

2012-009104

Klamath County, Oregon



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Fee: \$122.00

**Recording Requested By**

**Tanya Simmer  
Farm Credit Leasing Services Corporation  
600 Hwy 169 South, Suite 300  
Minneapolis, MN 55426  
Phone: 800-444-2929**

Return to:

DRI

8130 SW Beaverton-Hillsdale  
Portland, OR 97225

**LINE OF CREDIT TRUST DEED**

**MAXIMUM PRINCIPAL AMOUNT: \$1,400,000.00**

68991647 JRH

Made By

**DANIEL GEORGE CHIN and DELORIS DIANE CHIN, TRUSTEES OF THE CHIN FAMILY  
LIVING TRUST DATED APRIL 22, 1996**

**17817 Cheyne Road  
Klamath Falls, OR 97603  
as Grantor and Trustor**

**FILE FIRST**

and

**FIRST AMERICAN TITLE INSURANCE COMPANY  
200 SW Market Street, Suite 250  
Portland, OR 97201  
as Trustee**

in favor of

**FARM CREDIT LEASING SERVICES CORPORATION  
600 Hwy 169 South, Suite 300  
Minneapolis, MN 55426  
as Beneficiary**

**Dated as of July 20, 2012**

THIS INSTRUMENT CONTAINS FUTURE ADVANCE PROVISIONS.

THIS INSTRUMENT CONSTITUTES A MORTGAGE COVERING REAL PROPERTY AND  
FIXTURES AND IS TO BE CROSS INDEXED, IN ALL INDICES IN WHICH ARE RECORDED  
LIENS, MORTGAGES, OR OTHER ENCUMBRANCES AGAINST REAL PROPERTY AND  
FIXTURES.

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THIS REAL ESTATE DEED OF TRUST, dated as of July 20, 2012 is made by **DANIEL GEORGE CHIN and DELORIS DIANE CHIN, TRUSTEES OF THE CHIN FAMILY LIVING TRUST DATED APRIL 22, 1996**, as grantor and trustor (hereinafter, and if more than one collectively, called the "Grantor"), to **FIRST AMERICAN TITLE INSURANCE COMPANY**, a corporation (the "Trustee"), in favor of **FARM CREDIT LEASING SERVICES CORPORATION** (hereinafter called the "Beneficiary"), a federally chartered instrumentality of the United States, whose mailing address is 600 Hwy 169 South, Suite 300, Minneapolis, MN 55426.

## **ARTICLE I.**

### **DEFINITIONS**

**Section 1.01. Definitions.** In addition to the terms defined elsewhere in this Deed of Trust, the following terms shall have the meanings specified in this Section 1.01, unless the context clearly requires otherwise. The terms defined herein include the plural as well as the singular. Accounting terms used in this Deed of Trust but not otherwise defined herein shall have the meanings they have under GAAP.

**Beneficiary** shall mean Farm Credit Leasing Services Corporation.

**Deed of Trust** shall mean this Real Estate Deed of Trust, as it may be amended or supplemented from time to time.

**Environmental Law** shall have the meaning specified in Section 3.13.

**Event of Default** shall have the meaning specified in Section 4.01.

**GAAP** shall mean generally accepted accounting principles as established by the American Institute of Certified Public Accountants.

**Hazardous Materials** shall have the meaning specified in Section 3.13.

**Lease Documents** shall mean the documents described in Exhibit "B" hereto, pursuant to which Beneficiary has leased or will be leasing to Grantor (and/or other Lessees thereunder) certain facilities and equipment located or to be located on the Trust Estate.

**Lien** shall mean any statutory or common law consensual or non-consensual conveyance, pledge, grant, security title or interest, lien, encumbrance or charge of any kind against property, including, without limitation, any conditional sale or other title retention transaction, and any lease transaction in the nature of a security interest.

**Maximum Debt Limit** shall mean the Maximum Principal Amount as set forth on the front page of this Deed of Trust.

**Obligations** shall mean all present and future indebtedness and other obligations of the Grantor (or any Grantor) under the Lease Documents and under this Deed of Trust, as well as all present and future indebtedness and other obligations of any other person or entity that is a Lessee or obligor under the Lease Documents.

**Permitted Encumbrances** shall mean:

(i) as to the property specifically described in Exhibit "A" hereto, the restrictions, exceptions, reservations, conditions, limitations, interests and other matters which are set forth or referred to in such descriptions; and

(ii) as to the Trust Estate, any Lien permitted under the Lease Documents.

**Potential Default** shall mean the occurrence of any event which with the giving of notice and/or the passage of time and/or the occurrence of any other condition would ripen into an Event of Default.

**Trust Estate** shall have the meaning specified in Section 2.01.

## ARTICLE II.

### GRANTING CLAUSES

**Section 2.01. Granting Clauses.** In order to secure the repayment of the Obligations, up to the Maximum Debt Limit, and to declare the terms and conditions upon which the Obligations are to be secured, the Grantor, in consideration of the premises, does hereby grant, bargain, sell, alienate, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm unto the Beneficiary, and its respective assigns the following (all of which are hereinafter collectively called the "Trust Estate"):

All right, title and interest of the Grantor in and to those fee and leasehold estates in real property described in Exhibit "A" hereto, subject in each case to those matters set forth in such Exhibit, together with all buildings, improvements, fixed assets, water rights, drainage rights, irrigation rights, personalty and fixtures now or in the future annexed, affixed or attached to said real property or said buildings, improvements or structures located thereon; and

All right, title and interest of the Grantor in, to and under any and all grants, privileges, rights of way, easements and other similar interest now owned, held, leased, enjoyed or exercised, or which may hereafter be owned, held, leased, acquired, enjoyed or exercised, by the Grantor for the purposes of, or in connection with the real property described in Exhibit "A" hereto or, the construction, acquisition, ownership, use or operation by or on behalf of the Grantor of all buildings and improvements located on the property encumbered hereby, wherever located.

TOGETHER WITH all tenements, hereditaments and appurtenances belonging or otherwise pertaining to the aforesaid property or any part thereof, with all reversions, remainders,

rents, income, revenues, profits, cash, proceeds, products and benefits at any time derived, received or had from any or all of the above-described property of the Grantor and all deposits or other accounts into which the same may be deposited.

TO HAVE AND TO HOLD the Trust Estate unto the Trustee and Beneficiary, and its respective assigns forever, to secure the payment and performance of the Obligations, including, without limitation, the due performance of the covenants, agreements and provisions herein contained, and for the uses and purposes and upon the terms, conditions, provisos and agreements hereinafter expressed and declared.

### **ARTICLE III.**

#### **PARTICULAR REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE GRANTOR**

The Grantor represents, warrants and, except as otherwise permitted by the Beneficiary, covenants with the Beneficiary as follows:

**Section 3.01. Authority to Execute and Deliver this Deed of Trust; All Action Taken; Enforceable Obligations.** To the extent applicable, the Grantor is authorized under its articles of incorporation and bylaws or other applicable organizational documents and all applicable laws and by corporate or organizational action to execute and deliver this Deed of Trust. This Deed of Trust is, and any amendment, supplement or restatement of this Deed of Trust, when executed and delivered will be, the legal, valid and binding obligations of the Grantor which are enforceable in accordance with their respective terms.

**Section 3.02. Authority to Convey Trust Estate; No Liens; Exception for Permitted Encumbrances; Grantor to Defend Title and Remove Liens.** The Grantor has good and marketable title to all fee and leasehold estates in real property and good, right and lawful authority to convey the Trust Estate for the purposes herein expressed. The Trust Estate is free and clear of any Lien affecting the title thereto, except Permitted Encumbrances. The Grantor will, so long as any of the Obligations shall remain unpaid, maintain and preserve the Lien of this Deed of Trust superior to all other Liens, other than Permitted Encumbrances, and will forever warrant and defend the title to the Trust Estate against any and all claims and demands.

**Section 3.03. No Encumbrances on Trust Estate.** The Grantor will not create, incur, suffer or permit to exist any Lien on any of the Trust Estate, except for Permitted Encumbrances. Except for claims giving rise to Permitted Encumbrances, the Grantor will promptly pay or discharge any and all obligations for or on account of which any such Lien might exist.

**Section 3.04. Sale or Transfer of Trust Estate.** The Grantor shall not sell, lease or transfer any of the Trust Estate to any person or entity except as permitted in the Lease Documents.

**Section 3.05. Payment of Obligations.** The Grantor will, to the extent obligated under the Lease Documents and/or this Deed of Trust, duly and punctually pay all amounts due under

the Obligations, at the dates and places and in the manner provided in all Lease Documents and this Deed of Trust, and all other sums becoming due hereunder.

**Section 3.06. Preservation of Franchises and Compliance with Laws.** The Grantor will take or cause to be taken all such action as may from time to time be necessary to obtain, preserve and renew all franchises, rights of way, easements, permits, and licenses now or hereafter granted or upon it conferred necessary to the operations of the Grantor, and will comply in all material respects with all laws, ordinances, regulations, and requirements applicable to it or the Trust Estate.

**Section 3.07. Maintenance of Trust Estate.** The Grantor will at all times maintain and preserve the Trust Estate and each and every material part and parcel thereof in good repair, working order and condition, ordinary wear and tear excepted, and in material compliance with all applicable laws, ordinances, regulations, and requirements, and will from time to time make all needed and proper repairs, renewals, and replacements, and useful and proper alterations, additions, betterments and improvements, and will, subject to contingencies beyond its reasonable control, at all times keep its plant and properties in continuous operating condition and use all reasonable diligence to furnish the consumers served by it through the Trust Estate, or any part thereof, with adequate services furnished by the Grantor.

**Section 3.08. Insurance; Restoration of Damaged Trust Estate.** The Grantor will maintain insurance as required by the Lease Documents. In the event of damage to or the destruction or loss of any portion of the Trust Estate, unless the Beneficiary shall otherwise agree, the Grantor shall replace or restore such damaged, destroyed or lost portion so that the Trust Estate shall be in substantially the same condition as it was in prior to such damage, destruction or loss. Provided no Potential Default or Event of Default then exists, the Beneficiary shall provide to the Grantor any insurance proceeds received by the Beneficiary upon such reasonable terms and conditions as the Beneficiary may require to ensure that such proceeds are used for the foregoing purpose and that such required replacement or restoration will be completed. The Grantor shall replace the lost portion of the Trust Estate or shall commence such restoration promptly after such damage, destruction or loss shall have occurred and shall complete such replacement or restoration as expeditiously as practicable, and shall pay or cause to be paid, out of the proceeds of such insurance or otherwise, all costs and expenses in connection therewith so that such replacement or restoration shall be so completed that the portion of the Trust Estate so replaced or restored shall be free and clear of all Liens, except for Permitted Encumbrances. At the request of the Beneficiary, the Grantor shall exercise such rights and remedies which it may have under any insurance policy or fidelity bond and which may be designated by the Beneficiary, and the Grantor hereby irrevocably appoints the Beneficiary as its agent to exercise such rights and remedies under any insurance policy or bond as the Beneficiary may choose, and the Grantor shall pay all reasonable costs and expenses incurred by the Beneficiary in connection with such exercise.

**Section 3.09. Beneficiary Right to Expend Money to Protect Trust Estate.** From time to time, the Beneficiary may, in its sole discretion, but shall not be obligated to, advance funds on behalf of the Grantor, in order to ensure compliance with any covenant or agreement of the Grantor made in or pursuant to this Deed of Trust or any of the Lease Documents, to preserve

or protect any right or interest of the Beneficiary in the Trust Estate or under or pursuant to this Deed of Trust or any of the Lease Documents, including, without limitation, the payment of any insurance premiums or taxes and the satisfaction or discharge of any judgment or any Lien upon the Trust Estate or other property or assets of the Grantor (other than Permitted Encumbrances); provided, however, that the making of any such advance by the Beneficiary shall not constitute a waiver by the Beneficiary of any Event of Default with respect to which such advance is made nor excuse the Grantor from any performance required hereunder. The Grantor shall pay to the Beneficiary upon demand all such advances made by the Beneficiary with interest thereon at a rate equal at all times to 4% per annum above the Beneficiary's "CoBank Base Rate." For purposes hereof, the CoBank Base Rate shall mean the rate of interest established by the Beneficiary from time to time as its CoBank Base Rate, which rate is intended by the Beneficiary to be a reference rate and not its lowest rate. All such advances and accrued interest shall be secured by this Deed of Trust.

**Section 3.10. Further Assurances.** Upon the request of the Beneficiary, the Grantor shall promptly do all acts and things, including the execution, acknowledgment and delivery of such amendments thereto and other instruments and documents as the Beneficiary may request, to enable the Beneficiary to perfect and maintain the Lien of this Deed of Trust and/or the Beneficiary's rights and remedies hereunder. The Grantor shall notify the Beneficiary promptly upon the acquisition of any fee or leasehold estate in real property and, to the extent required under the Lease Documents, shall execute and record such amendments or supplements to this Deed of Trust or other documents or instruments as are necessary or appropriate to subject such real property to the Lien of this Deed of Trust and shall deliver such executed and recorded amendments or supplements or other documents or instruments to the Beneficiary. In the event the Grantor fails to take any action required under this Section 3.10, the Beneficiary may take any such action and make, execute and record any such instruments and documents for and in the name of the Grantor, and the Grantor hereby irrevocably appoints the Beneficiary as its attorney-in-fact to take such actions, which appointment is coupled with an interest and irrevocable.

**Section 3.11. Condemnation, Etc.** In the event that the Trust Estate or any part thereof shall be taken under the power of eminent domain or like power, then, unless the Beneficiary otherwise consents, all proceeds and avails thereof shall be applied by the Grantor to the prepayment of the Obligations (such prepayments to be applied in such order and manner as the Beneficiary may, in its sole discretion, elect).

**Section 3.12. Conflict with Deed of Trust Terms.** The provisions of this Deed of Trust and the Lease Documents shall be cumulative and not mutually exclusive, notwithstanding any inconsistencies.

**Section 3.13. Environmental Representations, Warranties and Covenants.** The Grantor makes the following representations, warranties and covenants, all of which are subject to any exceptions that the Grantor may have previously disclosed in writing to the Beneficiary, and which, to the extent that they deal with representations of fact, are based on the Grantor's present knowledge, arrived at after reasonable inquiry.

**(A) Use of the Trust Estate.**

(1) The Grantor shall: (a) use, handle, transport or store Hazardous Materials as defined under any Environmental Law (both as hereinafter defined); and (b) store or treat non-hazardous wastes: (i) in a good and prudent manner in the ordinary course of business; and (ii) in compliance with all applicable Environmental Laws.

(2) The Grantor shall not conduct or allow to be conducted, in violation of any Environmental Law, any business, operations or activity on the Trust Estate, or, except in strict compliance with applicable law, employ or use the Trust Estate to generate, use, handle, manufacture, treat, store, process, transport or dispose of any Hazardous Materials, or any other substance which is prohibited, controlled or regulated under applicable law. The Grantor shall not use the Trust Estate in a way that poses a threat or nuisance to public safety, health or the environment, or cause or allow to be caused a known or suspected release of Hazardous Materials, on, under, or from the Trust Estate.

(3) The Grantor shall not do or permit any act or thing, business or operation that poses an unreasonable risk of harm, or impairs or may impair the value of the Trust Estate or any part thereof.

**(B) Condition of the Trust Estate.**

(1) The Grantor shall take all appropriate response actions, including any removal and remedial actions, in the event of a release, emission, discharge or disposal of Hazardous Materials in, on, under, or about the Trust Estate, so as to remain in compliance with all Environmental Laws.

(2) All underground tanks, wells, septic tanks, ponds, pits, or any other storage tanks (whether currently in use or abandoned) on the Trust Estate, if any, are, as of the date hereof, maintained in compliance with all applicable Environmental Laws.

**(C) Notice of Environmental Problems or Litigation.** Neither the Grantor nor any of its tenants have given, nor were they required to give, nor have they received, any notice, letter, citation, order, warning, complaint, inquiry, claim or demand that: (1) the Grantor and/or any tenants have violated, or are about to violate, any Environmental Law, judgment or order; (2) there has been a release, or there is a threat of release, of Hazardous Materials from the Trust Estate; (3) the Grantor and/or its tenants may be or are liable, in whole or in part, for the costs of cleaning up, remediating, removing or responding to a release or a threatened release of Hazardous Materials; or (4) the Trust Estate is subject to a lien in favor of any governmental entity for any liability, costs or damages, under any Environmental Law arising from, or costs incurred by such governmental entity in response to, a release or a threatened release of a Hazardous Material. The Grantor further represents and warrants that no conditions currently exist or are currently reasonably foreseeable that would subject the Grantor to any such investigation, litigation, administrative enforcement or to any damages, penalties, injunctive relief, or cleanup costs under any Environmental Law. Upon receipt of any such notice, the Grantor and its tenants shall immediately provide a copy to the Beneficiary.

(D) **Right of Inspection.** The Grantor hereby grants, and will cause any tenants to grant, to the Beneficiary, its agents, attorneys, employees, consultants, contractors, successors and assigns, an irrevocable license and authorization, upon reasonable notice, to enter upon and inspect the Trust Estate and facilities thereon, and perform such tests, including without limitation, subsurface testing, soils and groundwater testing, and other tests which may physically invade the Trust Estate, as the Beneficiary, in its sole discretion, determines are necessary to protect its security interest; provided, however, that under no circumstances shall the Beneficiary be obligated to perform such inspections or tests.

(E) **Indemnity.** The Grantor agrees to indemnify and hold the Beneficiary, its directors, employees, agents, and its successors and assigns, harmless from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, judgments, administrative orders, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including without limitation attorney's fees and expenses) arising directly or indirectly, in whole or in part, out of any failure of the Grantor to comply with the environmental representations, warranties, and covenants contained herein.

(F) **Continuation of Representations, Warranties, Covenants and Indemnities.** The Grantor's representations, warranties, covenants, and indemnities contained herein shall survive the occurrence of any event whatsoever, including, without limitation, the satisfaction of the Obligations secured hereby, the reconveyance or foreclosure of this Deed of Trust, the acceptance by the Beneficiary of a deed in lieu of foreclosure, or any transfer or abandonment of the Trust Estate.

(G) **Corrective Action.** In the event the Grantor is in breach of any of its representations, warranties or agreements as set forth above, then, without limiting the Beneficiary's other rights hereunder, the Grantor, at its sole expense, shall take all actions required, including, without limitation, environmental cleanup of the Trust Estate, to comply with the representations, warranties, and covenants contained herein and with all applicable legal requirements and, in any event, shall take all actions deemed necessary under all applicable Environmental Laws.

(H) **Hazardous Materials Defined.** The term "Hazardous Materials" shall mean dangerous, toxic, or hazardous pollutants, contaminants, chemicals, wastes, materials or substances, as defined in or governed by the provisions of any Environmental Law.

(I) **Environmental Law Defined.** The term "Environmental Law" shall mean any federal, state or local laws, statute, ordinance, rule, regulation, administration order, or permit now in effect or hereinafter enacted, pertaining to the public health, safety, industrial hygiene, or the environmental conditions on, under or about the Trust Estate.

**Section 3.14. Water Rights.** The Grantor shall abide by all statutes, rules, and regulations of any and all federal, state, and local authorities having jurisdiction over the use and distribution of water and water resources, and further covenants and agrees not to transfer, sell, assign, or relinquish the water rights now held or hereafter acquired covering or related to the Trust Estate without the prior written consent of the Beneficiary.



## ARTICLE IV.

### EVENTS OF DEFAULT AND REMEDIES OF THE BENEFICIARY

**Section 4.01. Events of Default.** Each of the following shall be an "Event of Default":

(A) default shall be made in the payment of any amount due under any Obligation;

(B) default shall be made in the due observance or performance of any of the covenants, conditions or agreements on the part of the Grantor, and, if such default shall be under Sections 3.06, 3.07, or 3.08 hereof, such default shall continue for a period of thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Grantor by the Beneficiary;

(C) any representation or warranty made by the Grantor herein, or in any certificate, instrument or document delivered hereunder, shall prove to be false or misleading in any material respect on or as of the date made;

(D) an "Event of Default" shall have occurred under any Lease Document or, in the event any Lease Document does not contain specified "Events of Default," the Grantor shall breach or be in default of any Lease Document;

(E) any Lease Document is determined to be invalid or unenforceable, and

(F) an event of damage, destruction or loss or a taking under the power of eminent domain or like power (or transfer in lieu of such taking) shall have had, in the judgment of the Beneficiary, a material adverse effect on the ability of the Grantor to pay or perform the Obligations.

**Section 4.02. Acceleration of Maturity.** If an Event of Default shall have occurred and be continuing, the Beneficiary may declare the Obligations to be due and payable immediately by a notice in writing to the Grantor and any Lessees under the Lease Documents, and upon such declaration, all Obligations shall become due and payable immediately, anything contained herein or in the Lease Documents to the contrary notwithstanding.

**Section 4.03. Remedies of the Beneficiary.** If one or more Events of Default shall occur and be continuing, the Beneficiary (personally or by attorney), in its discretion, may:

(A) take immediate possession of the Trust Estate, collect and receive all credits, outstanding accounts and bills receivable of the Grantor and all rents, income, revenues, profits and proceeds pertaining to or arising from the Trust Estate, or any part thereof, whether then past due or accruing thereafter, and issue binding receipts therefor; and manage, control and operate the Trust Estate as fully as the Grantor might do if in possession thereof, including, without limitation, the making of all repairs or replacements deemed necessary or advisable;

(B) proceed to protect and enforce the rights of the Grantor and the rights of the Beneficiary by suits or actions in equity or at law in any court or courts of competent jurisdiction, whether for specific performance of any covenant or any agreement contained herein or in any Lease Document or in aid of the execution of any power herein granted or for the foreclosure hereof or hereunder or for the sale of the Trust Estate, or any part thereof, or to collect the debts hereby secured or for the enforcement of such other or additional appropriate legal or equitable remedies as may be deemed necessary or advisable to protect and enforce the rights and remedies herein granted or conferred, and in the event of the institution of any such action or suit, the Beneficiary shall have the right to have appointed a receiver of the Trust Estate and of all rents, income, revenues, profits and proceeds pertaining thereto or arising therefrom, whether then past due or accruing after the appointment of such receiver, derived, received or had from the time of the commencement of such suit or action, and such receiver shall have all the usual powers and duties of receivers in like and similar cases, to the fullest extent permitted by law, and if application shall be made for the appointment of a receiver, the Grantor hereby expressly consents that the court to which such application shall be made may make said appointment ex parte; and

(C) request the Trustee to sell or cause to be sold all of the Trust Estate or any part thereof, and all right, title, interest, claim and demand of the Grantor therein or thereto, at public auction at such place in any county in which the property to be sold, or any part thereof, is located, at such time, upon such notice, and upon such terms as may be specified in a notice of sale, which shall state the time when and the place where the sale is to be held, shall contain a brief description of the property to be sold, and shall be given to the Grantor and to all other persons entitled thereto at least 120 days prior to the date fixed for such sale and by publishing the same once in each week for four successive calendar weeks prior to the date of such sale in a newspaper of general circulation published in said county or, if no such newspaper is published in such county, in a newspaper of general circulation in such county, the last such publication to be not less than twenty (20) days before the Trustee conducts the sale. Any sale to be made under this Section 4.03(C) may be adjourned from time to time by announcement at the time and place appointed for such sale or for such adjourned sale or sales, and without further notice or publication the sale may be had at the time and place to which the same shall be adjourned. Notwithstanding the foregoing, in the event another or different notice of sale or another or different manner of conducting the same shall be required by law, the notice of sale shall be given or the sale be conducted, as the case may be, in accordance with the applicable provisions of law. The costs and expenses incurred by the Beneficiary (including, but not limited to, receiver's fees, counsel fees, cost of advertisement and agents' compensation) in the exercise of any of the remedies provided in this Deed of Trust shall be secured by this Deed of Trust.

**Section 4.04. Application of Proceeds from Remedial Actions.** Any proceeds or funds arising from the exercise of any rights or the enforcement of any remedies herein provided after the payment or provision for the payment of any and all costs and expenses in connection with the exercise of such rights or the enforcement of such remedies shall be applied to the Obligations in such order and manner as the Beneficiary shall elect in its sole discretion, and the balance, if any, shall be paid to whomsoever shall be entitled thereto.

**Section 4.05. Remedies Cumulative; No Election.** Every right or remedy herein conferred upon or reserved to the Beneficiary shall be cumulative and shall be in addition to every other right and remedy given hereunder or under any Lease Document or now or hereafter existing at law, or in equity, or by statute. The pursuit of any right or remedy shall not be construed as an election.

**Section 4.06. Waiver of Appraisement Rights.** The Grantor, for itself and all who may claim through or under it, covenants that it will not at any time insist upon or plead, or in any manner whatever claim, or take the benefit or advantage of, any appraisement, valuation, stay, extension or redemption laws now or hereafter in force in any locality where any of the Trust Estate may be situated, in order to prevent, delay or hinder the enforcement or foreclosure of this Deed of Trust, or the absolute sale of the Trust Estate, or any part thereof, or the final and absolute putting into possession thereof, immediately after such sale, of the purchaser or purchasers thereat, and the Grantor, for itself and all who may claim through or under it, hereby waives the benefit of all such laws unless such waiver shall be forbidden bylaw.

**Section 4.07. Exercise by Trustee.** Notwithstanding anything herein to the contrary, the Trustee (i) shall not exercise, or waive the exercise of, any of its rights or remedies hereunder (other than its right to reimbursement) except upon the request of the Beneficiary, and (ii) shall exercise, or waive the exercise of, any or all of such rights or remedies upon the request of the Beneficiary and at the direction of the Beneficiary as to the manner of such exercise or waiver, provided that the Trustee shall have the right to decline to follow any such request or direction if the Trustee shall be advised by counsel that the action or proceeding, or manner thereof, so directed may not lawfully be taken or waived.

## **ARTICLE V.**

### **POSSESSION UNTIL DEFAULT; SATISFACTION**

**Section 5.01. Possession Until Default.** Until one or more Events of Default shall have occurred, the Grantor shall be permitted to retain actual possession of the Trust Estate, and to manage, operate and use the same and any part thereof, with the rights and franchises appertaining thereto, including, without limitation, to collect, receive, take, use and enjoy the rents, revenues, issues, earnings, income, products, profits and proceeds thereof or therefrom, subject to the provisions of this Deed of Trust.

**Section 5.02. Satisfaction.** If the Grantor shall well and truly pay or cause to be paid the Obligations at the times and in the manner provided in the Lease Documents, and shall also pay or cause to be paid all other sums payable by the Grantor hereunder, and shall keep and perform all covenants herein and in all Lease Documents required to be kept and performed by it, and there are no further obligations to make advances to the Grantor under any of the Lease Documents, then and in that case, all property, rights and interest hereby conveyed or assigned or pledged shall, upon the written request of the Grantor, revert to the Grantor and the estate, right, title and interest of the Beneficiary shall thereupon cease, determine and become void, and the

Beneficiary, in such case, at the Beneficiary's cost and expense, shall enter satisfaction of this Deed of Trust upon the record.

## ARTICLE VI.

### MISCELLANEOUS

**Section 6.01. Property Deemed Real Property.** It is hereby declared to be the intention of the Grantor that all the Trust Estate, including, without limitation, all rights of way and easements granted or given to the Grantor or obtained by it to use real property in connection with the construction, acquisition, ownership, use or operation of the buildings or improvements located on the real property encumbered hereby, and, except as otherwise provided in the Lease Documents, all other property physically attached to any of the foregoing, including fixtures now or in the future attached to any of the foregoing, shall be deemed to be real property.

**Section 6.02. Deed of Trust to Bind and Benefit Successors and Assigns.** All of the covenants, stipulations, promises, undertakings and agreements herein contained by or on behalf of the Grantor shall bind its successors and assigns, whether so specified or not, and all titles, rights and remedies hereby granted to or conferred upon the Beneficiary shall pass to and inure to the benefit of the successors and assigns of the Beneficiary. The Grantor hereby agrees to execute such consents, acknowledgments and other instruments as may be requested by the Beneficiary in connection with the assignment, transfer, convey, hypothecation or pledge of the rights or interests of the Beneficiary hereunder or under the Lease Documents or in and to any of the Trust Estate.

**Section 6.03. Headings.** The descriptive headings of the various articles and sections of this Deed of Trust were formulated and inserted for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

**Section 6.04. Notices.** All demands, notices, reports, approvals, designations or directions required or permitted to be given hereunder shall be in writing and shall be deemed to be properly given if sent by registered or certified mail, postage prepaid, or delivered by hand, or sent by facsimile transmission, receipt confirmed, addressed to the proper party or parties at the following address:

As to the Grantor:

Daniel George Chin and Deloris Diane Chin,
17817 Cheyne Road
Klamath Falls, OR 97603
Telephone No: 541-798-5353
Fax No: 541-798-1113

As to the Beneficiary:

Farm Credit Leasing Services Corporation
5500 S. Quebec Street
Greenwood Village, CO 80111
Attention: Farm Credit Leasing
Fax No: 303-740-4002

Either such party may from time to time designate to each other a new address to which demands, notices, reports, approvals, designations or directions may be addressed, and from and after any such designation, the address designated shall be deemed to be the address of such party in lieu of the address given above.

**Section 6.05. Severability.** The invalidity of any one or more phrases, clauses, sentences, paragraphs or provisions of this Deed of Trust shall not affect the remaining portions hereof.

**Section 6.06. Governing Law.** The effect and meaning of this Deed of Trust, and the rights of all parties hereunder, shall be governed by, and construed according to, the laws of the State of Oregon, except to the extent governed by federal law.

**Section 6.07. Indemnification by the Grantor of the Beneficiary.** The Grantor agrees to indemnify and save harmless the Beneficiary against any liability or damages which the Beneficiary may incur or sustain in the exercise and performance of its rightful powers and duties hereunder, including any liability or damages arising from the Grantor's failure to comply with any Environmental Law or the like applicable to the Trust Estate. For such indemnity, the Beneficiary shall be secured under this Deed of Trust in the same manner as the Obligations and all amounts payable under this Section shall be paid to the Beneficiary with interest at the rate specified in Section 3.09. The Grantor's obligations under this Section shall survive the exercise by the Beneficiary of its rights and remedies hereunder, any foreclosure on all or any part of the Trust Estate and the cancellation or satisfaction of this Deed of Trust.

**Section 6.08. Trustee.**

(A) Subject to applicable law, the Trustee may resign by an instrument in writing addressed to the Beneficiary, or the Trustee may be removed at any time with or without cause by an instrument in writing executed by the Beneficiary. In case of the death, resignation, removal or disqualification of the Trustee or if for any reason the Beneficiary shall deem it desirable to appoint a substitute or successor Trustee, then the Beneficiary shall have the right and is hereby authorized and empowered to appoint a successor Trustee, or a substitute Trustee, without other formality than appointment and designation in writing executed by the Beneficiary, and the authority hereby conferred shall extend to the appointment of other successor and substitute Trustees successively until the Grantor's obligations have been satisfied under Section 6.02 hereof or until the Trust Estate is sold hereunder. Such appointment and designation by the Beneficiary shall be full evidence of the right and authority to make the same and all facts therein recited. All references herein shall be deemed to refer to the Trustee (including any successor or substitute appointed and designated as herein provided) from time to time acting hereunder. Except as otherwise required by applicable law, the Trustee shall not perform any act

or omit to act hereunder unless, prior to such act or omission, the Beneficiary delivers to the Trustee direction to so act or omit to act. The Grantor hereby ratifies and confirms any and all acts which the Trustee herein named or its successor or successors, substitute or substitutes, in this trust, shall do lawfully by virtue hereof.

(B) The Trustee shall not be liable for any error of judgment or act done by the Trustee in good faith, or otherwise be responsible or accountable under any circumstances whatsoever, except for the Trustee's gross negligence or willful misconduct. The Trustee shall have the right to rely upon any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by it hereunder, believed by it in good faith to be genuine. All moneys received by the 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 or by the Beneficiary), and the Trustee shall be under no liability for interest on any moneys received by it hereunder.

(C) The Beneficiary hereby agrees to indemnify and save harmless the Trustee from and against any liability or damages which the Trustee may incur or sustain in the exercise and performance of its rights and duties hereunder, unless incurred or sustained as a result of the Trustee's gross negligence or willful misconduct.

**Section 6.09. Notice Among the Beneficiaries.** A copy of any notice given or received by any Beneficiary with respect to a Potential Default or an Event of Default by the Grantor under this Deed of Trust or any Loan Agreement shall be given promptly by the Beneficiary so giving or receiving such notice to each of the other Beneficiaries.

**Section 6.10. Commercial Purpose.** The Grantor warrants that this is a commercial deed of trust and not a "residential deed of trust" as defined in O.R.S. § 86.705. The Grantor will continue the commercial use of the Trust Property so long as this Deed of Trust shall remain in effect.

**Statutory Warning O.R.S. §746.201.**

Unless the Grantor provides the Beneficiary with evidence of the insurance coverage as required by this Deed of Trust, the Beneficiary may purchase insurance at your expense to protect the Beneficiary's interest. This insurance may, but need not, also protect the Grantor's interest. If the Trust Estate becomes damaged, the coverage purchased by the Beneficiary may not pay any claim the Grantor may make or any claim made against the Grantor. Grantor may later cancel this coverage by providing evidence that Grantor has obtained property coverage elsewhere.

The Grantor is responsible for the cost of any insurance purchased by the Beneficiary. The cost of this insurance may be added to the principal balance of the Obligations. If the cost is added to the Obligations, interest will accrue and be payable thereon at the rate specified in Section 3.09 of this Deed of Trust. The effective date of coverage may be the date when the Grantor's coverage lapsed or the date Grantor failed to provide proof of coverage.

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

Neither the Trustee nor the Beneficiary has any duty to the Grantor, a guarantor, or anyone else to obtain insurance coverage if the Grantor fails to do so. It is agreed that the risk of an uninsured loss is allocated to the Grantor and such loss will not reduce or otherwise affect the Grantor's liability for payment of the Obligations.

[Signatures follow on next page.]

IN WITNESS WHEREOF, DANIEL GEORGE CHIN and DELORIS DIANE CHIN, TRUSTEES OF THE CHIN FAMILY LIVING TRUST DATED APRIL 22, 1996, as Grantor (collectively if more than one), has caused this Deed of Trust to be signed, all as of the day and year first above written.

DANIEL GEORGE CHIN and DELORIS DIANE CHIN, TRUSTEES OF THE CHIN FAMILY LIVING TRUST DATED APRIL 22, 1996, Grantor

By: *Daniel George Chin*

Printed Name: Daniel George Chin

Title: Trustee

By: *Deloris Diane Chin*

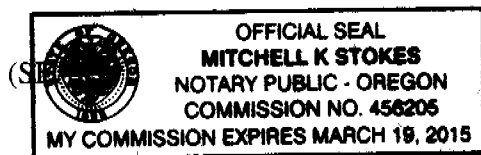
Printed Name: Deloris Diane Chin

Title: Trustee

STATE OF OREGON )

COUNTY OF Klamath )

This instrument was acknowledged before me on 7/30/12 (date) by Daniel George Chin and Deloris Diane Chin as Trustee's of the Chin Family Living Trust, Dated April 22, 1996.



*Mitchell K Stokes*

Signature of Notarial Officer

Printed Name: Mitchell K Stokes

My commission expires: 3.19.15



## EXHIBIT A -- REAL PROPERTY

1. Legal descriptions of real property in which the Grantor has a fee estate:

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

The S 1/2 of the N 1/2 and the NE 1/4 of the NE 1/4 in Section 29, Township 40 South, Range 10 East, Willamette Meridian, Klamath County, Oregon, Except those portions of the NE 1/4 NE 1/4 lying North and East of The Dalles-California Highway, lying within Chin Road, lying within the right of way of The Dalles-California Highway, and lying within the Southern Pacific Railroad right of way.

APN: R99624 and R-4010-02900-00300-000

With the facility located on the property as follows:

NW – corner

42 degrees 03.896 minutes N

121 degrees 39.631 minutes W

SW – corner

42 degrees 03.868 minutes N

121 degrees 39.593 minutes W

SE – corner

42 degrees 03.883 minutes N

121 degrees 39.571 minutes W

NE – corner

42 degrees 03.912 minutes N

121 degrees 39.610 minutes W

2. Legal descriptions of real property in which the Grantor has a leasehold estate:

None.

## **EXHIBIT B -- LEASE DOCUMENTS**

"Lease Documents" means that Lease Agreement dated as of July 20, 2012, by and between Chin Family Limited Partnership, a Limited Partnership and Wong Potatoes, Inc. and Chin Family Living Trust, dated April 22, 1996 and Daniel George Chin and Deloris Diane Chin, as Lessee(s) thereunder, and the Beneficiary, as Lessor thereunder, as it pertains to Contract No.001-0032785-000, together with the applicable Schedule A for such Contract and all present and future documents related thereto, including without limitation, all Addenda, Schedules, and Amendments thereto, as well as that Interim Funding Agreement dated as of July 20, 2012 between said parties related to such Contract.