or highway use, it being the intent of this instrument to convey a 20 foot strip of land between the existing S.P.R.R. Shippington Spur and the Southerly right of way line of Lakeport Boulevard.

Parcel 6: (Gage Road)

Beginning at a point which is West 1,330 feet and North 350 feet from the corner common to Sections 19, 20, 29 and 30, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon; thence North and parallel to the line between Sections 19 and 20, 480 feet; thence East and parallel to the Section line between Sections 19 and 30, 332 ½ feet; thence South and parallel to the Section line between Sections 19 and 20, 480 feet; thence West and parallel to the section line between Sections 19 and 30, 332 1/2 feet to the point of beginning being a portion of the SE1/4 of the SE1/4 of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

Beginning at a point which is the center of the SE1/4 of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, or 30 feet Easterly from the Northeast corner of Block 28 of BUENA VISTA ADDITION to the City of Klamath Falls, Oregon; thence North on the 16th line between the NE1/4 of the SE1/4 and the NW1/4 of the SE1/4 of Section 19 a distance of 581 feet to a point; thence Easterly and parallel to Section line between Sections 19 and 30 a distance of 726 feet to a point; thence South and parallel to Section line between Sections 19 and 20 a distance of 577 feet to a point; thence Westerly along the 16th line between the NE1/4 of SE1/4 and the SE1/4 of SE1/4, Section 19, a distance of 726 feet to the place of beginning. ALSO, beginning at a point which is distant 726 feet Easterly from center of the Southeast quarter of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, along the 16th line; thence North and parallel to Section line between Sections 19 and 20 a distance of 577 feet to a point; thence Easterly a distance of 181 feet to a point; thence Southerly and parallel to Section line between Sections 19 and 20 a distance of 575.5 feet to a point; thence Westerly and parallel to Section line between Sections 19 and 30 and along 16th line a distance of 181 feet to a point of beginning.

ALSO,

Beginning at a point which is 860 feet Northerly and 817 feet Westerly from the corner common to Sections 19, 20, 29 and 30, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon; thence Westerly and parallel to Section line between Sections 19 and 30, 150 feet to a point; thence North 277.5 feet to a point; thence East 150 feet to a point; thence South 278 feet to a place of beginning, being a portion of the SE1/4 SE1/4 of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

ALSO,

Beginning at a point 860 feet North of corner common to Sections 19, 20, 29 and 30, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, and 817 feet Westerly and parallel to Section line between Sections 19 and 30, same Township and Range; thence Northerly and parallel to line between Sections 19 and 20 a distance of 467 feet, more or

less, thence Easterly and parallel to line between Sections 19 and 30 a distance of 100 feet; thence Southerly and parallel to Section line between Sections 19 and 20, a distance of 467.5 feet more or less; thence Westerly and parallel to line between Sections 19 and 30 a distance of 100 feet to the place of beginning.

ALSO,

Beginning at a point which is 1,137.5 feet North and 817 feet West from the corner common to Sections 19, 20, 29 and 30, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon; thence Westerly and parallel to the Section line between Sections 19 and 30, 150 feet; thence North 189 feet; thence East 150 feet; thence South 189 feet to the place of beginning, being a portion of the SE1/4 SE1/4 of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

The Southerly 100 feet of the following described property:

A tract of land situate in the SE1/4 SE1/4 of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a point 830 feet North and 315 feet West of the corner common to Sections 19, 20, 29 and 30 of said Township and Range; thence West 50 feet to a point; thence South 150 feet to a point; thence West 200 feet to a point; thence South 150 feet to a point; thence West 100 feet to a point; thence south 180 feet to a point; thence East 350 feet to a point; thence North 480 feet to the point of beginning.

Portion of the SE1/4 SE1/4 of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, described as follows:

Beginning at a point 860 feet North of corner common to Sections 19, 20, 29 and 30 in Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, and 617 feet Westerly and parallel to Section line between Sections 19 and 30, same township and range; thence Northerly and parallel to line between Sections 19 and 20 a distance of 468 feet, more or less, thence Easterly and parallel to line between Sections 19 and 30 a distance of 100 feet, thence Southerly and parallel to Section line between Sections 19 and 20 a distance of 468.5 feet, more or less; thence Westerly and parallel to line between Sections 19 and 30 a distance of 100 feet to the place of beginning, all in Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

ALSO,

A tract of land 230 feet wide being 80 feet wide on the Westerly side and 150 feet wide on the Easterly side of the following described centerline:

Beginning at an iron pin which lies North along the Section line a distance of 1,907.5 feet and West a distance of 839.55 feet from the iron axle with pinion which marks the Southeast corner of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, and running thence; North 1 degree 34' East a distance of 211 feet to an iron pin which is the point of curvature of 10° curve to the left; thence in a Northwesternly direction following

the arc of 10 degree curve to the left a distance of 359 feet more or less to an iron pin which lies on the Southerly right of way line of the Pelican City Road, 30' Southerly at right angles from its centerline (the long chord of this curve bears North 16° 23' West a distance of 353.2 feet).

ALSO,

Beginning at a point which is 89° 30' West a distance of 550 feet from the Southeast corner of Section 19; thence North and parallel to the East line of said Section, 350 feet to a point; thence West 622 feet parallel with South line of Section to a point; thence South 350 feet parallel with East line of Section to a point; thence East 622 feet on South line of Section to place of beginning, all in Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

ALSO,

Beginning at a point which is the Southeast corner of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, thence Westerly along the Southerly line of Section 19 a distance of 558 feet to a point; thence Northerly and parallel with the Easterly line of Section 19 a distance of 350 feet to a point; thence Easterly and parallel with the Southerly line of Section 19 a distance of 558 feet to a point; thence Southerly along the Easterly line of Section 19 a distance of 350 feet to the point of beginning.

EXCEPTING THEREFROM:

Beginning at the corner common to Sections 19, 20, 29 and 30 (Also being the Northeast corner of vacated Block 34); thence South 00° 13' 18" West, along the East line of said vacated Block 34, 42.47 feet; thence South 81° 10' 47" West 127.11 feet; thence South 72° 21' 32" West 105.55 feet; thence South 86° 11' 21" West 32.68 feet; thence North 04° 19' 21" West 95.72 feet to the line common to said Sections 19 and 30; thence North 273.81 feet; thence East 251.77 feet to the Westerly right of way line of Montelius Street; thence South 00° 55' 30" East, along said right of way line, 273.20 feet to a point on the South line of said Section 19; thence North 89° 51' 18" East 10.00 feet to the point of beginning.

Parcel 7: (Gage Road)

Beginning at a point which is West 997 1/2 feet North 350 feet distant from corner common to Sections 19, 20, 29 and 30, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon; thence North and parallel with Section line between Sections 19 and 20 said Township and Range 480 feet to a point; thence Easterly and parallel with Section line between Sections 19 and 30 a distance of 332 1/2 feet to a point; thence Southerly parallel with Section line between Sections 19 and 20 a distance of 480 feet; thence Westerly and parallel to Section line between Sections 19 and 30 a distance of 332 1/2 feet to the point of beginning, being located in the SE1/4 SE1/4 of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

EXCEPTING THEREFROM:

Beginning at a 1/2 inch iron pin on the South right of way line of Gage Road marking the Northeast corner of that tract of land described as Parcel 2 in Deed Volume M95, Page 8695 of

the Klamath County Deed Records, from which the Southeast corner of said Section 19 bears East 665.31 feet and South 829.79 feet; thence South, along the East line of said Parcel 2, 299.87 feet; thence West 7.50 feet; thence North 299.87 feet; thence East 7.50 feet to the point of beginning.

Parcel 8: (Gage Road)

The following described parcel situate in Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon:

Beginning at a point 860 feet north of the corner common to Sections 19, 20, 29, and 30 in Township 38 South of Range 9 East of the Willamette Meridian, and 717 feet Westerly and parallel to Section line between Sections 19 and 30, same township and range; thence Northerly and parallel to line between Sections 19 and 20, a distance of 467.5 feet, more or less; thence, Easterly and parallel to line between Sections 19 and 30, a distance of 100 feet; thence Southerly and parallel to Section line between Sections 19 and 20, a distance of 468 feet, more or less; thence Westerly and parallel to line between Sections 19 and 30, a distance of 100 feet to the place of beginning.

Parcel 9: (Gage Road)

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12 in Block 34, BUENA VISTA ADDITION to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Together with that portion of vacated Thrall Street which attaches thereto by ordinance recorded February 15, 1960 in Book 319, Page 33, Deed records of Klamath County, Oregon

EXCEPTING THEREFROM Beginning at the corner common to Sections 19, 20, 29 and 30 (Also being the Northeast corner of vacated Block 34); thence South  $00^{\circ} 13' 18''$  West, along the East line of said vacated Block 34, 42.47 feet; thence South  $81^{\circ} 10' 47''$  West 127.11 feet; thence South  $72^{\circ} 21' 32''$  West 105.55 feet; thence South  $86^{\circ} 11' 21''$  West 32.68 feet thence North  $04^{\circ} 19' 21''$  West 95.72 feet to the line common to said Sections 19 and 30; thence North  $89^{\circ} 51' 18''$  East 265.18 to the point of beginning.

Parcel 10: (Gage Road)

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11 of Block 33 of BUENA VISTA ADDITION to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Together with that portion of vacated Thrall Street which attaches thereto by ordinance recorded February 15, 1960 in Book 319, Page 33, Deed records of Klamath County, Oregon

Together with that portion of vacated Kiln Street which attaches thereto by ordinance recorded February 15, 1960 in Book 319, Page 31, Deed records of Klamath County, Oregon

EXCEPTING THEREFROM Beginning at the corner common to Sections 19, 20, 29 and 30 (Also being the Northeast corner of vacated Block 34); thence South  $00^{\circ} 13' 18''$  West, along the East line of said vacated Block 34, 42.47 feet; thence South  $81^{\circ} 10' 47''$  West 127.11 feet; thence South  $72^{\circ} 21' 32''$  West 105.55 feet; thence South  $86^{\circ} 11' 21''$  West 32.68 feet thence North  $04^{\circ} 19' 21''$  West 95.72 feet to the line common to said Sections 19 and 30; thence North  $89^{\circ} 51' 18''$  East 265.18 to the point of beginning.

Parcel 11 (Gage Road)

Lots 12 and 13, Block 32, BUENA VISTA ADDITION to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Together with that portion of vacated Kiln Street which attaches thereto by ordinance recorded February 15, 1960 in Book 319, Page 31, Deed records of Klamath County, Oregon

Parcel 12: (Gage Road)

The Northeasterly portion of Lot 11, Block 32, BUENA VISTA ADDITION to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, described as follows:

Beginning at a  $3/4''$  pipe located in the SE corner of said Lot 11, thence along Easterly line of Lot 11 North  $15^{\circ} 03' 30''$  East 58.0 feet to true point of beginning a  $1/2''$  iron rebar; thence along said line North  $15^{\circ} 03' 30''$  East to a point which is the Northeasterly corner of Lot 11. Thence North  $74^{\circ} 56' 30''$  West 50.0 feet to a  $5/8''$  rebar also the Northwesterly corner of Lot 11; thence South  $15^{\circ} 03' 30''$  West along Westerly said Lot line 8.3 feet to a  $1/2''$  rebar; thence South  $19^{\circ} 05' 30''$  East 89.05 feet to the true point of beginning.

Parcel 13: (Ellingson)

Land in the County of Klamath, State of Oregon, described as follows:

Beginning North  $89^{\circ} 54'$  West 1995.5 feet and South  $79^{\circ} 40'$  West 1139.7 feet and North  $10^{\circ} 20''$  West 545.3 feet from the section corner common to Section 17, 18, 19 and 20 in Township 38 South of Range 9 East of the Willamette Meridian; thence South  $79^{\circ} 40'$  West 1770 feet, more or less, to the Westerly line of Lot 5 of Section 18; thence Northwesterly along the Westerly line of said Lot 5 of Section 18 and said Lot 3 of Section 13 in Township 38 South of Range 8 East of the Willamette Meridian, to the line (extended) between Lots 4 and 5 of Section 18 in Township 38 South of Range 9 East of the Willamette Meridian; thence East along said lot line 2220 feet, more or less, to the Westerly boundary of the right of way of the Hanks Spur, and

West 746.9 feet from the Southeast corner of Lot 2; thence Southeasterly along the said Westerly line of the right of way of the Hanks Spur, 1365 feet, more or less, to the Boundary of the Pelican Bay Lumber Company tract; thence along said boundary South  $79^{\circ} 40'$  West 903.7 feet to the point of beginning, being a part of Lots 1, 5 and 6 of Section 18, in Township 38 South of Range 9 East of the Willamette Meridian, and Lot 3 of Section 13, in Township 38 South of Range 8 East of Willamette Meridian.

Parcel 14: (Ellingson)

Land in the County of Klamath, State of Oregon described as follows:

Beginning at a point on the South line of the N1/2 of S1/2 of Section 18, Township 38 South of Range 9 East of Willamette Meridian, 100 feet distant in an Easterly direction at right angles from the center line of the Central Pacific Railway, formerly the California Northeastern Railway, known as the "H" line; thence following a line parallel to and distant at right angles from said center line 100 feet to a point in the West line of said N1/2 of said S1/2 of said Section 18; said point being distant 173.62 feet from the quarter corner common to Section 13, Township 38 South of Range 8 East of Willamette Meridian, and the aforementioned Section 18, Township 38 South of Range 9 East of Willamette Meridian, said distance measured from the said quarter corner South along the Section line; thence South along said Section line between Section 13, Township 38 South of Range 8 East of Willamette Meridian, and Section 18, Township 38 South of Range 9, East of Willamette Meridian, to the Southwest corner of said N1/2 of said S1/2 of said Section 18; thence East along said South line of said N1/2 of said S1/2 of said Section 18, to the point of beginning, save and except the following described parcel of land, to wit:

Beginning at a point on the West line of Section 18, Township 38 South of Range 9 East of Willamette Meridian said point being South 173.62 feet from the quarter section corner common to Section 18, Township 38 South of Range 9 East of Willamette Meridian and Section 13, Township 38 South of Range 8 East of Willamette Meridian, said point being 100 feet distant in a Northerly direction at right angles from the center line of the Central Pacific Railway, formerly the California Northeastern Railway, known as the "H" line, thence following a line parallel to and distant 100 feet at right angles Northerly from said center line to a point on the South line of the N1/2 of S1/2 of Section 18, Township 38 South of Range 9 East of Willamette Meridian; thence West 316.62 feet along said line to a point 100 feet Southerly at right angles from said center line at Engineer's station "H" 3566+17.2; thence North  $50^{\circ} 49'$  West 181.5 feet to a point 100 feet Southerly at right angles from said center line of beginning of curve on said "H" line; thence along a series of curves concave to the left having varying radii and concentric with said center line (the  $^{\circ}$  of curvature of said center line changing  $0^{\circ} 15''$  every 30 feet), a distance of 206.34 feet to a point; thence along a curve concave to the left having a radius of 2764.82 feet, a distance of 430.41 feet to a point 100 feet radially opposite from said center line at engineer station "H" 3574+54.6 (the tangent to curve at last mentioned point bearing North  $61^{\circ} 50' 20''$  West); thence West 496.9 feet to a point 300.00 feet at right angles Southerly from said center line at Engineer Station "H" 3579+33.7; thence North  $69^{\circ} 19'$  West along a line parallel to and distant 300 feet at right angles Southerly from the center line of aforementioned "H" line a distance of 691.3 feet to a point on the West line of said Section 18; thence North

427.55 feet along said range line to the point of beginning; said exception situate in the N1/2 of SW1/4 of Section 18, Township 38 South of Range 9 East of Willamette Meridian, County of Klamath, State of Oregon.

Parcel 15: (Ellingson)

Beginning at the Southeast corner of the NE1/4 of SE1/4 of Section 13, Township 38 South of Range 8 East of Willamette Meridian; thence North along the East line of said NE1/4 of SE1/4 of said Section 13, to a point on said East line, said point being 50 feet distant at right angles from the center line of said Central Pacific Railway, formerly the California Northeastern Railway, known as the "H" line; on the Northerly side, said point also being 227.1 feet South from the quarter corner between Section 13, Township 38 South of Range 8 East of Willamette Meridian and Section 18, Township 38 South of Range 9 East of Willamette Meridian; thence with an angle of 69° 19' to the left 643.0 feet to a point on the North line of said NE1/4 of SE1/4 of Section 13; thence West along said North line of said SE1/4 of said Section 13, to a point on the meander line of Upper Klamath Lake in said Section 13; thence Southeasterly along said meander line to the South line of the said NE1/4 of said SE1/4 of said Section 13; thence East along said South line to the point of beginning, save and except the following described parcel of land, to wit:

Commencing at a point on the range line between Section 18, Township 38 South of Range 9 East of Willamette Meridian, and Section 13, Township 38 South of Range 8 East of Willamette Meridian, said point being South 227.1 feet from the quarter section corner common to the aforesaid Sections 18 and 13; thence continuing South along the range line 374.07 feet to a point; said point being 300 feet Southerly and at right angles from the center line of track at engineer station "H" 3586+25.0 of the Central Pacific Railway formerly the California Northeastern Railway; thence North 69° 19' West to a point which is 300 feet opposite and at right angles Southerly from the quarter section line, Section 13, Township 38 South of Range 8 East of Willamette Meridian; thence West along a line parallel to and distant 300 feet Southerly from the above mentioned quarter section line to a point intersecting a meander line as described in deed from Abner Wood and wife, to Southern Pacific Company, dated March 13, 1909, recorded April 6, 1909; thence Northwesterly along said meander line to the intersection with the aforementioned quarter section line of Section 13; thence East along said quarter section line to a point which is North 69° 19' West a distance of 643.0 feet from the point of beginning; thence South 69° 19' East a distance of 643.0 feet to the point of beginning, situate in the N1/2 of SE1/4 of Section 13, Township 38 South of Range 8 East of Willamette Meridian, in the County of Klamath, State of Oregon.

The above described parcels of land being portions of the parcels of land as conveyed by Abner Wood and wife to the Southern Pacific Company (predecessor in interest of Central Pacific Railway Company)

by deed dated March 13, 1909, and recorded upon the records of Klamath County, on April 6, 1909, in Volume 26 of Deeds, page 92, Deed Records of Klamath County, Oregon.

Parcel 16: (Ellingson)

All those certain pieces or parcels of land situate, lying and being in Section 18, Township 38 South of Range 9 East of Willamette Meridian, and Section 13, Township 38 South of Range 8 East of Willamette Meridian, County of Klamath, State of Oregon, more particularly described as follows:

Beginning at a point on the range line between Section 18, Township 38 South of Range 9 East of Willamette Meridian, and Section 13, Township 38 South of Range 8 East of Willamette Meridian, said point being South 601.17 feet from the quarter section corner common to the aforesaid Section 18 and 13, and 300.00 feet Southerly and at right angles from the center line of track at Engineer Station "H" 3586+25.0 of the Central Pacific Railway Company, formerly the California Northeastern Railway; thence North  $69^{\circ} 19'$  West to a point which is 300.00 feet opposite and at right angles Southerly from the quarter section line, Section 13, Township 38 South of Range 8 East of Willamette Meridian; thence East along a line parallel to and distant 300.00 feet Southerly from the above mentioned quarter section line a distance of 283.1 feet to a point; thence South  $69^{\circ} 19'$  East a distance of 550.2 feet to a point in the said range line between Sections 13 and 18, said point being 200.00 feet Southerly at right angles from the said center line of the track of the Central Pacific Railway Company; thence South along said range line between Sections 13 and 18 a distance of 106.9 feet to the point of beginning.

Parcel 17: (Ellingson)

Beginning at a point on the Westerly line of Section 18, Township 38 South of Range 9 East of Willamette Meridian, said point being South 601.17 feet from the quarter section corner common to Section 18, Township 38 South of Range 9 East of Willamette Meridian, and Section 13, Township 38 South of Range 8 East of Willamette Meridian, and 300.00 feet Southerly at right angles from the center line of track at engineer station "H" 3586+25.0 of the Central Pacific Railway Company formerly the California Northeastern Railway known as the "H" line; thence South  $69^{\circ} 19'$  East along a line parallel to and distant 300 feet at right angles Southerly from the center line of the aforesaid "H" line a distance of 691.3 feet to a point; thence East a distance of 283.1 feet to a point; thence North  $69^{\circ} 19'$  West a distance of 993.9 feet to a point on the said West line of Section 18, said point being 200.00 feet Southerly at right angles from the said center line of the track of the Central Pacific Railway Company; thence South along said West line of Section 18 a distance of 106.9 feet, to the point of beginning.

Parcel 18: (Camaille)

A tract of land situated in Lots 1, 2 and 3, Section 18, Township 38 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, being more particularly described as follows:

Beginning at a point which is East 230 feet from a point on the Northeasterly line of the right of way of that certain spur tract of the Southern Pacific Company known as "Hanks Spur", which is

South 56°31' East 11.24 chains from the quarter section corner of the West line of said Section 18; thence South 49°03' East 3.79 chains to the Northeasterly line of the right of way of said spur tract; thence following the line of said spur right of way and 100 feet distant at right angles from the center line thereof the following courses and distances: South 64°07' East 3.03 chains; South 60°35' East 2.27 chains; South 57°37' East 2.58 chains; South 54°45' East 2.27 chains; South 52°14' East 1.51 chains; South 50°42' East 9.09 chains; South 49°30' East 1.51 chains; thence West 1.14 chains to a point which is 50 feet distant at right angles from the centerline of said spur right of way; thence following the Northeasterly line of said spur right of way and 50 feet distant at right angles from the center line thereof, Southeasterly to an iron pin that is North 34°23' West, a distance of 982.8 feet from the gas pipe monument marking the Northwest corner of "Pelican City" subdivision, said monument being North 89°54' West a distance of 1995.5 feet from the Southeast corner of said Section 18; thence North 40°37' East a distance of 149.8 feet to an iron pin on the Southwesterly right of way line of the Southern Pacific railroad; thence Northwesterly along the Southwesterly line of said right of way and 50 feet distance at right angles from the centerline thereof to a point that is East a distance of 8.25 chains from the point of beginning; thence West a distance of 8.25 chains, more or less, to the point of beginning.

LESS AND EXCEPT any portion lying within the Southern Pacific Railroad and the Southern Pacific Railroad Spur and Lakeport Boulevard.

Parcel 19: (Camaille)

Beginning at a point 190 feet East of the quarter section corner on the West line of Section 18, Township 38 South, Range 9 East of the Willamette Meridian; thence East, 1110.78 feet, more or less, to the Westerly line of the right of way of the main line of the Southern Pacific Company; thence following the Westerly line of said right of way and 50 feet distant at right angles from the center line thereof the following courses and distances: South 8°44' East 99.66 feet; South 11°28' East, 99.66 feet; South 15°48' East, 99.66 feet; South 19°03' East, 99.66 feet; South 24°00' East, 25.08 feet; thence leaving said right of way West 788.04 feet, more or less, to the Easterly line of the right of way of that certain spur track of the Southern Pacific Company known as Hanks Spur; thence along the right of way of said Hanks Spur and 100 feet distance at right angles from the centerline thereof, North 69°10' West, 460.02 feet, more or less, to the Southeast corner of that certain tract of land more particularly described in deed from the Klamath Development Co., to P.C. Carlson, dated September 18, 1916, recorded December 9, 1916, in Deed Volume 46 at page 315, Records of Klamath County, Oregon; thence leaving the right of way of said Hanks Spur, North 245.52 feet, more or less, to the point of beginning, being a portion of Lots 2 and 3 of Section 18, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon;

AND ALSO...

Beginning at a point on the Northeasterly line of the right of way of that certain spur track of the Southern Pacific Company known as Hanks Spur which is South 56°32' East 741.84 feet from the quarter section corner on the West line of Section 18, Township 38 South Range 9 East of the Willamette Meridian, Klamath County, Oregon; thence East 230 feet; thence South 49°03' East

250.14 feet, more or less, to the Northeasterly line of the right of way of said spur track; thence following the line of said right of way North 66°58' West, 99.66 feet; North 69°10' West 349.14 feet to the point of beginning, being a portion of Lot 3, Section 18, Township 38 South, Range 9 East of the Willamette Meridian.

Parcel 20: (Harbor links)

A tract of land situated in Lots 3, 4, 5, 6, 7, 8, 10 and 11, Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at an iron pin located North 7°15' West a distance of 1,433.3 feet from the iron pipe marking the center quarter corner of said Section 19; thence South 10°20' East parallel with Lakeport Boulevard a distance of 1396.45 feet to an iron pin on the Northerly right of way line of the Shippington "E" line spur tract, said iron pin being 12.5 feet distance at right angles from the center line of said spur track; thence Westerly parallel with and 12.5 feet distance at right angles from said spur track to a point of intersection with the Northerly right of way of the old Earl Fruit Company spur track, said point being 30 feet distant at right angles from the center line of the old Earl Fruit Company spur track; thence Northwesterly parallel with and 30 feet Northeasterly at right angles from the center line of the old Earl Fruit Company spur track on 12°30' curve to the right to a point which is located South 796.8 feet from the Northeast corner of the old Earl Fruit Company tract; thence North a distance of 796.8 feet to the Northeast corner of the old Earl Fruit Company tract; thence South 89°23' West a distance of 1,170 feet, more or less, to the intersection of the Westerly line of said Lot 8; thence North 10°20' West (North 10°30' West by Deed record) along the Westerly line of said Lot 8 to the line between said Lots 7 and 8; thence North 89°47 1/2" East along said lot line to a point that bears South 86°34' West from the point of beginning; thence North 86°34' East to the point of beginning.

Parcel 21: (4605 Lakeport)

Government Lots 2 and 4 of Section 13, Township 38 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, BUT EXCEPTING THEREFROM the Northerly and Northeasterly parts thereof deeded to R. W. Browning, et ux., by deed recorded in Deed Volume 210, page 321, Klamath County, Oregon.

ALSO, that part of Government Lot 3, Section 13, Township 38 South, Range 8 East of the Willamette Meridian which lies Northeasterly of the right of way of the Central Pacific Railway Company.

TOGETHER WITH that portion of Parcel 1, Land Partition 35-98, conveyed to Klamath Veneer, Inc., an Oregon Corporation, to complete Property Line Adjustment 9-00, by Deed recorded June 2, 2000 in Volume M00, page 19996, being more particularly described as follows:

Commencing at the Southwest corner of the NE1/4 NE1/4 of Section 13, Township 38 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon; thence along the South line of said NE1/4 NE1/4 of said Section 13, North 89° 37' 10" East 338.20 feet to a 5/8 inch iron rod; thence South 00° 22' 50" East 185.41 feet to a 5/8 inch iron rod which is the true point of beginning for this description; thence South 80° 41' 50" East 38.30 feet to a 5/8 inch iron rod; thence South 61° 49' 50" East 122.52 feet to a 5/8 inch iron rod; thence South 89° 37' 10" West 644.05 feet; thence North 11° 05' 34" East 54.41 feet to a 5/8 inch iron rod; thence North 75° 39' 14" East 132.52 feet; thence North 88° 12' 14" East 209.19 feet; thence South 80° 42' 14" East 152.23 feet to the true point of beginning.

AND EXCEPTING THEREFROM that portion thereof conveyed to Cynthia Bourgeau and Kriss Wessling to complete Property Line Adjustment 9-00, by Deed recorded June 2, 2000 in Volume M00, page 19998, being more particularly described as follows:

A parcel of land situated in the SW1/4 NE1/4 of Section 13, Township 38 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Commencing at a 5/8 inch iron rod marking the Southeast corner of Parcel 1 of Klamath County Land Partition 35-98 which bears South 72° 58' 30" West 873.82 feet from the center ¼ corner of said Section 13; thence South 89° 37' 10" West 937.66 feet to ½ inch iron rod which is the true point of beginning for this description; thence continuing South 89° 37' 10" West 65.11 feet, more or less, to the mean high water line of Upper Klamath Lake; thence Southeasterly along said mean high water line 353 feet, more or less, to a 5/8 inch iron rod; thence North 11° 05' 34" East 101.70 feet; thence South 89° 37' 10" West 293.61 feet to the true point of beginning.

Parcel 22: (4013 Lakeport, 3444 Lakeport and Tech Center)

Parcels 1, 2 and 3 of Land Partition 12-08 situated in Government Lots 1, 5, 6 and the S1/2 of Section 18 and Government Lots 4, 5, 6 and 7, Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon as duly recorded on November 3, 2008 in Volume 2008-014832. Microfilm Records of Klamath County, Oregon.

Parcel 23: (Risk Management)

Lots 9 and 10, Block 2, PELICAN CITY, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

Parcel 24: (3726 Lakeport)

Lot 4 in Block 2 of PELICAN CITY, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Parcel 25: (Harbor Lots)

Lot 137 of TRACT 1277, being a re-plat of Lots 35 through 42 of Block 1 of "HARBOR ISLES - TRACT 1209"; Lots 43 and 44, 48 through 58, and 64 through 71 of Block 1 of the "FIRST ADDITION TO HARBOR ISLES - TRACTS 1252"; Lots 1 through 6 and 9 through 23 of Block 2 of the "SECOND ADDITION TO HARBOR ISLES - TRACT 1259"; and a portion of Blocks A, B, and 4 of the "SHIPPINGTON ADDITION TO KLAMATH FALLS, OREGON", all situated in the SW1/4 of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon."

Parcel 26:

The following described real property situate in Township 35 South, Range 7 East of the Willamette Meridian, Klamath County Oregon:

Section 21: Government Lots 1, 10, 11, 12, 13, 22, 23, 24, 25, 30, 31, 32, 33, 38, and 39 lying Easterly of the East right of way line of the Dallas-California Highway 97.

Section 28: Government Lots 1, 2, 7, 8, 9, 10 and 16 lying Easterly of the East right of way line of the Dallas-California Highway 97.

EXCEPTING THEREFROM, that portion conveyed to Stephen E. Hilbert and Debbie P. Hilbert by Warranty Deed recorded December 6, 2004 in Volume M04, page 83562, Microfilm Records of Klamath County, Oregon.