

NOT 91138

2011-013352

Klamath County, Oregon



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12/01/2011 03:21:17 PM

Fee: \$157.00

Recording Requested by and after  
Recording Return to:  
Winston & Strawn LLP  
101 California Street  
San Francisco, CA 94111  
Attn: Angela Chan

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Loan No. 70004409

**LINE OF CREDIT INSTRUMENT**

**TRUST DEED, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT  
AND FIXTURE FILING**

Among

QUAIL PARK OF KLAMATH FALLS, LLC, as grantor and debtor,

CHICAGO TITLE INSURANCE COMPANY, as trustee,

and

GENERAL ELECTRIC CAPITAL CORPORATION, as beneficiary and secured party

With respect to the following property:

1000 Town Center Drive  
Klamath Falls, Klamath County, Oregon 97601

Dated for reference purposes as of November 22, 2011

**THIS INSTRUMENT IS TO BE INDEXED AS BOTH A DEED OF TRUST AND AS A  
FIXTURE FILING**

Type of transaction: Creation of deed of trust lien and security interests encumbering the properties described herein. THIS DOCUMENT CONSTITUTES A FIXTURE FILING IN ACCORDANCE WITH ORS 79.0502(3).

The maturity date of the Loan Agreement (as hereinafter defined) secured by this Trust Deed, exclusive of any option to renew or extend such maturity date, is November 30, 2016. The maximum principal amount to be advanced pursuant to the Loan Agreement is \$20,065,000.00; however, such maximum principal amount may be exceeded by principal advances made to complete construction on the property or for the reasonable protection of the property pursuant to ORS 86.155.

Tax Account Number(s) of Trust Property: 3809-02000-00500; P-021435

**TRUST DEED, ASSIGNMENT OF LEASES AND RENTS,**  
**SECURITY AGREEMENT AND FIXTURE FILING - Page 1**  
[Living Care (Klamath Falls) - Oregon]  
SF:323466.3

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**TRUST DEED, ASSIGNMENT OF LEASES AND RENTS,  
SECURITY AGREEMENT AND FIXTURE FILING**

**(County of Klamath, State of Oregon)**

This Trust Deed, Assignment of Leases and Rents, Security Agreement and Fixture Filing (this "**Trust Deed**"), dated for reference purposes as of November 22, 2011, by **QUAIL PARK OF KLAMATH FALLS, LLC**, a Washington limited liability company, whose organizational number is 603131871 ("**Grantor**") and whose address for notice hereunder is 1818 Westlake Avenue North, Suite 310, Seattle, Washington 98109, to **CHICAGO TITLE INSURANCE COMPANY** ("**Trustee**"), whose address for notice hereunder is whose address is 4717 South 19<sup>th</sup> Street, Suite 201, Tacoma, Washington 98405, for the benefit of **GENERAL ELECTRIC CAPITAL CORPORATION**, a Delaware corporation, in its capacity as administrative agent under the Loan Agreement ("**Beneficiary**"), whose address for notice is 500 West Monroe Street, Chicago, Illinois 60661, Attention: Portfolio Management Program.

**ARTICLE 1  
DEFINITIONS**

**Section 1.1 Definitions.** As used herein, the following terms shall have the following meanings:

**"Borrowers"**: Grantor and Laurel Court of Eugene, LLC.

**"Indebtedness"**: The sum of all principal, interest and all other amounts due under or secured by the Loan Documents.

**"Loan"**: The Loan made to Borrowers by Lenders as evidenced and secured by the Loan Documents.

**"Loan Documents"**: The (a) Loan Agreement, dated on or about December 1, 2011, between Borrowers, Beneficiary, in its capacity as administrative agent, and the financial institutions from time to time signatory thereto as "Lenders" (as the same may be amended, restated, supplemented and otherwise modified from time to time, the "**Loan Agreement**"), (b) that certain promissory note, dated on or about December 1, 2011, executed by Borrowers, payable to the order of Lenders, in the stated principal amount of \$20,065,000.00 (as the same may be amended, restated, supplemented and otherwise modified from time to time, the "**Note**"), (c) this Trust Deed, (d) the Business Associate Agreement executed by Beneficiary and Borrowers, (e) all other documents now or hereafter executed by Grantor, or any other person or entity, to evidence, secure or guaranty the payment of all or any portion of the Indebtedness or the performance of all or any portion of the Obligations or otherwise executed in connection with the Note or this Trust Deed and (f) all modifications, restatements, extensions, renewals and replacements of the foregoing; provided however, in no event shall the term "Loan Documents" include that certain Hazardous Materials Indemnity Agreement dated on or about December 1, 2011, in favor of Beneficiary.

**"Mortgaged Property"**: (a) the real property described in Exhibit A, together with any greater estate therein as hereafter may be acquired by Grantor (the "**Land**"), (b) all buildings, structures and other improvements, now or at any time situated, placed or constructed upon the Land (the "**Improvements**"), (c) all materials, supplies, equipment, apparatus and other items of personal property now owned or hereafter acquired by Grantor and now or hereafter attached to, installed in or used in connection with any of the Improvements or the Land, and water, gas, electrical, storm and sanitary sewer facilities and all other utilities whether or not situated in easements (the "**Fixtures**"), (d) all right, title and interest of Grantor in and to all goods, accounts, general intangibles, investment property, instruments, letters of credit, letter-of-credit rights, deposit accounts, documents, chattel paper and all other personal property of any kind or character, including such items of personal property as presently or hereafter defined in the UCC, now owned or hereafter acquired by Grantor and now or hereafter affixed to, placed upon, used in connection with, arising from or otherwise related to the Land and Improvements or which may be used in or relating to the planning, development, financing or operation of the Mortgaged Property, including, without limitation, furniture, furnishings, equipment, machinery, money, insurance proceeds, accounts, contract rights, software, trademarks, goodwill, promissory notes, electronic and tangible chattel paper, payment intangibles, documents, trade names, licenses and/or franchise agreements, rights of Grantor under leases of Fixtures or other personal property or equipment, inventory, all refundable, returnable or reimbursable fees, deposits or other funds or evidences of credit or indebtedness deposited by or on behalf of Grantor with any governmental authorities, boards, corporations, providers of utility services, public or private, including specifically, but without limitation, all refundable, returnable or reimbursable tap fees, utility deposits, commitment fees and development costs, and commercial tort claims arising from the development, construction, use, occupancy, operation, maintenance, enjoyment, acquisition or ownership of the Mortgaged Property (the "**Personalty**"), (e) all reserves, escrows or impounds required under the Loan Agreement and all deposit accounts (including accounts holding security deposits) maintained by Grantor with respect to the Mortgaged Property, (f) all plans, specifications, shop drawings and other technical descriptions prepared for construction, repair or alteration of the Improvements, and all amendments and modifications thereof (the "**Plans**"), (g) all leases, subleases, licenses, concessions, occupancy agreements, rental contracts, or other agreements (written or oral) now or hereafter existing relating to the use or occupancy of all or any part of the Mortgaged Property, together with all guarantees, letters of credit and other credit support, modifications, extensions and renewals thereof (whether before or after the filing by or against Grantor of any petition of relief under 11 U.S.C. § 101 et seq., as same may be amended from time to time (the "**Bankruptcy Code**")) and all related security and other deposits (the "**Leases**") and all of Grantor's claims and rights (the "**Bankruptcy Claims**") to the payment of damages arising from any rejection by a lessee of any Lease under the Bankruptcy Code, (h) all of the rents, revenues, liquidated damages payable upon default under the Leases, issues, income, proceeds, profits, and all other payments of any kind under the Leases for using, leasing, licensing, possessing, operating from, residing in, selling or otherwise enjoying the Mortgaged Property whether paid or accruing before or after the filing by or against Grantor of any petition for relief under the Bankruptcy Code (the "**Rents**"), (i) all other agreements, such as construction contracts, architects' agreements, engineers' contracts, utility contracts, maintenance agreements, franchise agreements, service contracts, permits, licenses, certificates and entitlements in any way relating to the development, construction, use, occupancy, operation, maintenance,

**TRUST DEED, ASSIGNMENT OF LEASES AND RENTS,**

**SECURITY AGREEMENT AND FIXTURE FILING – Page 3**

**[Living Care (Klamath Falls) - Oregon]**

SF:323466.3

enjoyment, acquisition or ownership of the Mortgaged Property (the “**Property Agreements**”), (j) all rights, privileges, tenements, hereditaments, rights-of-way, easements, appendages and appurtenances appertaining to the foregoing, and all right, title and interest, if any, of Grantor in and to any streets, ways, alleys, strips or gores of land adjoining the Land or any part thereof, (k) all accessions, replacements and substitutions for any of the foregoing and all proceeds thereof, (l) all insurance policies (regardless of whether required by Beneficiary), unearned premiums therefor and proceeds from such policies covering any of the above property now or hereafter acquired by Grantor, (m) all mineral, water, oil and gas rights now or hereafter acquired and relating to all or any part of the Mortgaged Property, (n) all tradenames, trademarks, service marks, logos, copyrights, goodwill, books and records and all other general intangibles relating to or used in connection with the operation of the Mortgaged Property; and (o) all of the right, title and interest of Grantor in and to any awards, remunerations, reimbursements, settlements or compensation heretofore made or hereafter to be made by any governmental authority pertaining to the Land, Improvements, Fixtures or Personalty. As used in this Trust Deed, the term “Mortgaged Property” shall mean all or, where the context permits or requires, any portion of the above or any interest therein.

“**Obligations**”: All of the agreements, covenants, conditions, warranties, representations and other obligations (other than to repay the Indebtedness) made or undertaken by Borrowers or any other person or entity to Beneficiary or others as set forth in the Loan Documents.

“**Permitted Encumbrances**”: The outstanding liens, easements, restrictions, security interests and other exceptions to title set forth in the policy of title insurance insuring the lien of this Trust Deed, together with the liens and security interests in favor of Beneficiary created by the Loan Documents, none of which, individually or in the aggregate, materially interfere with the benefits of the security intended to be provided by this Trust Deed, materially and adversely affect the value of the Mortgaged Property, impair the use or operations of the Mortgaged Property or impair Grantor’s ability to pay its obligations in a timely manner.

“**State**”: The State of Oregon.

“**UCC**”: The Uniform Commercial Code of the State in effect from time to time or, if the creation, perfection and enforcement of any security interest herein granted is governed by the laws of a state other than the State, then, as to the matter in question, the Uniform Commercial Code in effect in that state from time to time.

**Section 1.2 Other Terms.** Capitalized terms not otherwise defined herein shall have the meaning set forth in the Loan Agreement.

## **ARTICLE 2** **GRANT**

**Section 2.1 Grant.** To secure the full and timely payment of the Indebtedness and the full and timely performance of the Obligations, Grantor hereby GRANTS, BARGAINS, SELLS, CONVEYS and ASSIGNS to Trustee (and with respect to any portions of the Mortgaged Property that constitute personal property, to Beneficiary) all of its right title and interest in and

to the Mortgaged Property subject, however, to the Permitted Encumbrances; TO HAVE AND TO HOLD the Mortgaged Property to Trustee, IN TRUST, WITH POWER OF SALE, and Grantor does hereby bind itself, its successors and assigns to WARRANT AND FOREVER DEFEND the title to the Mortgaged Property unto Trustee and Beneficiary and their respective successors, substitutes and assigns.

### **ARTICLE 3**

#### **WARRANTIES, REPRESENTATIONS AND COVENANTS**

Grantor warrants, represents and covenants to Beneficiary as follows:

**Section 3.1 Title to Mortgaged Property and Lien of this Trust Deed.** Grantor owns its interest in the Mortgaged Property free and clear of any liens, claims or interests, except the Permitted Encumbrances. This Trust Deed creates valid, enforceable first priority liens and security interests against the Mortgaged Property. Grantor represents and warrants that Grantor has good, marketable and insurable title to the Land and Improvements. Grantor represents and warrants that it has the full power, authority and right to execute, deliver and perform its obligations under this Trust Deed.

**Section 3.2 First Lien Status.** Grantor shall preserve and protect the first lien and security interest status of this Trust Deed and the other Loan Documents. If any lien or security interest other than the Permitted Encumbrances is asserted against the Mortgaged Property, Grantor shall promptly, and at its expense, (a) give Beneficiary a detailed written notice of such lien or security interest (including origin, amount and other terms), and (b) pay the underlying claim in full or take such other action so as to cause it to be released or, in Beneficiary's discretion, provide a bond or other security satisfactory to Beneficiary for the payment of such claim.

**Section 3.3 Payment and Performance.** Grantor shall pay the Indebtedness when due under the Loan Documents and shall perform the Obligations in full when they are required to be performed.

**Section 3.4 Replacement of Fixtures and Personalty.** Grantor shall not, without the prior written consent of Beneficiary, permit any of the Fixtures or Personalty to be removed at any time from the Land or Improvements, unless the removed item is removed temporarily for maintenance and repair or, if removed permanently, is obsolete and is replaced by an article of equal or better suitability and value, owned by Grantor subject to the liens and security interests of this Trust Deed and the other Loan Documents, and free and clear of any other lien or security interest except such as may be first approved in writing by Beneficiary.

**Section 3.5 Maintenance of Rights of Way, Easements and Licenses.** Grantor shall maintain all rights of way, easements, grants, privileges, licenses, certificates, permits, entitlements and franchises necessary for the use of the Mortgaged Property and will not, without the prior consent of Beneficiary, consent to any public restriction (including any zoning ordinance) or private restriction as to the use of the Mortgaged Property. Grantor shall comply

with all restrictive covenants affecting the Mortgaged Property, and all zoning ordinances and other public or private restrictions as to the use of the Mortgaged Property.

**Section 3.6 Inspection.** Grantor shall permit Beneficiary and its agents, representatives and employees, upon reasonable prior notice to Grantor, to inspect the Mortgaged Property and conduct such environmental and engineering studies as Beneficiary may require, provided that such inspections and studies shall not materially interfere with the use and operation of the Mortgaged Property.

**Section 3.7 Other Covenants.** All of the covenants in (a) the Loan Agreement, (b) the Note and (c) any of the other Loan Documents are incorporated herein by reference and are made a part of this Trust Deed to the same extent and with the same force as if fully set forth herein and, together with covenants in this Article 3, shall be covenants running with the land. The covenants set forth in the Loan Agreement include, among other provisions: (a) the obligation to pay when due all taxes on the Mortgaged Property or assessed against Beneficiary with respect to the Loan, (b) the right of Beneficiary to inspect the Mortgaged Property, (c) the obligation to keep the Mortgaged Property insured as Beneficiary may require, (d) the obligation to comply with all legal requirements (including environmental laws), maintain the Mortgaged Property in good condition, and promptly repair any damage or casualty, and (e) except as otherwise permitted under the Loan Agreement, the obligation of Grantor to obtain Beneficiary's consent prior to entering into, modifying or taking other actions with respect to Leases.

**Section 3.8 Condemnation Awards and Insurance Proceeds.**

(a) **Condemnation Awards.** Grantor hereby assigns all awards and compensation for any condemnation or other taking, or any purchase in lieu thereof, to Beneficiary and authorizes Beneficiary to collect and receive such awards and compensation and to give proper receipts and acquittances therefor, subject to the terms of the Loan Agreement.

(b) **Insurance Proceeds.** Grantor hereby assigns to Beneficiary all proceeds of any insurance policies insuring against loss or damage to the Mortgaged Property. Grantor authorizes Beneficiary to collect and receive such proceeds and authorizes and directs the issuer of each of such insurance policies to make payment for all such losses directly to Beneficiary, instead of to Grantor and Beneficiary, jointly, subject to the terms of the Loan Agreement.

**Section 3.9 Transfer or Encumbrance of Mortgaged Property.**

(a) **No Transfer.** Grantor shall not permit or suffer any Transfer to occur, unless specifically permitted under the Loan Agreement or unless Beneficiary shall consent thereto in writing.

(b) **Transfer Defined.** As used in this Section 3.9, "**Transfer**" shall mean any voluntary or involuntary sale, conveyance, mortgage, grant, bargain, master lease, encumbrance, pledge, assignment, grant of any options with respect to, or any other transfer or disposition of (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, and whether or not for consideration or of record) of: (a) all or any part of the Mortgaged Property or any

estate or interest therein including, but not be limited to, (i) an installment sales agreement wherein Grantor agrees to sell the Mortgaged Property or any part thereof for a price to be paid in installments, (ii) an agreement by Grantor leasing all or a substantial part of the Mortgaged Property for other than actual occupancy by a space tenant thereunder and its affiliates or (iii) a sale, assignment or other transfer of, or the grant of a security interest in, Grantor's right, title and interest in and to any Leases or any Rents; or (b) any ownership interest in (i) Grantor or (ii) any indemnitor or guarantor of any Obligations or (iii) any corporation, partnership, limited liability company, trust or other entity owning, directly or indirectly, any interest in Grantor or any indemnitor or guarantor of any Obligations.

#### **ARTICLE 4**

#### **DEFAULT AND FORECLOSURE**

**Section 4.1 Remedies.** Following the occurrence and during the continuance of an Event of Default (as defined in the Loan Agreement), Beneficiary may, at Beneficiary's election, and by or through Trustee or otherwise, and, in any event, in compliance with all applicable Oregon law, exercise any or all of the following rights, remedies and recourses:

(a) **Acceleration.** Declare the Indebtedness to be immediately due and payable, without further notice, presentment, protest, notice of intent to accelerate, notice of acceleration, demand or action of any nature whatsoever (each of which hereby is expressly waived by Grantor), whereupon the same shall become immediately due and payable.

(b) **Entry on Mortgaged Property.** Enter the Mortgaged Property and take exclusive possession thereof and of all books, records and accounts relating thereto. If Grantor remains in possession of the Mortgaged Property during the continuance of an Event of Default and without Beneficiary's prior written consent, Beneficiary may invoke any legal remedies to dispossess Grantor.

(c) **Operation of Mortgaged Property.** Hold, lease, develop, manage, operate or otherwise use the Mortgaged Property upon such terms and conditions as Beneficiary may deem reasonable under the circumstances (making such repairs, alterations, additions and improvements and taking other actions, from time to time, as Beneficiary deems necessary or desirable), and apply all Rents and other amounts collected by Beneficiary or Trustee in connection therewith in accordance with the provisions of Section 4.7.

(d) **Foreclosure and Sale.** Sell or offer for sale the Mortgaged Property in such portions, order and parcels as Beneficiary may determine, with or without having first taken possession of same, to the highest bidder for cash at public auction. Such sale shall be made in accordance with the laws of the State relating to the sale of real estate or by Chapter 9 of the UCC relating to the sale of collateral after default by a debtor (as such laws now exist or may be hereafter amended or succeeded), or by any other present or subsequent articles or enactments relating to same. At any such sale (i) whether made under the power herein contained, the UCC, any other legal requirement or by virtue of any judicial proceedings or any other legal right, remedy or recourse, it shall not be necessary for Trustee to be physically present, or to have constructive possession of, the Mortgaged Property (Grantor shall deliver to Trustee any portion

of the Mortgaged Property not actually or constructively possessed by Trustee immediately upon demand by Trustee), and the title to and right of possession of any such property shall pass to the purchaser thereof as completely as if Trustee had been actually present and delivered to purchaser at such sale, (ii) each instrument of conveyance executed by Trustee shall contain a general warranty of title, binding upon Grantor, (iii) each recital contained in any instrument of conveyance made by Trustee shall conclusively establish the truth and accuracy of the matters recited therein, including, without limitation, nonpayment of the Indebtedness, advertisement and conduct of such sale in the manner provided herein and otherwise by law, and appointment of any successor Trustee hereunder, (iv) any prerequisites to the validity of such sale shall be conclusively presumed to have been performed, (v) the receipt of Trustee or other party making the sale shall be a sufficient discharge to the purchaser or purchasers for his or their purchase money and no such purchaser or purchasers, or his or their assigns or personal representatives, shall thereafter be obligated to see to the application of such purchase money or be in any way answerable for any loss, misapplication or nonapplication thereof, and (vi) to the fullest extent permitted by law, Grantor shall be completely and irrevocably divested of all of its right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the property sold and such sale shall be a perpetual bar both at law and in equity against Grantor, and against all other persons claiming or to claim the property sold or any part thereof, by, through or under Grantor. Beneficiary may be a purchaser at such sale and if Beneficiary is the highest bidder, may credit the portion of the purchase price that would be distributed to Beneficiary against the Indebtedness in lieu of paying cash.

(e) **Receiver.** Make application to a court of competent jurisdiction for, and obtain from such court as a matter of strict right and without notice to Grantor or regard to the adequacy of the Mortgaged Property for the repayment of the Indebtedness, the appointment of a receiver of the Mortgaged Property, and Grantor irrevocably consents to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise operate the Mortgaged Property upon such terms as may be approved by the court.

(f) **UCC.** Exercise any and all rights and remedies granted to a secured party upon default under the UCC, including, without limiting the generality of the foregoing: (i) the right to take possession of the personal property or any part thereof, and to take such other measures as Beneficiary may deem necessary for the care, protection and preservation of the personal property, and (ii) request Grantor at its expense to assemble the personal property and make it available to Beneficiary at a convenient place acceptable to Beneficiary. Any notice of sale, disposition or other intended action by Beneficiary with respect to the personal property sent to Grantor in accordance with the provisions hereof at least five (5) days prior to such action, shall constitute commercially reasonable notice to Grantor.

(g) **Other.** Exercise all other rights, remedies and recourses granted under the Loan Documents or otherwise available at law or in equity (including an action for specific performance of any covenant contained in the Loan Documents, or a judgment on the Note either before, during or after any proceeding to enforce this Trust Deed).

**TRUST DEED, ASSIGNMENT OF LEASES AND RENTS,**

**SECURITY AGREEMENT AND FIXTURE FILING – Page 8**

**[Living Care (Klamath Falls) - Oregon]**

SF:323466.3



**Section 4.2 Separate Sales.** The Mortgaged Property may be sold in one or more parcels and in such manner and order as Beneficiary, in his sole discretion, may elect; the right of sale arising out of any Event of Default shall not be exhausted by any one or more sales.

**Section 4.3 Remedies Cumulative, Concurrent and Nonexclusive.** Beneficiary shall have all rights, remedies and recourses granted in the Loan Documents and available at law or equity (including the UCC), which rights (a) shall be cumulative and concurrent, (b) may be pursued separately, successively or concurrently against Grantor or others obligated under the Note and the other Loan Documents, or against the Mortgaged Property, or against any one or more of them, at the sole discretion of Beneficiary, (c) may be exercised as often as occasion therefor shall arise, and the exercise or failure to exercise any of them shall not be construed as a waiver or release thereof or of any other right, remedy or recourse, and (d) are intended to be, and shall be, nonexclusive. No action by Beneficiary in the enforcement of any rights, remedies or recourses under the Loan Documents or otherwise at law or equity shall be deemed to cure any Event of Default.

**Section 4.4 Release of and/or Resort to Collateral.** Beneficiary may release, regardless of consideration and without the necessity for any notice to or consent by the holder of any subordinate lien on the Mortgaged Property, any part of the Mortgaged Property without, as to the remainder, in any way impairing, affecting, subordinating or releasing the lien or security interests created in or evidenced by the Loan Documents or their stature as a first and prior lien and security interest in and to the Mortgaged Property. For payment of the Indebtedness, Beneficiary may resort to any other security in such order and manner as Beneficiary may elect.

**Section 4.5 Waiver of Redemption, Notice and Marshalling of Assets.** To the fullest extent permitted by law, Grantor hereby irrevocably and unconditionally waives and releases (a) all benefit that might accrue to Grantor by virtue of any present or future statute of limitations or law or judicial decision exempting the Mortgaged Property from attachment, levy or sale on execution or providing for any appraisal, valuation, stay of execution, exemption from civil process, redemption or extension of time for payment, (b) all notices of any Event of Default or of Trustee's election to exercise or his actual exercise of any right, remedy or recourse provided for under the Loan Documents, and (c) any right to a marshalling of assets or a sale in inverse order of alienation.

**Section 4.6 Discontinuance of Proceedings.** If Beneficiary shall have proceeded to invoke any right, remedy or recourse permitted under the Loan Documents and shall thereafter elect to discontinue or abandon it for any reason, Beneficiary shall have the unqualified right to do so and, in such an event, Grantor and Beneficiary shall be restored to their former positions with respect to the Indebtedness, the Obligations, the Loan Documents, the Mortgaged Property and otherwise, and the rights, remedies, recourses and powers of Beneficiary shall continue as if the right, remedy or recourse had never been invoked, but no such discontinuance or abandonment shall waive any Event of Default which may then exist or the right of Beneficiary thereafter to exercise any right, remedy or recourse under the Loan Documents for such Event of Default.

**Section 4.7 Application of Proceeds.** The proceeds of any sale of the Mortgaged Property shall be applied by Beneficiary or Trustee in the following order unless otherwise required by applicable law:

(a) to the payment of the reasonable costs and expenses of taking possession of the Mortgaged Property, including, without limitation (i) Trustee's and receiver's fees and expenses, (ii) court costs, (iii) reasonable attorneys' and accountants' fees and expenses, (iv) costs of advertisement and (v) insurance premiums;

(b) to the payment of all amounts (including interest), other than the unpaid principal balance of the Note and accrued but unpaid interest, which may be due to Beneficiary under the Loan Documents;

(c) to the payment of the Indebtedness and performance of the Obligations in such manner and order of preference as Beneficiary in its sole discretion may determine; and

(d) the balance, if any, to the payment of the persons legally entitled thereto.

**Section 4.8 Occupancy After Foreclosure.** The purchaser at any foreclosure sale pursuant to Section 4.1(d) shall become the legal owner of the Mortgaged Property. All occupants of the Mortgaged Property shall, at the option of such purchaser, become tenants of the purchaser at the foreclosure sale and shall deliver possession thereof immediately to the purchaser upon demand. It shall not be necessary for the purchaser at said sale to bring any action for possession of the Mortgaged Property other than the statutory action of forcible detainer in any justice court having jurisdiction over the Mortgaged Property.

**Section 4.9 Additional Advances and Disbursements; Costs of Enforcement.**

(a) If Grantor has failed to perform its obligations under any provision of any Loan Document, Beneficiary shall have the right but not the obligation to perform or caused to be performed such obligation of Grantor. All sums advanced and expenses incurred at any time by Beneficiary under this Trust Deed or any of the other Loan Documents or under applicable law shall bear interest from the date that such sum is advanced or expense incurred, to and including the date of reimbursement, computed at the Default Rate (as defined in the Loan Agreement), and all such sums, together with interest thereon, shall be secured by this Trust Deed.

(b) Grantor shall pay all expenses (including reasonable attorneys' fees and expenses) of or incidental to the perfection and enforcement of this Trust Deed and the other Loan Documents, or the enforcement, compromise or settlement of the Indebtedness or any claim under this Trust Deed and the other Loan Documents, and for the curing thereof, or for defending or asserting the rights and claims of Beneficiary in respect thereof, by litigation or otherwise.

**Section 4.10 No Mortgagee in Possession.** Neither the enforcement of any of the remedies under this Article 4, the assignment of the Rents and Leases under Article 5, the security interests under Article 6, nor any other remedies afforded to Beneficiary under the Loan Documents, at law or in equity shall cause Beneficiary to be deemed or construed to be a

mortgagee in possession of the Mortgaged Property, to obligate Beneficiary to lease the Mortgaged Property or attempt to do so, or to take any action, incur any expense, or perform or discharge any obligation, duty or liability whatsoever under any of the Leases or otherwise.

**Section 4.11 Actions and Proceedings.** Beneficiary has the right to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to bring any action or proceeding, in the name and on behalf of Grantor, which Beneficiary, in its discretion, decides should be brought to protect its interest in the Mortgaged Property.

## **ARTICLE 5**

### **ASSIGNMENT OF RENTS AND LEASES**

**Section 5.1 Assignment.** Grantor acknowledges and confirms that it has executed and delivered to Beneficiary an Assignment of Leases and Rents of even date (the “**Assignment of Leases and Rents**”), intending that such instrument create a present, absolute assignment to Beneficiary of the Leases and Rents. Without limiting the intended benefits or the remedies provided under the Assignment of Leases and Rents, Grantor hereby assigns to Beneficiary, as further security for the Indebtedness and the Obligations, the Leases and Rents. While any Event of Default exists, Beneficiary shall be entitled to exercise any or all of the remedies provided in the Assignment of Leases and Rents and in Article 4 hereof, including, without limitation, the right to have a receiver appointed. If any conflict or inconsistency exists between the assignment of the Rents and the Leases in this Trust Deed and the absolute assignment of the Rents and the Leases in the Assignment of Leases and Rents, the terms of the Assignment of Leases and Rents shall control.

**Section 5.2 No Merger of Estates.** So long as any part of the Indebtedness and the Obligations secured hereby remain unpaid and undischarged, the fee and leasehold estates to the Mortgaged Property shall not merge, but shall remain separate and distinct, notwithstanding the union of such estates either in Grantor, Beneficiary, any lessee or any third party by purchase or otherwise.

## **ARTICLE 6**

### **SECURITY AGREEMENT**

**Section 6.1 Security Interest.** This Trust Deed constitutes a “Security Agreement” on personal property within the meaning of the UCC and other applicable law with respect to the Personalty, Fixtures, Plans, Leases, Rents and Property Agreements. To this end, Grantor grants to Trustee and Beneficiary, a first and prior security interest in the Personalty, Fixtures, Plans, Leases, Rents and Property Agreements and all other Mortgaged Property which is personal property to secure the payment of the Indebtedness and performance of the Obligations, and agrees that Beneficiary shall have all the rights and remedies of a secured party under the UCC with respect to such property. Any notice of sale, disposition or other intended action by Beneficiary with respect to the Personalty, Fixtures, Plans, Leases, Rents and Property Agreements sent to Grantor at least five (5) days prior to any action under the UCC shall constitute reasonable notice to Grantor.

**Section 6.2 Further Assurances.** Grantor shall execute and deliver to Beneficiary, in form and substance satisfactory to Beneficiary, such further assurances as Beneficiary may, from time to time, reasonably consider necessary to create, perfect and preserve Beneficiary's security interest hereunder and Beneficiary may cause such assurances to be recorded and filed, at such times and places as may be required or permitted by law to so create, perfect and preserve such security interest. Grantor's state of organization is the State of Washington and its chief executive office is located at the address set forth in the first paragraph of this Trust Deed. Grantor authorizes Beneficiary to file such financing statements in such jurisdictions as Beneficiary may deem necessary to perfect the security interest granted herein.

**Section 6.3 No Obligation of Trustee or Beneficiary.** The security interest herein granted shall in no event cause Trustee or Beneficiary to be deemed or construed as a mortgagee in possession of the Mortgaged Property, to obligate Trustee or Beneficiary to lease the Mortgaged Property or attempt to do so, or to take any action, incur any expense or perform or discharge any obligation, duty or liability whatsoever under any of the Leases or otherwise.

**Section 6.4 Fixture Filing.** This Trust Deed shall also constitute a "fixture filing" for the purposes of the UCC against all of the Mortgaged Property which is or is to become fixtures. Information concerning the security interest herein granted may be obtained at the addresses of Debtor (Grantor) and Secured Party (Beneficiary) as set forth in the first paragraph of this Trust Deed.

**Section 6.5 Continuing Effect Notwithstanding Termination of Trust Deed.** It is expressly agreed that until such time as the Indebtedness and Obligations have been paid and performed in full, or until the security interest granted hereby has been released in writing by Beneficiary, this Trust Deed shall remain fully effective as a security agreement and fixture filing, notwithstanding that the lien on real property that is created by this Trust Deed may be extinguished or released, by foreclosure of this Trust Deed or otherwise.

## **ARTICLE 7**

### **CONCERNING THE TRUSTEE**

**Section 7.1 Certain Rights.** With the approval of Beneficiary, Trustee shall have the right to select, employ and consult with counsel. Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by him hereunder, believed by him in good faith to be genuine. Trustee shall be entitled to reimbursement for actual, reasonable expenses incurred by him in the performance of his duties hereunder. Grantor shall, from time to time, pay the compensation due to Trustee hereunder and reimburse Trustee for, and indemnify, defend and save Trustee harmless against, all liability and reasonable expenses which may be incurred by him in the performance of his duties. Grantor's obligations under this Section 7.1 shall not be reduced or impaired by principles of comparative or contributory negligence.

**Section 7.2 Retention of Money.** All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by

law), and Trustee shall be under no liability for interest on any moneys received by him hereunder.

**Section 7.3 Successor Trustees.** If Trustee or any successor Trustee shall die, resign or become disqualified from acting in the execution of this trust, or Beneficiary shall desire to appoint a substitute Trustee, Beneficiary shall have full power to appoint one or more substitute Trustees and, if preferred, several substitute Trustees in succession who shall succeed to all the estates, rights, powers and duties of Trustee. Such appointment may be executed by any authorized agent of Beneficiary, and as so executed, such appointment shall be conclusively presumed to be executed with authority, valid and sufficient, without further proof of any action.

**Section 7.4 Perfection of Appointment.** Should any deed, conveyance or instrument of any nature be required from Grantor by any successor Trustee to more fully and certainly vest in and confirm to such successor Trustee such estates, rights, powers and duties, then, upon request by such Trustee, all such deeds, conveyances and instruments shall be made, executed, acknowledged and delivered and shall be caused to be recorded and/or filed by Grantor.

## **ARTICLE 8 MISCELLANEOUS**

**Section 8.1 Limitation on Interest.** It is the intention of the parties hereto to conform strictly to applicable usury laws. Accordingly, all agreements between Grantor and Beneficiary with respect to the Loan are hereby expressly limited so that in no event, whether by reason of acceleration of maturity or otherwise, shall the amount paid or agreed to be paid to Beneficiary or charged by Beneficiary for the use, forbearance or detention of the money to be lent hereunder or otherwise, exceed the maximum amount allowed by law. If the Loan would be usurious under applicable law (including the laws of the state where the Mortgaged Property is located and the laws of the United States of America), then, notwithstanding anything to the contrary in the Loan Documents: (a) the aggregate of all consideration which constitutes interest under applicable law that is contracted for, taken, reserved, charged or received under the Loan Documents shall under no circumstances exceed the maximum amount of interest allowed by applicable law, and any excess shall be credited on the Indebtedness; and (b) if maturity is accelerated by reason of an election by Beneficiary, or in the event of any prepayment, then any consideration which constitutes interest may never include more than the maximum amount allowed by applicable law. In such case, excess interest, if any, provided for in the Loan Documents or otherwise, to the extent permitted by applicable law, shall be amortized, prorated, allocated and spread from the date of advance until payment in full so that the actual rate of interest is uniform through the term hereof. If such amortization, proration, allocation and spreading is not permitted under applicable law, then such excess interest shall be canceled automatically as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited on the Indebtedness. The Loan Documents are contracts made under and shall be construed in accordance with and governed by the laws of the State, except that if at any time the laws of the United States of America permit Beneficiary to contract for, take, reserve, charge or receive a higher rate of interest than is allowed by the laws of the State (whether such federal laws directly so provide or refer to the law of any state), then such federal laws shall to such extent govern as to the rate of

interest which Beneficiary may contract for, take, reserve, charge or receive under the Loan Documents.

**Section 8.2 Notices.** Any notice required or permitted to be given under this Trust Deed shall be (a) in writing, (b) sent in the manner set forth in the Loan Agreement, and (c) effective in accordance with the terms of the Loan Agreement.

**Section 8.3 Covenants Running with the Land.** All Obligations contained in this Trust Deed are intended by Grantor, Beneficiary and Trustee to be, and shall be construed as, covenants running with the Mortgaged Property. As used herein, "Grantor" shall refer to the party named in the first paragraph of this Trust Deed and to any subsequent owner of all or any portion of the Mortgaged Property (without in any way implying that Beneficiary has or will consent to any such conveyance or transfer of the Mortgaged Property). All persons or entities who may have or acquire an interest in the Mortgaged Property shall be deemed to have notice of, and be bound by, the terms of the Loan Agreement and the other Loan Documents; however, no such party shall be entitled to any rights thereunder without the prior written consent of Beneficiary.

**Section 8.4 Attorney-in-Fact.** Grantor hereby irrevocably appoints Beneficiary and its successors and assigns, as its attorney-in-fact, which agency is coupled with an interest, (a) to execute and/or record any notices of completion, cessation of labor or any other notices that Beneficiary deems appropriate to protect Beneficiary's interest, if Grantor shall fail to do so within ten (10) days after written request by Beneficiary, (b) upon the issuance of a deed pursuant to the foreclosure of this Trust Deed or the delivery of a deed in lieu of foreclosure, to execute all instruments of assignment, conveyance or further assurance with respect to the Leases, Rents, Personalty, Fixtures, Plans and Property Agreements in favor of the grantee of any such deed and as may be necessary or desirable for such purpose, (c) to prepare, execute and file or record financing statements, continuation statements, applications for registration and like papers necessary to create, perfect or preserve Beneficiary's security interests and rights in or to any of the collateral, and (d) while any Event of Default exists, to perform any obligation of Grantor hereunder; however: (i) Beneficiary shall not under any circumstances be obligated to perform any obligation of Grantor; (ii) any sums advanced by Beneficiary in such performance shall be added to and included in the Indebtedness and shall bear interest at the Default Rate; (iii) Beneficiary as such attorney-in-fact shall only be accountable for such funds as are actually received by Beneficiary; and (iv) Beneficiary shall not be liable to Grantor or any other person or entity for any failure to take any action which it is empowered to take under this Section.

**Section 8.5 Successors and Assigns.** This Trust Deed shall be binding upon and inure to the benefit of Beneficiary, Grantor and their respective successors and assigns. Grantor shall not, without the prior written consent of Beneficiary, assign any rights, duties or obligations hereunder.

**Section 8.6 No Waiver.** Any failure by Trustee or Beneficiary to insist upon strict performance of any of the terms, provisions or conditions of the Loan Documents shall not be

deemed to be a waiver of same, and Trustee or Beneficiary shall have the right at any time to insist upon strict performance of all of such terms, provisions and conditions.

**Section 8.7 Subrogation.** To the extent proceeds of the Note have been used to extinguish, extend or renew any indebtedness against the Mortgaged Property, then Beneficiary shall be subrogated to all of the rights, liens and interests existing against the Mortgaged Property and held by the holder of such indebtedness and such former rights, liens and interests, if any, are not waived, but are continued in full force and effect in favor of Beneficiary.

**Section 8.8 Loan Agreement.** If any conflict or inconsistency exists between this Trust Deed and the Loan Agreement, the Loan Agreement shall govern.

**Section 8.9 Release or Reconveyance.** Upon payment in full of the Indebtedness and performance in full of the Obligations, Beneficiary, at Grantor's expense, shall release the liens and security interests created by this Trust Deed or reconvey the Mortgaged Property to Grantor, as applicable.

**Section 8.10 Waiver of Stay, Moratorium and Similar Rights.** Grantor agrees, to the full extent that it may lawfully do so, that it will not at any time insist upon or plead or in any way take advantage of any appraisal, valuation, stay, marshalling of assets, extension, redemption or moratorium law now or hereafter in force and effect so as to prevent or hinder the enforcement of the provisions of this Trust Deed or the indebtedness secured hereby, or any agreement between Grantor and Beneficiary or any rights or remedies of Beneficiary.

**Section 8.11 Obligations of Grantor, Joint and Several.** If more than one person or entity has executed this Trust Deed as "Grantor," the obligations of all such persons or entities hereunder shall be joint and several.

**Section 8.12 Governing Law.** The provisions of Section 12.28 (Governing Law) of the Loan Agreement are incorporated herein by reference as though fully set forth herein.

**Section 8.13 Venue.** Grantor hereby consents to the jurisdiction of any state or federal court located within the State of Oregon and irrevocably agrees that, subject to Agent or Beneficiary's election, all actions or proceedings arising out of or relating to this Trust Deed or the other loan documents shall be litigated in such courts. Grantor expressly submits and consents to the jurisdiction of the aforesaid courts and waives any defense of forum non conveniens. Grantor hereby waives personal service of any and all process and agrees that all such service of process may be made upon Grantor by certified or registered mail, return receipt requested, addressed Grantor, at the address set forth in this Trust Deed. Service made in accordance with the foregoing shall be deemed complete ten (10) days after the same has been posted.

**Section 8.14 Headings.** The Article, Section and Subsection titles hereof are inserted for convenience of reference only and shall in no way alter, modify or define, or be used in construing, the text of such Articles, Sections or Subsections.

**Section 8.15 Entire Agreement.** This Trust Deed and the other Loan Documents and the Environmental Indemnity Agreement embody the entire agreement and understanding between Beneficiary and Grantor and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof. Accordingly, the Loan Documents and the Environmental Indemnity Agreement 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.

**Section 8.16 Counterparts.** This Trust Deed may be executed in multiple counterparts, each of which shall constitute an original, but all of which shall constitute one document.

**Section 8.17 No Oral Change.** This Trust Deed, and any provisions hereof, may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Grantor or Beneficiary, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

**Section 8.18 Inapplicable Provisions.** If any term, covenant or condition of this Trust Deed is held to be invalid, illegal or unenforceable in any respect, this Trust Deed shall be construed without such provision.

**Section 8.19 [Reserved].**

**Section 8.20 [Reserved].**

**Section 8.21 Suretyship Waivers.**

(a) Grantor agrees that its obligations hereunder are absolute and unconditional, irrespective of, and unaffected by:

- (i) the genuineness, validity, regularity, enforceability or any future amendment of, or change in, this Trust Deed, any other Loan Document or any other agreement, document or instrument to which Grantor is or may become a party;
- (ii) the absence of any action to enforce this Trust Deed or any other Loan Document or the waiver or consent by Beneficiary with respect to any of the provisions thereof;
- (iii) the existence, value or condition of, or failure to perfect its Lien against, any security for the Indebtedness or any action, or the absence of any action, by Beneficiary in respect thereof (including the release of any such security);
- (iv) the insolvency of Grantor or any Borrower;



- (v) the election of remedies by Beneficiary; or
- (vi) any other action or circumstances that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor;

it being agreed by Grantor that its obligations under this Section 8.21 shall not be discharged until the payment and performance, in full, of the Indebtedness has occurred.

(b) Grantor hereby expressly and irrevocably subordinates to payment of the Indebtedness any and all rights at law or in equity to subrogation, reimbursement, exoneration, contribution, indemnification or set off and any and all defenses available to a surety, guarantor or accommodation co-obligor until the Indebtedness is indefeasibly paid in full in cash. Grantor acknowledges and agrees that this subordination is intended to benefit Beneficiary and shall not limit or otherwise affect Grantor's liability hereunder or the enforceability of this Section 8.21, and that Beneficiary and its successors and assigns are intended third party beneficiaries of the waivers and agreements set forth in this Section 8.21.

(c) Grantor expressly waives all rights it may have now or in the future under any statute, or at common law, or at law or in equity, or otherwise, to compel Beneficiary to marshal assets or to proceed in respect of the Indebtedness against any Borrower, any other party or against any security for the payment and performance of the Obligations before proceeding against, or as a condition to proceeding against, Grantor. It is agreed among Grantor and Beneficiary that the foregoing waivers are of the essence of the transaction contemplated by this Trust Deed and that, but for the provisions of this Section 8.21 and such waivers, Beneficiary would decline to make the Loan to Borrower.

## **ARTICLE 9**

### **SPECIAL STATE PROVISIONS**

The following provisions shall govern and control in the event of a conflict with any other provision of this Trust Deed:

**Section 9.1 Financing Statement.** This Trust Deed constitutes a financing statement filed as a fixture filing under ORS 79.0334 and 79.0502, as amended or recodified from time to time, with respect to any part of the Property that is or may become a fixture and for the purposes of such financing statement: (a) the "Debtor" shall be Grantor and the "Secured Party" shall be the Beneficiary and its successors and assigns; (b) the addresses of Grantor as Debtor and of the Beneficiary as Secured Party are as specified above in the first paragraph of this Trust Deed; (c) the name of the record owner is Grantor; and (d) the types or items of collateral consist of any part of the Mortgaged Property that is or may become a fixture.

**Section 9.2 ORS 79.0502.** This Trust Deed is intended, inter alia, to be (1) a deed of trust, in which the name and address of the Grantor, Trustee and Beneficiary appear in the cover sheet and the caption on page 1, and (2) a financing statement filed as a fixture filing under ORS 79.0502(3), in which the name and address of the Debtor and the Secured Party or a representative of the Secured Party are as specified in the initial paragraph hereof. The

organizational identification number of each Debtor is specified in the initial paragraph hereof. The goods, accounts, and/or collateral covered by this financing statement are the Personalty and Fixtures. The collateral covered by the financing statement covers goods that are or are to become fixtures. This financing statement is to be filed for record in the real property records. A description of the real property to which the collateral is related is in Exhibit A. The Beneficiary is the Secured Party. The Trustee is not the Secured Party.

**Section 9.3    Statutory Warning.**

(a)    BEFORE SIGNING OR ACCEPTING THIS TRUST DEED, 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, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009. THIS TRUST DEED DOES NOT ALLOW USE OF THE MORTGAGED PROPERTY DESCRIBED IN THIS TRUST DEED IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS TRUST DEED, THE PERSON ACQUIRING FEE TITLE TO THE MORTGAGED 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, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009.

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

**Section 9.4    Notice Under ORS 746.201 - WARNING.**

(a)    Unless Grantor provides Beneficiary with evidence of insurance coverage as required by this Trust Deed or the Loan Agreement, Beneficiary may purchase insurance at Grantor's expense to protect Beneficiary's interest. If the Mortgaged Property is damaged, the coverage purchased by Beneficiary may not pay any claim made by Grantor or any claim made against Grantor. Grantor may later cancel the coverage obtained by Beneficiary by providing evidence that it has provided the insurance coverage required by this Trust Deed.

(b)    Grantor is responsible for the cost of any insurance obtained by Beneficiary. The cost of that insurance may be added to the Indebtedness. If the cost is added, the Default Rate

will apply to the added amount. The effective date of coverage may be the date Grantor's prior coverage lapsed or the date Grantor failed to provide proof of coverage.

(c) The coverage purchased by Beneficiary may be considerably more expensive than insurance Grantor may be able to obtain on its own and may not satisfy the need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

**Section 9.5 Not for Personal Use.** This Trust Deed is a commercial trust deed and not a residential trust deed, as the phrase "residential trust deed" is defined in ORS 86.705, and the provisions of ORS 86.705 through ORS 86.795 applicable to the foreclosure of commercial trust deeds shall apply to this Trust Deed at the option of Beneficiary.

[Signature Page Follows]

EXECUTED as of the date first above written.

"GRANTOR":

QUAIL PARK OF KLAMATH FALLS, LLC,  
a Washington limited liability company

By: 

Name: Denis Bryant

Title: Manager

STATE OF Washington )  
 ) ss.  
COUNTY OF King )

I certify that I know or have satisfactory evidence that DENIS BRYANT is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument and acknowledged it to be (his/her) free and voluntary act for the uses and purposes mentioned in the instrument.

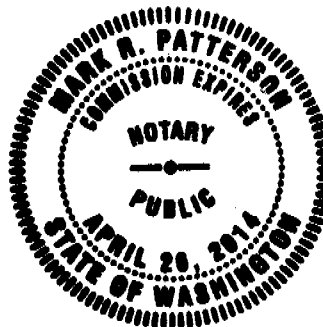
Dated: 11-22-2011



(Signature)

My appointment expires: 4-26-2014

(Seal or stamp)



## **EXHIBIT A**

### **Legal Description**

#### **TRACT 1:**

##### **PARCEL A:**

Parcel 1 of Land Partition 62-00 in the SE1/4 NE1/4 of Section 20, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

##### **PARCEL B:**

Easement as disclosed in Agreement for Reciprocal Access Easement recorded June 8, 2001 in Volume M01, page 27242, Microfilm Records of Klamath County, Oregon.

#### **TRACT 2:**

A portion of land situated in the SE1/4 NE1/4 of Section 20, Township 38 South, Range 9 East of the Willamette Meridian, as shown by City of Klamath Falls Property Line Adjustment 13-11 Map of Survey, and more particularly described as follows:

Beginning at a point marked by a 5/8 inch iron rod from which the Southwest corner of Parcel 2 of Land Partition 62-00 bears South 15°02'53" East 320.94 feet; thence North 15°02'53" West 45.31 feet to a point marked by a 5/8 inch iron rod; thence North 74°57'07" East 19.29 feet to a point marked by a 5/8 inch iron rod; thence South 15°02'53" East 45.31 feet to a point marked by a 5/8 inch iron rod; thence South 74°57'07" West 19.29 feet to the point of beginning, with bearings based on Klamath County Land Partition 62-00.

#### **TRACT 3:**

Easement as disclosed in Perpetual Easement For Utilities and Access recorded October 7, 2011 as Instrument no. 2011-11193, Klamath County Records, Oregon.