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WHEN RECORDED, RETURN TO:

Tulana Farms, LLC
0224 SW Hamilton Street, Suite 300
Portland, OR 97239

2013-004711

Klamath County, Oregon



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05/02/2013 03:24:02 PM

Fee: \$67.00

DEED OF TRUST

THIS DEED OF TRUST (the "Trust Deed") is made April 25, 2013, among the Grantor, Richard Darren Bogatay, 680 Loma Linda Drive, Klamath Falls, OR 97601 (collectively the "Borrower"); AmeriTitle, 300 Klamath Avenue, PO BOX 5017, Klamath Falls, OR 97601 (the "Trustee"); and Tulana Farms, LLC, an Oregon limited liability company, whose mailing address is 0224 SW Hamilton Street, Suite 300, Portland, Oregon 97239 (the "Beneficiary").

I. GRANTING CLAUSE

A. Borrower, in consideration of the indebtedness recited in this Trust Deed and the trust created by this Trust Deed, irrevocably grants, conveys and assigns to Trustee, in trust, with power of sale, the following real property described as follows:

Lot 1, Block 1, REPLAT NO. 1 of a Portion of SUNNYSIDE ADDITION to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon. TOGETHER WITH that portion of vacated 5th Avenue adjacent to Lot 1 which inured thereto.

together with all buildings, improvements and tenements now or in the future erected on the property, and all previously or in the future vacated alleys and streets abutting the property, and all easements, rights, appurtenances, or agreements now or hereafter existing, however evidenced, covering all or any portion of the property, together with all rents or monies due or to become due thereunder; and together with all now existing or in the future arising or acquired; (a) revenues, royalties, mineral, oil and gas rights and profits, water, water rights, and water stock appurtenant to the property; and (b) fixtures, located or to be located on the property. The specific enumerations herein shall not exclude the general. All of the property described above is referred to in this Trust Deed as the "Property." The Property does not include any personal property of the Borrower.

B. This Trust Deed is given as security for the following (collectively the "Indebtedness"): (a) the payment of the indebtedness evidenced by a secured promissory note in favor of Beneficiary dated of even date herewith and executed by the Borrower (the "Note"), in the original principal sum of Thirty Thousand and No/100ths dollars (\$30,000.00), with interest thereon, the balance of which, if not sooner paid, is due and payable on or before May 1, 2014, including all amendments, renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest thereon, advanced in accordance with this Trust Deed to protect the security of this Trust Deed; (c) the performance of the covenants and agreements of Borrower contained in this Trust Deed; and (d) payment and performance of Borrower's obligations now or in the future arising under any and all present or future indebtedness of Borrower to Beneficiary. In the event of any conflict between the provisions of the Note and the provisions of this Deed of Trust, then the provisions of the Note shall control.

II. TERMS AND CONDITIONS

Borrower and Beneficiary covenant and agree as follows:

SECTION 1. COVENANT OF TITLE. Borrower covenants that Borrower is lawfully seized of the estate conveyed by this Trust Deed and has the right to grant, convey and assign the Property, that the Property is unencumbered, and that Borrower will warrant and defend generally the title to the Property against all claims and demands, subject to any easements and restrictions acceptable to Beneficiary and listed in a schedule of exceptions to coverage in any title insurance policy insuring Beneficiary's interest in the Property.

SECTION 2. PROMISE TO PAY. Borrower shall pay promptly when due the principal of and interest on the Indebtedness and any other charges provided in the Note and this Trust Deed.

SECTION 3. LATE PAYMENT CHARGES. Beneficiary may charge a late charge on overdue payments as provided in the Note.

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SECTION 4. APPLICATION OF PAYMENTS. Unless applicable law provides otherwise, each complete installment payment received by Beneficiary under the Note or this Trust Deed shall be applied as provided in the Note. Beneficiary, at Beneficiary's option, may reject any partial payment. Any partial payment which Beneficiary accepts may be held in a non-interest bearing account until Beneficiary receives funds sufficient to equal a complete installment payment, or, may be applied to the Indebtedness in any amount and in any order as Beneficiary may determine in Beneficiary's sole discretion.

SECTION 5. TAXES AND LIENS.

5.1 Payment. Borrower shall pay when due all taxes and assessments levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Borrower shall maintain the Property free of any liens having priority over or equal to the interest of Beneficiary under this Trust Deed, except for the lien of taxes and assessments not due. Without Beneficiary's prior written consent, Borrower shall not allow any lien inferior to this Trust Deed to be perfected against the Property.

5.2 Evidence of Payment. Ten (10) days after the due date for any real property taxes and assessments, Borrower shall furnish evidence reasonably acceptable to Beneficiary of payment of such taxes and assessments and shall authorize the appropriate county official to deliver to Beneficiary at any time a written statement of the taxes and assessments against the Property.

SECTION 6. HAZARD INSURANCE; RESERVES.

6.1 Policies. Borrower shall keep any improvements now existing or in the future erected on the Property insured against loss by fire, all hazards included within the term "extended coverage," flood, casualties, liabilities and contingencies and in such amounts, on a one hundred percent (100%) replacement cost basis and shall name the Beneficiary as an additional insured and loss-payee on such policy.

6.1.1 Without waiving any default under, or limiting the generality of any other provisions of this Trust Deed or the Note, Beneficiary may (but shall not be required to) obtain such insurance coverage as it deems necessary or desirable, covering the Property, without prior notice to Borrower upon any failure by Borrower to maintain at all times insurance coverage as required by the terms of this Deed of Trust and the Note. All sums paid or agreed to be paid by Beneficiary for any such insurance coverage shall be for the account of Borrower and shall be without prejudice to Borrower's rights, if any, to receive such funds from the party to whom paid. Borrower shall reimburse Beneficiary, upon demand, for any sums paid by Beneficiary, together with interest at the default rate provided in the Note, or if no default rate is specified in the Note, then at the interest rate(s) borne by the Indebtedness from the date of payment by Beneficiary until date of reimbursement. Such advances shall be secured by the Property.

6.2 Payment. All premiums on insurance policies shall be paid by Borrower making payment, when due, directly to the carrier.

6.3 Loss. In the event of loss, Borrower shall give prompt written notice to the insurance carrier and to the Beneficiary. Beneficiary may give written notice to the insurance carrier if Borrower fails to do so within twenty (20) days of the casualty.

6.4 Application of Proceeds. Borrower agrees that in the event of a loss, Borrower shall apply any insurance proceeds first to the payment of the Indebtedness secured by this Deed of Trust. The balance of such proceeds shall then be disbursed to Borrower.

SECTION 7. PRESERVATION AND MAINTENANCE OF PROPERTY

7.1 Preservation and Maintenance. Borrower:

- (a) Shall not commit waste or permit impairment or deterioration of the Property;
- (b) Shall not abandon the Property; it being understood that the term "abandon" as used in this Trust Deed shall mean to leave the Property unsecured for a period of ninety (90) days;
- (c) Shall keep the Property in good condition and repair; and
- (d) Shall operate and maintain the Property in compliance with all applicable laws and regulations.

7.2 **Further Assurances.** At any time Beneficiary reasonably requests, Borrower shall provide to Beneficiary further assurance of Borrower's compliance with this Section. The assurances shall be in form and substance reasonably satisfactory to Beneficiary.

SECTION 8. PROTECTION OF BENEFICIARY'S SECURITY. If Borrower fails to perform the covenants and agreements contained in this Trust Deed, or if any action or proceeding is commenced which affects the Property or title to the Property or the interest of Beneficiary in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, violation of any law concerning environmental protection and pollution control, or arrangements or proceedings involving a bankrupt or decedent, then Beneficiary at Beneficiary's option may make such appearances, disburse such sums and take such action as Beneficiary deems necessary or advisable, in its sole discretion, to protect Beneficiary's interest, including, but not limited to, (a) employment of attorneys or other advisors, (b) procurement of satisfactory insurance, and (c) payment of any tax or liens. Any amounts disbursed by Beneficiary pursuant to this Section, with interest thereon, shall become additional Indebtedness of Borrower secured by this Trust Deed. Unless Borrower and Beneficiary agree in writing to other terms of payment, such amounts shall be immediately due and payable and shall bear interest from the date of disbursement until paid at the default rate stated in the Note. Borrower hereby covenants and agrees that Beneficiary shall be subrogated to the lien of any mortgage or other lien discharged, in whole or in part, by the Indebtedness secured by this Trust Deed. Nothing contained in this Section shall require Beneficiary to incur any expense or take any action.

SECTION 9. CONDEMNATION.

9.1 Borrower shall promptly notify Beneficiary of any action or proceeding relating to any condemnation or other taking, whether direct or indirect, of the Property, or part of the Property, and Borrower shall appear in and prosecute any such action or proceeding. The proceeds of any award, payment or claim for damages, direct or consequential, in connection with any condemnation or other taking, whether direct or indirect, of the Property, or part of the Property, or for conveyances in lieu of condemnation shall be paid to Borrower.

9.2 Borrower authorizes Beneficiary to apply such awards, payments, proceeds or damages, after the deduction of Beneficiary's expenses incurred in the collection of such amounts, at Beneficiary's option, to restoration or repair of the Property or to payment of the Indebtedness, whether or not then due, with the balance, if any, to Borrower. Unless Borrower and Beneficiary otherwise agree in writing, any application of proceeds to principal shall be applied to the most remote unpaid installment of principal and shall not extend or postpone the due date of any payments required under this Trust Deed or change the amount of any such payments. Borrower shall execute such further evidence or assignment of any awards, proceeds, damages or claims arising in connection with such condemnation or taking as Beneficiary may require.

SECTION 10. BORROWER AND LIEN NOT RELEASED.

10.1 From time to time, at Beneficiary's option, upon notice to Borrower but without any need to give notice to or obtain the consent of Borrower's successors or assigns or of any junior lienholder or guarantor and without any liability on Beneficiary's part and notwithstanding Borrower's breach of any covenant or agreement in this Trust Deed, Beneficiary may do any or all of the following:

- (a) Extend the time for payment of the Indebtedness or any part of it;
- (b) Reduce the payments on the Indebtedness;
- (c) Release anyone liable on any part of the Indebtedness;
- (d) Accept renewal note or notes for the Indebtedness;
- (e) Release from the lien of this Trust Deed any part of the Property;
- (f) Release other or additional security;
- (g) Reconvey any part of the Property;
- (h) Consent to any map or plat of the Property;
- (i) Consent to any easement;
- (j) Execute any subordination agreement.

10.2 Any action taken by Beneficiary pursuant to the terms of this Section or any modification of the rate of interest upward or downward, or modification of the period of amortization of the Note or change in the amount of the monthly installments payable under the Note, or any combination thereof, which may extend or reduce the term of the Note or this Trust Deed or both, shall not affect the obligation of Borrower or Borrower's successors or assigns to pay the sums secured by this Trust Deed and to observe the covenants of Borrower contained in this Trust Deed, and shall not affect the lien or priority of lien of this Trust Deed on the Property. Unless otherwise provided by law, the priority of this Trust Deed shall not be affected by any change in terms whether or not it adversely affects subordinate or prior interest holders.

SECTION 11. FORBEARANCE BY BENEFICIARY OR RECEIPT OF AWARDS NOT A WAIVER. Any forbearance by Beneficiary in exercising any right or remedy under this Trust Deed, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any other right or remedy. The acceptance by Beneficiary of payment of any sum secured by this Trust Deed after the due date of such payment shall not be a waiver of Beneficiary's right to either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment, nor shall Beneficiary's receipt of any awards, proceeds or damages under this Trust Deed operate to cure or waive any default in payment of sums secured by this Trust Deed.

SECTION 12. PROHIBITION OF TRANSFER OF PROPERTY OR BENEFICIAL INTERESTS IN BORROWER; ASSUMPTION.

12.1 Without prior written consent of Beneficiary, Borrower shall not transfer or agree to transfer all or any part of the Property or any interest in the Property. For the purpose of this Section, the occurrence of any of the following events, without limitation, or any agreement to do any of the following, without limitation, shall be deemed to be a transfer of the Property: any sale, contract to sell, conveyance, assignment or other transfer of, or grant of a mortgage, deed of trust, other lien, or other security interest in, all or any part of the legal or equitable title to the Property.

12.2 If any of the events described in Subsection 12.1 occurs, Beneficiary, at Beneficiary's option, may declare all of the sums secured by this Trust Deed to be immediately due and payable, and may invoke any of the remedies permitted by this Trust Deed. If Borrower or a prospective transferee applies to Beneficiary for consent to transfer, Beneficiary may require such information as may be reasonably necessary for Beneficiary to assess the prospective transferee's reputation and financial ability to perform Borrower's obligations under this Trust Deed. As a condition of its consent to any transfer, Beneficiary in its discretion may impose an assumption fee, and may increase the interest rate on the Note. However, notwithstanding any of the foregoing, Beneficiary, in its sole discretion, may withhold its consent to any transfer for any reason whether or not withholding consent is reasonable under the circumstances. Any consent, if granted, shall not release Borrower or any successor in interest from personal liability for payment and performance of the Indebtedness, or for performance of this Trust Deed or the Note.

SECTION 13. DEFAULT.

13.1 **Events of Default.** Subject to Borrower's right to cure as provided in the Note, the following shall constitute "Events of Default":

(a) Failure of Borrower to pay any portion of the Indebtedness at the time provided in the Note.

(b) Failure of Borrower within the time required to make any payment for taxes, insurance or any other payment necessary to prevent filing of or discharge of any lien.

(c) Transfer or agreement to transfer any part or interest in the Property in any manner whatsoever, including, but not limited to, allowing any lien inferior to this Trust Deed on the Property, or transfer of any other interest of Borrower as described in Section 14.

(d) Insolvency or business failure of Borrower; the commencement by Borrower of a voluntary case under the federal bankruptcy laws or under any other federal or state law relating to insolvency or debtor's relief; the filing of an involuntary petition against Borrower under the federal bankruptcy laws or under any other applicable federal or state law relating to insolvency or debtor's relief which Borrower has not caused to be dismissed within ninety (90) days after such filing; the appointment or the consent by Borrower to the appointment of a receiver, trustee, or custodian of Borrower or of any of Borrower's property which Borrower has not caused to be withdrawn within ninety (90) days after such appointment; an assignment for the benefit of creditors by Borrower; the making or suffering by Borrower of a fraudulent transfer under applicable federal or state law; concealment by Borrower of any of its property in fraud of creditors; or the imposition of a lien through legal proceedings or distraint upon any of the property of Borrower or Borrower's failure generally to pay its debts as such debts become due.

(e) Failure of Borrower to make any payment or perform any obligation under any superior liens or encumbrances, within the time required under those liens or encumbrances, or commencement of any suit or other action to foreclose any superior or inferior liens or encumbrances.

(f) Failure of Borrower to timely perform any obligation under this Trust Deed.

13.2 The Events of Default in this Section shall apply and refer to Borrower.

SECTION 14. RIGHTS AND REMEDIES ON DEFAULT.

14.1 Remedies. Upon the occurrence of any Event of Default and at any time thereafter, Trustee or Beneficiary may exercise any one or more of the following rights and remedies:

- (a) Beneficiary may declare all sums secured by this Trust Deed immediately due and payable.
- (b) The Trustee shall have the right to foreclose by notice and sale, or Beneficiary shall have the right to foreclose by judicial foreclosure, in either case in accordance with applicable law.
- (c) If this Trust Deed is foreclosed by judicial procedure, and if permitted by applicable law, Beneficiary shall be entitled to a judgment which will provide that if the foreclosure sale proceeds are insufficient to satisfy the judgment, execution may issue for the amount of the unpaid balance of the judgment.
- (d) Beneficiary shall have the right to take possession of the Property and, with or without taking possession of the Property, collect all the rents and revenues of the Property in accordance with this Trust Deed.
- (e) Beneficiary shall have the right to have a receiver appointed to take possession of any or all of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, to collect all the rents and revenues from the Property and apply the proceeds, over and above cost of the receivership, against the sums due under this Trust Deed. The receiver may serve without bond if permitted by applicable law. Beneficiary's right to the appointment of a receiver shall exist whether or not apparent value of the Property exceeds the sums due under this Trust Deed by a substantial amount. Employment by Beneficiary shall not disqualify a person from serving as a receiver.
- (f) In the event Borrower remains in possession of the Property after the Property is sold as provided above, Borrower shall become a tenant at will of Beneficiary or the purchaser of the Property and shall pay a reasonable rental for use of the Property while in Borrower's possession.
- (g) Trustee and Beneficiary shall have any other right or remedy provided in this Trust Deed, the Note, or any other Loan Document, or available at law, in equity or otherwise, and specifically, but not limited to, any and all rights and remedies granted by ORS 86.705, et seq.

14.2 Waiver; Election of Remedies; Remedies Cumulative. A waiver by either party of a breach of a provision of this Trust Deed or the occurrence of an Event of Default shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. Election by Beneficiary to pursue any remedy shall not exclude pursuit of any other remedy, and all remedies of Beneficiary under this Trust Deed are distinct and cumulative and not exclusive to all other rights or remedies under this Trust Deed or the Note, or afforded by law or equity, and may be exercised concurrently, independently, or successively in any order whatsoever. An election to make expenditures or take action to perform an obligation of Borrower shall not affect Beneficiary's right to declare a default and exercise its remedies under this Trust Deed.

SECTION 15. SUCCESSORS AND ASSIGNS BOUND; JOINT AND SEVERAL LIABILITY; AGENTS; CAPTIONS. The covenants and agreement contained in this Trust Deed shall bind, and the rights under this Trust Deed shall inure to, the respective successors and assigns of Beneficiary and Borrower. However, nothing in this Trust Deed or the Note shall be deemed to permit Borrower to enter into any assignments or transfers except as specifically permitted pursuant to the preceding provisions of this Trust Deed. This Trust Deed and the Indebtedness secured hereby may be assigned in whole or in part or participated in whole or in part to any person by Beneficiary and without notice to or affecting Borrower's liability hereunder, and Beneficiary, in connection with such assignment, participation, or similar arrangement, may make all credit and financial data furnished and to be furnished by Borrower available to such existing or prospective assignee, participant or person. If Beneficiary assigns to any assignees, participants or other persons all of Beneficiary's interest in this Trust Deed and the Indebtedness secured hereby, then Beneficiary shall be and is released from any obligations under this Trust Deed and the Note. All covenants and agreements of Borrower shall be joint and several. In exercising any rights under this Trust Deed or taking any actions provided for in this Trust Deed, Beneficiary may act through its employees, agents or independent contractors as authorized by Beneficiary. The captions and headings of the sections and subsections of this Trust Deed are for convenience only and are not to be used to interpret or define the provisions of this Trust Deed.

SECTION 16. NOTICE. Any notice to Borrower or to Beneficiary provided for in this Trust Deed or in the Note shall be given according to the terms of the Note, except as otherwise required by Oregon Revised Statutes Chapter 86.

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REQUEST FOR RECONVEYANCE

To Trustee:

The undersigned is the holder of the Note or Notes secured by this Trust Deed. Said Note or Notes, together with all other Indebtedness secured by this Trust Deed, have been paid in full. You are hereby directed to cancel said Note or Notes and this Trust Deed, which are delivered hereby, and to reconvey, without warranty, all the estate now held by you under this Trust Deed to the person or persons legally entitled to that estate.

Date: _____

By _____

Title _____

--(Space Below This Line Reserved For Beneficiary and Recorder)--