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Attention: David J. Carroll, Esq.

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

BY

K-FALLS HOTEL, LP, a California limited partnership, as grantor ("*Trustor*")

In favor of

LAWYERS TITLE INSURANCE CORPORATION, a Nebraska corporation as trustee ("*Trustee*")

For the benefit of

ELECTRIC CAPITAL CORPORATION, as Lender, as Beneficiary ("*Lender*").

Made and dated as of September 27, 2013

Tax Parcel Nos.: 3909-004AA-05800-000

11-2-2013

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

**UPON THE OCCURRENCE OF CERTAIN EVENTS, THE INTEREST RATE APPLICABLE TO THE
NOTE MAY SWITCH FROM A FIXED RATE TO A VARIABLE RATE**

THIS DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS, FINANCING STATEMENT AND FIXTURE FILING (the "*Deed of Trust*") is made as of September 27, 2013, by K-FALLS HOTEL, LP, a Delaware limited partnership, as Grantor and Trustor ("*Trustor*") whose mailing address is P.O. Box 41160, San Jose, California 95160; LAWYERS TITLE INSURANCE CORPORATION, a Nebraska corporation ("*Trustee*"), as trustee, whose mailing address is 2398 E. Camelback Road, Suite 350, Phoenix, Arizona 85016, and GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation ("*Lender*") as beneficiary, whose mailing address is 8377 East Hartford Drive, Suite 200, Scottsdale, Arizona 85255.

FOR VALUABLE CONSIDERATION, it is agreed as follows:

**ARTICLE 1
DEED OF TRUST**

1.1 Grant of Deed of Trust. Trustor irrevocably grants, conveys, assigns, and transfers to Trustee, in trust, **WITH POWER OF SALE AND RIGHT OF ENTRY**, for the benefit and security of Lender, and grants to Lender a security interest in, all of the Trust Estate; **TO HAVE AND TO HOLD** the Trust Estate hereby granted, conveyed, assigned, and transferred or so intended, together with all estate, right, title and interest of Trustor and anyone claiming by, through or under Trustor, in, to, under or derived from the Trust Estate and all rights and appurtenances relating thereto, unto Lender, its successors and assigns forever, upon the terms, provisions and conditions set forth in this Deed of Trust, subject only to the Permitted Exceptions. This Deed of Trust is being made pursuant to the terms and conditions of the Loan Agreement of even date herewith, between Trustor, as Borrower, and Lender (as it may be amended, restated, supplemented, extended or renewed from time to time, the "*Loan Agreement*"). Capitalized terms used in this Deed of Trust and not otherwise defined in this Deed of Trust have the meanings given to those terms in the Loan Agreement.

1.2 The Trust Estate. The "*Trust Estate*" consists of all of Trustor's estate, right, title and interest in and to the following described property and property rights, whether now existing or hereafter acquired, including in any greater estate hereafter acquired, with references in this Deed of Trust to the Trust Estate to mean and include all or any portion of or interest in any of the Trust Estate:

(a) The Land and Improvements. The real property described on *Exhibit 1.2*, together with any and all rights and privileges appurtenant thereto (the "*Land*"), and all buildings and other improvements located or erected on the Land, including any and all items of property attached or affixed to such buildings or other improvements (or any portion thereof) (collectively, the "*Improvements*"), which Improvements are intended and agreed to be an integral part of the real property. The Land and the Improvements are referred to in this Deed of Trust as the "*Premises*." If there is more than one parcel of real property described on *Exhibit 1.2*, references in this Deed of Trust to "Land" and "Improvements" shall be to the Land and Improvements relating to and encompassing each such parcel, each of which constitutes a "Premises," and references to "Premises" shall include each such Premises.

(b) Leases and Rents. Any and all leasehold estates covering any portion of the Premises, including sublease estates, and including all cash or security deposits, advance rentals, and deposits or payments of similar nature (collectively, the "*Leases*"), together with any and all rents, issues, profits, damages, income and other benefits now or hereafter derived from the Premises, including amounts paid as

rents, fees, charges, accounts, or other payments for the use or occupancy of rooms and other public facilities in hotels, motels, or other lodging properties (collectively the “*Rents*”).

(c) Other Interests. Any and all (i) interest, estate or other claim, in law or in equity, in any of the Premises, including any greater estate in either the Land or the Improvements; (ii) easements, rights-of-way and other rights used in connection with the Premises, including all rights to the nonexclusive use of common drive entries; (iii) water rights, water stock, and claims or title to water; (iv) land lying within the right-of-way of any street, open or proposed, adjoining the Premises, and any and all sidewalks, parkways, driveways, alleys and strips and gores of land adjacent to or used in connection with the Premises; and (v) awards made for the taking by eminent domain, or by any proceeding of purchase in lieu thereof, of the whole or any part of the Premises (including awards for severance damages).

(d) UCC Collateral. The “*UCC Collateral*” described on *Exhibit 1.2(d)*.

(e) Proceeds. All proceeds, both cash and non-cash, and products of any of the foregoing.

1.3 Duration of Deed of Trust. This Deed of Trust and all of the terms, conditions, and obligations contained in this Deed of Trust shall continue in full force and effect until such time as all indebtedness under the Note or Notes executed and delivered pursuant to the Loan Agreement (with references herein to “*Note*” to mean each such Note, if more than one) and all other Secured Obligations (as defined below) have been fully and finally paid and performed, at which time this Deed of Trust shall be void, and Lender agrees to execute an instrument evidencing the satisfaction of all obligations under this Deed of Trust and releasing this Deed of Trust. As a condition to such release, Trustor agrees to reimburse Lender for Lender’s reasonable out-of-pocket expenses incurred in connection with the release, and Trustor shall also pay Lender a reasonable processing fee in connection with such release.

1.4 Warranty and Covenant of Ownership. As of the date hereof, Trustor represents, warrants and covenants that Trustor (a) is, and, as to any portion of the Trust Estate acquired hereafter, will upon such acquisition be, the owner of the Trust Estate and all legal and beneficial interests therein, free and clear of all Liens and Encumbrances, other than the Permitted Exception; (b) is the owner of the Premises in fee simple; and (c) shall remain the owner of the entire Trust Estate and all legal and beneficial interests therein free and clear of all Liens and Encumbrances, other than the Permitted Exceptions and (c) shall remain the owner of the entire Trust Estate and all legal and beneficial interests therein free and clear of all Liens and Encumbrances, other than the Permitted Exceptions. “*Lien or Encumbrance*” and “*Liens and Encumbrances*” mean, respectively, each and all of the following in respect of the Trust Estate, other than Permitted Exceptions and other matters expressly permitted by this Deed of Trust: leases, other rights to occupy or use, mortgages, deeds of trust, pledges, security agreements, assignments, assignments as security, conditional sales, title retention arrangements or agreements, conditions, covenants, and restrictions, and other Liens or adverse interests, whether voluntarily or involuntarily created and regardless of whether prior or subordinate to any estate, right, title, or interest granted to Lender or Trustee in this Deed of Trust.

ARTICLE 2 OBLIGATIONS SECURED

2.1 The Secured Obligations. This Deed of Trust is given to secure the following obligations (collectively, the “*Secured Obligations*”):

(a) Note Indebtedness. Payment of the indebtedness in the original principal balance of \$5,500,000.00, with interest thereon, evidenced by the Loan Agreement, the Note, and the other Loan Documents (the “*Loan*”), together with all extensions, renewals, amendments, and modifications with respect to the Note, the Loan, the Loan Agreement, and the other Loan Documents, including increases or decreases in the interest rate, extensions of the maturity date, and payment modifications (including deferrals or accelerations of principal or interest).

(b) Loan Obligations. Payment of all other Indebtedness and other sums, with interest thereon, which (i) may be owed or arise under, and performance of all Obligations contained, in the Loan Agreement, the Note, this Deed of Trust, and any other Loan Document (as such Loan Agreement, Note, Deed of Trust, or other Loan Document may be amended, supplemented, extended or renewed from time to time), and in any other instrument now or hereafter given to evidence or further secure payment and performance of any Obligation secured hereby or thereby; or (ii) may otherwise arise with respect to the Loan(s).

(c) Future Advances. All future principal advances, with all interest accrued thereon, to or for the benefit of Trustor, made pursuant to the terms of the Note, this Deed of Trust, or any of the other Loan Documents, the terms of all of which are incorporated herein by reference.

(d) Other Disbursements and Protective Advances. All disbursements and other advances made by Lender for (i) the payment of taxes, assessments, maintenance, care, protection or insurance on or with respect to the Trust Estate; (ii) the discharge of liens having priority over the lien of this Deed of Trust; (iii) the curing of waste of the Trust Estate; (iv) indemnification obligations regarding environmental liabilities of the Trust Estate; (v) service charges and expenses incurred by reason of a default hereunder, including late charges, attorneys' fees and court costs; and (vi) all other charges, disbursements, advances, costs and expenses now or hereafter incurred by Lender pursuant to any of the Loan Documents or as permitted by Applicable Law, in all cases with interest thereon until paid at the rate of 10% per annum. Notwithstanding the foregoing, Lender shall have no obligation to make any disbursements or advance any sums as a result of this subsection.

(e) Obligations Generally. Payment and performance of all other Obligations, including any other obligations that are stated in this Deed of Trust to be included as Secured Obligations.

2.2 Priority. The Trust Estate shall secure all of the Secured Obligations presently or hereafter owed, and the priority of the Lien created by this Deed of Trust for all such Secured Obligations shall be as of the time of recording of this Deed of Trust. Without limiting the foregoing, all advances and disbursements pursuant to **Sections 2.1(d) and 2.1(e)**, whether such advances are obligatory, optional or both and whether made before or after default or maturity or other similar event, shall be secured by this Deed of Trust to the same extent as if such advance or disbursement has been made contemporaneously with the execution of this Deed of Trust, even though no advance may have been made at the time of execution of this Deed of Trust and even though no indebtedness is outstanding at the time any advance is made. Any lien attaching to the Trust Estate after the date hereof shall be under, subject and subordinate to all of the Secured Obligations, including, all advances (regardless of when made) secured hereby.

2.3 Certain Obligations Not Secured. Notwithstanding any other provision of this Deed of Trust or the other Loan Documents, this Deed of Trust does not secure any of the obligations of Trustor or any other Credit Party in any Loan Document, including obligations of the Credit Parties set forth from time to time in environmental indemnity agreements, with respect to state and federal environmental laws, rules, regulations and permits; hazardous materials and other environmental conditions; environmental investigations; the release or threatened release of any hazardous materials; and all environmental remediation requirements (collectively, "**Environmental Matters**") including obligations of Trustor or any other Credit Party to indemnify Lender and its Affiliates with respect to any Liabilities arising out of or relating to Environmental Matters.

2.4 Agency. Trustor acknowledges and agrees that, to the extent that any Secured Obligation is held by an Affiliate of Lender, rather than directly by Lender, Lender is acting both for itself, with respect to the Secured Obligations held by Lender, and as the representative and collateral agent for and on behalf of such Affiliate with respect to Secured Obligations held by such Affiliate and Lender is entitled, both on its own behalf and as the representative and collateral agent for and on behalf of such Affiliate, to exercise all rights and remedies of the secured party under this Deed of Trust.

IMPORTANT NOTICE

THIS SECTION SHALL SERVE AS NOTICE TO ALL PERSONS WHO MAY SEEK OR OBTAIN A LIEN ON ALL OR ANY PORTION OF THE TRUST ESTATE AFTER THE DATE OF RECORDING OF THIS DEED OF TRUST, THAT UNTIL THIS DEED OF TRUST IS RELEASED, THE FOLLOWING SHALL BE SECURED WITH THE PRIORITY AFFORDED THIS DEED OF TRUST AS AND WHEN RECORDED: (A) ANY DEBT OWED LENDER OR ANY AFFILIATE OF LENDER BY TRUSTOR OR ANY OTHER CREDIT PARTY, INCLUDING ADVANCES MADE SUBSEQUENT TO THE RECORDING OF THIS DEED OF TRUST; AND (B) ANY MODIFICATION TO THIS DEED OF TRUST, ANY OTHER LOAN DOCUMENT, OR THE SECURED OBLIGATIONS MADE SUBSEQUENT TO THE DATE OF RECORDING OF THIS DEED OF TRUST, INCLUDING, WITHOUT LIMITATION, INCREASES IN THE AMOUNT OF THE SECURED OBLIGATIONS, INCREASES IN INTEREST RATES WITH RESPECT TO ANY SECURED OBLIGATION, CHANGES TO THE MATURITY DATE OF ANY SECURED OBLIGATION (EACH, A "MODIFICATION"), NOTWITHSTANDING THAT SUCH MODIFICATION MAY OCCUR AFTER THE DATE OF RECORDATION OF ANY JUNIOR LIEN. ALL PERSONS WHO MAY SEEK OR OBTAIN A LIEN ON THE TRUST ESTATE AFTER THE DATE OF RECORDING OF THIS DEED OF TRUST EXPRESSLY TAKE SUBJECT TO THE TERMS OF THIS DEED OF TRUST AND ALL SUCH MODIFICATIONS, NOTWITHSTANDING THAT THE MODIFICATIONS MAY ADVERSELY AFFECT OR PREJUDICE THE RIGHTS OF SUCH PERSON. NOTHING IN THIS SECTION OR IN ANY OF THE OTHER PROVISIONS OF THIS DEED OF TRUST OR THE OTHER LOAN DOCUMENTS SHALL BE DEEMED TO BE AN APPROVAL OF OR CONSENT TO, OR A WAIVER OF ANY RIGHT TO OBJECT TO, ANY LIEN ON ANY OF THE TRUST ESTATE OTHERWISE PERMITTED BY THE TERMS OF THIS DEED OF TRUST OR THE OTHER LOAN DOCUMENTS.

ARTICLE 3 TRUSTOR COVENANTS

3.1 Use. Trustor shall use the Trust Estate solely for the operation of a Permitted Concept in accordance with the License Agreement and Management Agreement and for no other purpose. Trustor shall not, without Lender's prior written consent, (a) initiate or acquiesce in a change in the zoning classification (including any variance under any existing zoning ordinance applicable to the Trust Estate); (b) permit the use of the Trust Estate to become a non-conforming use under applicable zoning ordinances; (c) file any subdivision or parcel map affecting the Trust Estate; or (d) amend, modify or consent to any easement or covenants, conditions and restrictions pertaining to the Trust Estate.

3.2 Impositions; Right to Contest. Prior to delinquency, Trustor shall pay the following (collectively, the "*Impositions*"): (a) all Taxes, water and sewer rents and charges, and all charges for utility services, in each case that may be assessed, levied or imposed upon Trustor, any of the Trust Estate, the Loan Documents, or the Secured Obligations; and (b) all lawful claims and demands of mechanics, laborers, materialmen and others which, if unpaid, might create a Lien on any of the Trust Estate, unless Trustor shall contest the amount or validity thereof as permitted in this Section. If by law any Imposition is payable in installments, Trustor may pay the same in installments as they become due and before any fine, penalty, interest, or cost may be added thereto for nonpayment. Upon written request from Lender, Trustor shall deliver to Lender official receipts of the appropriate taxing authority, or other proof satisfactory to Lender, evidencing the payment of particular Impositions. Trustor may, at its own expense, contest by appropriate legal proceedings conducted in good faith and with due diligence, the amount, validity, or application of any Imposition, *provided* that (x) Trustor shall demonstrate to Lender's reasonable satisfaction that the proceedings will conclusively operate to prevent the sale of any of the Trust Estate to satisfy such Imposition prior to a final determination; (y) Trustor shall have deposited with Lender adequate reserves for the payment of the Imposition, together with all interest and penalties thereon, unless, in connection with such proceedings, Trustor shall have paid the Impositions in full under protest or unless Trustor shall have furnished such security or other undertaking as may be required or permitted by law to accomplish a stay of any sale of any of the Trust Estate; and (z) no Default has occurred and is continuing.

3.3 Maintenance and Repair. Trustor shall: (a) maintain the Trust Estate and, to the extent allowed by law, abutting grounds, sidewalks, roads, parking, and landscape areas in good condition and repair, subject to reasonable and ordinary wear and tear, and free from actual or constructive waste; (b) operate, remodel, update and modernize the Trust Estate as required by either the License Agreement or the Management Agreement or as is otherwise prudent and reasonable; *subject, however*, to the provisions of the Section of this Deed of Trust entitled "Alterations and Improvements"; (c) pay all operating costs of the Trust Estate in the ordinary course of business, including utility costs; and (d) not do or allow any tenant or other user of the Trust Estate to do any act that materially increases the dangers to human health or the environment, poses an unreasonable risk of harm to any Person (whether on or off the Premises), impairs or is reasonably likely to impair in any material respect the value of the Trust Estate, is contrary to any Applicable Law, or violates in any material respect any covenant, condition, agreement or easement applicable to the Trust Estate.

3.4 Alterations and Improvements. Trustor shall not make nor permit to be made any alterations to the Trust Estate without the prior written consent of Lender, which consent shall not be unreasonably withheld or conditioned, except that Trustor may make nonstructural alterations to the Trust Estate costing less than \$100,000 without Lender's consent. For purposes of this Deed of Trust, structural alterations include any alterations or additions to the Trust Estate that would (a) affect the foundation of the Improvements; (b) involve the structural elements of the Improvements, such as a load-bearing wall, structural beams, columns, supports or roof; or (c) materially affect any of the building systems, including the electrical systems, plumbing, HVAC and fire and safety systems. All alterations and additions shall be undertaken and completed at Trustor's sole expense and in accordance with plans and specifications approved by Lender and, except to the extent that Lender's consent to such alteration or addition is not otherwise required, subject to such other reasonable conditions as Lender shall require. All such work shall be undertaken using licensed contractors, shall be prosecuted diligently to completion, shall be of good workmanship and materials, and shall comply fully with all the terms of this Deed of Trust, the License Agreement and the Management Agreement, and all Applicable Law. Upon completion of any alterations or additions to the Trust Estate, at Lender's request, Trustor shall promptly provide Lender with evidence of full payment to all contractors, subcontractors, laborers, materialmen, and equipment lessors contributing to the alterations, an architect's certificate certifying the alterations to have been completed in conformity with the plans and specifications, a certificate of occupancy (if the alterations are of such a nature as would require the issuance of a certificate of occupancy), and any other documents or information reasonably requested by Lender.

3.5 Condemnation.

(a) Takings; Continuation of Obligations. If there is a taking of all or any portion of the Trust Estate or the commencement of any proceedings or negotiations which might result in a taking, for any public or quasi-public purpose by any lawful authority by exercise of the right of condemnation or by agreement between Lender, Trustor and those authorized to exercise such right in lieu of condemnation (a "*Taking*"), Trustor will promptly give Lender written notice of the Taking, generally describing the nature and extent. No Taking shall relieve Trustor of any of its Secured Obligations, including its obligations to make regularly scheduled payments of principal and interest under the Note and the other Loan Documents.

(b) Lender's Right to Participate. Trustor authorizes and empowers Lender, at Lender's option and in Lender's sole discretion, to settle, adjust, or compromise any claim for loss or damage in connection with any Taking or proposed Taking and, without regard to the adequacy of its security, to commence, appear in and prosecute in its own name or on behalf of Trustor any such action or proceeding arising out of or relating to a Taking or proposed Taking.

(c) Restoration Obligations. Promptly following the occurrence of a Taking, other than a Total Taking (defined below), Trustor shall, at Trustor's expense, commence and diligently complete the repair, restoration, replacement, and rebuilding of the Trust Estate as nearly as possible to its value, condition and character immediately prior to the Taking (a "*Restoration*"). Trustor shall not be excused from repairing or maintaining the Trust Estate or from the obligation to restore, replace and rebuild the Trust Estate, regardless of whether or not there are Condemnation Proceeds available to Trustor or whether any such Condemnation

Proceeds are sufficient in amount, and the application or release by Lender of any Condemnation Proceeds shall not cure or waive any default or notice of default under this Deed of Trust or the other Loan Documents or invalidate any act done pursuant to such default or notice of default.

(d) Application of Condemnation Proceeds. All compensation, awards, damages, rights of action and proceeds awarded to Trustor by reason of any such Taking or received by Trustor as the result of a transfer in lieu of a Taking (the "**Condemnation Proceeds**") are assigned to Lender and shall be paid directly to Lender. Trustor agrees to execute such further assignments of the Condemnation Proceeds as Lender may require. If Trustor receives any Condemnation Proceeds, Trustor shall promptly pay over such proceeds to Lender. All Condemnation Proceeds will be applied by Lender to payment of the Secured Obligations in such order as Lender, in its sole discretion, shall determine; **provided, however**, that if no Default has occurred and is continuing and if the Taking is not a Total Taking, the Condemnation Proceeds, less costs, fees and expenses incurred by Lender and Trustor in the collection thereof, including reasonable attorneys' fees and expenses (the "**Net Condemnation Proceeds**"), shall be made available to Trustor, to be used by Trustor to satisfy its Restoration obligations, substantially in the manner and according to the procedures, limitations, and requirements provided in the Loan Agreement for the distribution of Net Insurance Proceeds, as if the Net Condemnation Proceeds were Net Insurance Proceeds. "**Total Taking**" means a Taking of substantially all of the Trust Estate or of such a portion of the Trust Estate that the remainder cannot reasonably be used for the purposes for which used prior to the Taking. To the extent that any Condemnation Proceeds are applied to pay down principal on the Loan, a Prepayment Fee shall be payable with respect thereto, in the amount provided in the Note representing the Loan.

3.6 Waiver. Trustor waives any and all right to claim or recover against Lender or its Affiliates, or Trustee, for loss of or damage to the Trust Estate, any other Trustor property, or the property of others under Trustor's control.

3.7 No Discharge. The obligations and liabilities of Trustor under this Deed of Trust or any of the other Loan Documents shall in no way be released, discharged or otherwise affected (except as may otherwise be expressly provided in the Loan Documents) by reason of: (a) any damage to or destruction of or any condemnation or similar taking of the Trust Estate; (b) any restriction or prevention of or interference by any Person with any use of any of the Trust Estate; (c) any title defect or encumbrance or any eviction from the Trust Estate by title paramount or otherwise; (d) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Lender, or any action taken with respect to this Deed of Trust by any trustee or receiver of Lender, or by any court, in any such proceeding; (e) any claim that Trustor has or might have against Lender or Trustee; (f) any default or failure on the part of Lender to perform or comply with any of the terms of the Loan Documents or of any Related Agreement; or (g) any other act or occurrence whatsoever, whether similar or dissimilar to the foregoing; whether or not Trustor shall have notice or knowledge of any of the foregoing. Trustor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any sum secured hereby and payable by Trustor.

3.8 Actions Affecting Trust Estate. Trustor shall give notice in writing to Lender of and, unless otherwise directed in writing by Lender, Trustor shall appear in and contest any action or proceeding purporting to affect the security or priority of this Deed of Trust or the rights or powers of Lender or Trustee and shall pay all reasonable costs and expenses (including costs of evidence of title, litigation, and reasonable attorneys' fees) in any such action or proceeding in which Lender or Trustee may appear.

3.9 Actions by Lender or Trustee. If Trustor fails to make any payment or to do any act as and in the manner required by this Deed of Trust or any other Loan Documents, Lender or Trustee, each in its absolute and sole discretion, may, without obligation so to do, without releasing Trustor from any obligation, and with only such notice to or demand upon Trustor as may be reasonable under the then existing circumstances, but in no event exceeding five days' prior written notice, make or do the same in such manner and to such extent as Lender or Trustee may deem necessary or appropriate, including: (a) entering upon and taking possession of the Trust Estate and otherwise exercising its rights and remedies under this Deed of Trust and the other Loan Documents; (b) taking

such actions and making such additions, alterations, repairs and improvements to the Trust Estate as Lender or Trustee reasonably may consider necessary or appropriate to keep the Trust Estate in good condition and repair or otherwise to protect the value or security of any of the Trust Estate, including payment of Impositions and insurance premiums; and (c) taking such actions as Lender or Trustee reasonably may consider necessary or appropriate to protect the priority, validity and enforceability of the lien of this Deed of Trust on the Trust Estate, such as appearing and participating in any action or proceeding affecting or which may affect the security or priority hereof or the rights or powers of Lender or Trustee or paying, purchasing, contesting or compromising any Lien or alleged Lien, whether superior or junior to this Deed of Trust. Trustor shall, immediately upon demand therefor by Lender or Trustee, as the case may be, pay to Lender or Trustee all amounts expended by Lender or Trustee, including all costs and expenses reasonably incurred by Lender or Trustee in connection with the exercise by Lender or Trustee of the foregoing rights (including costs of evidence of title, court costs, appraisals, surveys, fees of receivers, and reasonable attorneys' fees), *provided* that if in Lender's or Trustee's reasonable discretion, immediate action is necessary in order to preserve the value of the Trust Estate or Lender's Lien thereon or rights thereto, the above described notice shall not be required. All amounts expended by Lender or Trustee pursuant to this Section shall bear interest at the rate of 10% per annum from the date incurred until paid, and all such amounts, with interest, shall constitute part of the Secured Obligations.

3.10 Prohibited Transactions. In order to induce Lender to make the Loan, Trustor agrees that, upon the occurrence of a Prohibited Transaction (as defined in the Loan Agreement), without the prior written consent of Lender, Lender shall have the absolute right, at its option, without prior demand or notice, to declare all sums secured hereby immediately due and payable. Consent to one Prohibited Transaction shall not be deemed to be a waiver of the right to require consent to future or successive Prohibited Transactions. Lender may grant or deny such consent in its sole discretion. In no event will Lender's consent to a Prohibited Transaction be deemed to release Trustor or any other Credit Party from any liability with respect to the Secured Obligations without the prior written consent of Lender. In connection with any request for consent, Trustor agrees to pay Lender such fees and other amounts that are required pursuant to the Loan Agreement. Any breach of any of the provisions of this Section will, at the election of Lender, constitute an immediate Event of Default without the necessity for any further notice.

3.11 No Liens or Encumbrances. Trustor covenants not to grant or suffer to exist, and Trustor covenants to pay and promptly discharge, at Trustor's sole cost and expense, all Liens and Encumbrances upon the Trust Estate. Trustor covenants to notify Lender immediately in writing of any such Lien or Encumbrance. Except as otherwise provided in this Deed of Trust with respect to Impositions, Trustor may contest in good faith the validity of any involuntary Lien or Encumbrance, *provided* Trustor shall first deposit with Lender a bond or other security satisfactory to Lender in such amount as Lender shall reasonably require, but not more than 150% of the amount of the claim, and *provided further* that if Trustor loses such contest, Trustor will thereafter diligently proceed to cause such Lien or Encumbrance to be removed and discharged, at Trustor's sole cost and expense. If Trustor fails to remove or discharge any Lien or Encumbrance, then, in addition to any other right or remedy of Lender or Trustee, Lender or Trustee may, after only such notice to Trustor as may be reasonable under the then existing circumstances, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due, or by procuring the discharge of such Lien or Encumbrance by depositing in a court a bond or the amount claimed or otherwise giving security for such claim, or by procuring such discharge in such manner as is or may be prescribed by law. Trustor shall, immediately upon demand therefor by Lender or Trustee, pay to Lender or Trustee an amount equal to all amounts expended by Lender or Trustee, including all costs and expenses incurred by Lender or Trustee in connection with the exercise by Lender or Trustee of the foregoing right to discharge any Lien or Encumbrance or claim thereof, together with interest thereon from the date of each such expenditure at the rate of 10% per annum. Such costs and expenses shall be secured by the Liens in favor of Lender, including the lien of this Deed of Trust, and are part of the Secured Obligations.

3.12 Periodic Appraisals. Lender may require an appraisal of the Premises, or an update to a previously provided appraisal of the Premises, indicating the present appraised fair market value thereof: (a) if Lender determines in good faith that an appraisal is required as a result of (i) any law, regulation or guideline or any change or interpretation thereof; or (ii) any central bank or other fiscal, monetary or other Government Authority having

jurisdiction over Lender or its activities requesting, directing or imposing a condition upon Lender (whether or not such request, direction or condition shall have the force of law); (b) at any time after the occurrence and during the continuance of a Default; or (c) at any other time that Lender, in its reasonable discretion deems it appropriate. Appraisals and updates pursuant to subsections (a) and (b) shall be at Trustor's sole cost and expense. Appraisals and updates pursuant to subsection (c) shall be at Lender's sole cost and expense; *provided, however*, that Lender may charge Trustor for one such appraisal or update for the Premises in each calendar year during the continuance of this Deed of Trust. All such appraisals and updates shall comply with Applicable Law, as well as Lender's internal requirements, and shall be conducted by appraisers selected and retained by or on behalf of Lender.

3.13 Flood Insurance. If such insurance coverage was not required as of the date hereof, then, within 45 days after written notice from Lender to Trustor that the Premises are located in a Special Flood Hazard Area designated by the Federal Emergency Management Administration, Trustor, at Trustor's expense, shall provide and maintain flood insurance coverage sufficient to rebuild or replace the building, equipment and improvements in an amount equal to the maximum amount of coverage available under the National Flood Insurance Program with a deductible not to exceed \$50,000. **WARNING:** Unless Trustor provides Lender with evidence of insurance coverage as required by the Loan Documents, Lender may purchase insurance, at Trustor's expense, to protect Lender's interest. This insurance may, but need not, also protect Trustor's interest. If there is a loss or liability, the coverage Lender purchases may not pay any claim Trustor makes or any claim made against Trustor. Trustor may later cancel this coverage by providing evidence satisfactory to Lender that Trustor has obtained the required insurance elsewhere. Trustor is responsible for the cost of any insurance purchased by Lender and will reimburse Lender upon demand for all such costs. The effective date of coverage may be the date Trustor's prior coverage lapsed or the date Trustor failed to provide proof of coverage. The coverage Lender purchases may be considerably more expensive than insurance.

3.14 Granting of Easements, Etc. If no Default shall have occurred and be continuing, Trustor may, from time to time with respect to its interest in the Trust Estate and with Lender's prior written consent: (a) grant easements and other rights in the nature of easements; (b) release existing easements or other rights in the nature of easements which are for the benefit of the Trust Estate; (c) dedicate or transfer unimproved portions of the Trust Estate for road, highway or other public purposes; (d) execute petitions to have the Trust Estate annexed to any municipal corporation or utility district; and (e) execute and deliver to any person any instrument appropriate to confirm or effect such grants, releases, dedications and transfers. At any time, or from time to time, without liability therefor and without notice, upon written request of Lender and without affecting the personal liability of any Person for payment of the Secured Obligations or the effect of this Deed of Trust upon the remainder of the Trust Estate, Trustee may reconvey any part of the Trust Estate or join in any of the foregoing actions.

3.15 Lender's Power. Without affecting the liability of any Person liable for the payment or performance of any of the Secured Obligations and without affecting the lien of this Deed of Trust upon the Trust Estate not then or theretofore released as security for the Secured Obligations, Lender may, from time to time and without notice: (a) release any Person so liable; (b) extend the Secured Obligations; (c) grant other indulgences; (d) release or reconvey, or cause to be released or reconveyed, at any time at Lender's option any parcel, portion or all of the Trust Estate; (e) take or release any other or additional security or any guaranty for any of the Secured Obligations; or (f) make adjustments or other arrangements with debtors in relation thereto.

3.16 Recording; Further Assurances. Trustor shall, from time to time, take such actions as Lender or Trustee may request to cause this Deed of Trust, each supplement and amendment hereto, and each instrument of further assurance (collectively, the "**Recordable Documents**") to be filed, registered and recorded as may be required by law to publish notice and maintain the first lien of the Deed of Trust upon the Trust Estate. Trustor shall, from time to time, perform or cause to be performed any other act and shall execute or cause to be executed any and all further instruments reasonably requested by Lender or Trustee for carrying out the intention of, or facilitating the performance of, this Deed of Trust. Lender is irrevocably appointed the agent and attorney-in-fact of Trustor to comply with the requirements of this Section, which appointment is coupled with an interest and is irrevocable; however, Lender shall not exercise such power of attorney unless Trustor has first failed to comply with

this Section; provided that this sentence shall not prevent any default in the observance of this Section from constituting an Event of Default.

3.17 Subrogation. To the extent that proceeds of any Note are used to pay any outstanding Lien against the Trust Estate, such proceeds shall be deemed to have been advanced by Lender at Trustor's request, and Lender shall be subrogated to any and all rights and Liens held by any owner or holder of such outstanding Liens, irrespective of whether said Liens are released.

3.18 Certain Representations and Warranties. Trustor makes the following representations and warranties with the same force and effect as the representations and warranties contained in the Loan Agreement:

(a) Access, Encroachments; Other Interests. To the best of Trustor's knowledge: (i) the legal description attached to this Deed of Trust accurately and completely describes the Land; (ii) all Improvements are located within the boundary lines of the Land and do not encroach upon the land of any adjacent owner; (iii) no improvements of any third Person encroach upon the Land; and (iv) no Person has any unrecorded right, title or interest in the Premises or any other part of the Trust Estate, whether by right of adverse possession, prescriptive easement, right of first refusal, right of first offer, option to purchase, lease, or other Contractual Obligation.

(b) Mechanics' Liens. There are no delinquent accounts payable or mechanics' or materialmen's Liens in favor of any materialman, laborer, or other Person in connection with labor or materials furnished to or performed on any of the Premises and no work has been performed or is in progress, nor have materials been supplied to any portion of the Trust Estate or agreements entered into for work to be performed or materials to be supplied to any portion of the Trust Estate prior to the date of this Deed of Trust.

(c) Commercial Loan. Each Loan included in the Secured Obligations was obtained solely for the purpose of carrying on or acquiring a business or commercial investment and not for residential, consumer, household, personal, or family purposes. The Premises do not constitute Trustor's primary residence.

3.19 Leases. If the Premises are subject to a Lease, Trustor shall cause the tenant under each such Lease to comply with Trustor's obligations contained in this *Article 3*; *provided, however*, this requirement shall not relieve or release Trustor from any of its obligations under this *Article 3* or elsewhere in any of the Loan Documents.

ARTICLE 4 SECURITY AGREEMENT; FIXTURE FILING

4.1 Grant of Security Interest. As further security for payment and performance of the Secured Obligations, Trustor grants to Lender a lien on and security interest in and to all of the UCC Collateral, and this Deed of Trust constitutes a security agreement with Trustor, as debtor, and Lender, as secured party. Lender confirms that, notwithstanding the inclusion of general intangibles as part of the UCC Collateral and the creation, attachment and perfection of Lender's lien on and security interest in general intangibles in accordance with the provision of UCC Section 9-408(a), such creation, attachment and perfection is subject to the limitations imposed by UCC Section 9-408(d) which provide that such creation, attachment, and perfection: (a) is not enforceable against Licensor or Manager; (b) does not impose a duty or obligation on Licensor or Manager; (c) does not require Licensor or Manager to recognize such lien and security interest, pay or render performance to Lender, or accept payment or performance from Lender; (d) does not entitle Lender to use or assign Trustor's rights under the License Agreement or the Management Agreement; and (e) does not entitle Lender to use, assign, possess, or have access to any trade secrets or confidential information of Licensor or Manager.

4.2 Fixture Filing. This Deed of Trust shall be effective as a financing statement filed as a fixture filing with respect to all fixtures included within the Trust Estate and is to be filed for record in the real estate records of each county where any part of the Trust Estate (including said fixtures) is situated. The mailing address of Trustor is the address of Trustor set forth in the introductory paragraph in this Deed of Trust, and the address of Lender from

which information concerning the Liens may be obtained is the address of Lender as set forth in the introductory paragraph of this Deed of Trust.

4.3 Covenants Concerning the UCC Collateral. Trustor will (a) keep all of the tangible UCC Collateral at the Premises; (b) use the UCC Collateral only in its trade or business; (c) maintain all of the tangible UCC Collateral in good operating order and repair, normal wear and tear excepted; (d) use and maintain the UCC Collateral only in compliance with manufacturers recommendations and all Applicable Law; (e) keep all of the UCC Collateral free and clear of any and all Liens, including purchase money Liens, other than those in favor of Lender; (f) remain the sole owner of the UCC Collateral; and (g) not sell, lease, mortgage, hypothecate, license, grant a Lien in or otherwise transfer or encumber any of the UCC Collateral except for (i) sales of inventory in the ordinary course of business and (ii) so long as no Default has occurred and is continuing, sales or other dispositions of obsolescent items of equipment consistent with past practices, so long as such items of obsolete equipment are replaced by items of equal or greater value and utility. Except as provided in the preceding sentence, Trustor will not part with possession of any of the UCC Collateral (except to Lender or for maintenance and repair).

4.4 Financing Statements and Further Assurances; Waivers. Trustor agrees, on request of Lender, to furnish to Lender such further information, to execute and deliver to Lender such documents and instruments (including UCC financing statements) and to do such other acts and things as Lender may at any time reasonably request relating to the perfection or protection of the Lien in the UCC Collateral created by this Deed of Trust or for the purpose of carrying out the intent of this Deed of Trust. Without limiting the foregoing, Trustor shall cooperate and do all acts deemed necessary or advisable by Lender to continue in Lender a perfected first Lien in the UCC Collateral and shall obtain and furnish to Lender any subordinations, releases, landlord, lessor, bailee or mortgagee waivers, control agreements, and similar documents as may be from time to time requested by, and in form and substance satisfactory to, Lender. Trustor will warrant and defend the UCC Collateral and Lender against all claims by all persons in connection with the Secured Obligations. Trustor (a) waives any right under the UCC or other Applicable Law to receive notice or copies of any filed or recorded financing statements, amendments thereto, continuations thereof or termination statements; and (b) releases and excuses Lender from any obligation under the UCC or other Applicable Law to provide notice or a copy of any such filed or recorded documents.

4.5 Lender's Authority. Trustor authorizes Lender to file financing statements, continuations, and amendments thereto describing the UCC Collateral and containing any other information required by the applicable UCC, in such form and substance as Lender, in its sole discretion, may determine. Trustor irrevocably grants to Lender the power to sign Trustor's name and generally to act on behalf of Trustor to execute and file applications for title, transfers of title, financing statements, notices of Liens, demands for terminations or other Liens in any of the UCC Collateral and other documents pertaining to any or all of the UCC Collateral. This power is coupled with an interest and is irrevocable during such time as any of the Secured Obligations are outstanding. Trustor shall, if any certificate of title be required or permitted by law for any of the UCC Collateral, obtain and promptly deliver to Lender such certificate showing the lien of this Deed of Trust with respect to the UCC Collateral. Trustor ratifies its prior authorization for Lender to file financing statements and amendments thereto describing the UCC Collateral and containing any other information required by the UCC, if filed prior to the date hereof.

4.6 Certain Rights and Remedies with Respect to the UCC Collateral. If an Event of Default shall have occurred and be continuing, Lender, without any other notice to or demand upon Trustor, shall have in any jurisdiction in which enforcement of this Deed of Trust is sought, in addition to all other rights and remedies, the rights and remedies of a secured party under the UCC and any additional rights and remedies that may be provided to a secured party in any jurisdiction in which any of the UCC Collateral is located, including the right to take possession of the UCC Collateral, and for that purpose Lender may, so far as Trustor can give authority therefor, enter upon the Premises and remove the same therefrom. Lender may in its discretion require Trustor to assemble all or any part of the UCC Collateral at such location or locations as Lender may reasonably designate. Unless the UCC Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender shall give to Trustor at least 10 calendar days' prior written notice of the time and place of any public sale of UCC Collateral or of the time after which any private sale or any other intended disposition is to be made. Trustor acknowledges that 10 calendar days' prior written notice of such sale or sales shall be

reasonable notice. In addition, Trustor waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of Lender's rights and remedies hereunder, including, without limitation, Lender's right following an Event of Default to take immediate possession of the UCC Collateral and to exercise its rights and remedies with respect thereto.

4.7 Proceeds of Dispositions; Expenses. Trustor shall pay to Lender on demand any and all expenses, including reasonable attorneys' fees and disbursements, incurred or paid by Lender in protecting, preserving or enforcing Lender's rights and remedies under or in respect of any of the Secured Obligations or any of the UCC Collateral. After deducting all of the foregoing expenses, the residue of any proceeds of collection or sale or other disposition of the UCC Collateral shall, to the extent actually received in cash, be applied to the payment of the Secured Obligations in such order or preference as Lender may determine. Upon the final payment and satisfaction in full of all of the Secured Obligations and after making any payments required by Sections 9-608(a)(1)(C) or 9-615(a)(3) of the UCC, any excess shall be returned to Trustor. In the absence of final payment and satisfaction in full of all of the Secured Obligations, Trustor shall remain liable for any deficiency.

ARTICLE 5 ASSIGNMENT OF LEASES AND RENTS

5.1 Assignment of Leases and Rents. Trustor assigns, transfers, and conveys to Lender all of Trustor's estate, right, title and interest in and to the Leases and Rents and gives to and confers upon Lender the right, power and authority to collect the Rents; to give receipts, releases and satisfactions; to sue, in the name of Trustor or Lender, for all Rents; and to apply the Rents to the payment of the Secured Obligations in such order as Lender shall determine. Trustor further irrevocably appoints Lender its true and lawful attorney-in-fact, at the option of Lender at any time and from time to time, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, in the name of Trustor or Lender, for all Rents. Trustor authorizes and directs the lessees, tenants and occupants to make all payments under the Leases directly to Lender upon written demand by Lender, without further consent of Trustor; *provided, however*, that Trustor shall have the right to collect such Rents (but not more than one month in advance unless the written approval of Lender is first obtained), and to retain and enjoy same, so long as a Default shall not have occurred. **THE ASSIGNMENT OF THE RENTS MADE IN THIS SECTION IS INTENDED TO BE AN ABSOLUTE, PRESENT ASSIGNMENT FROM TRUSTOR TO LENDER AND NOT MERELY THE PASSING OF A SECURITY INTEREST.** Rents collected subsequent to any Event of Default shall be applied at the direction of, and in such order as determined by, Lender to the costs, if any, of taking possession and control of and managing the Trust Estate and collecting such amounts, including to reasonable attorney's fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Trust Estate, premiums on insurance policies, taxes, assessments and other charges on the Trust Estate, and the costs of discharging any obligation or liability of Trustor with respect to the Leases and to the sums secured by this Deed of Trust.

5.2 Rights of Lender. Upon the occurrence and during the continuance of an Event of Default, Lender may, at any time without notice (except if required by any Applicable Law), either in person, by agent or by a court-appointed receiver (with such receiver to have all powers and duties set forth for receivers in this Deed of Trust and as prescribed by Applicable Law), regardless of the adequacy of Lender's security, and at Lender's sole election (without any obligation to do so), to the extent permitted by Applicable Law, enter upon and take possession and control of the Trust Estate to perform all acts necessary and appropriate to operate and maintain the Trust Estate, including to execute, cancel or modify the Leases, make repairs to the Trust Estate, execute or terminate contracts providing for the management or maintenance of the Trust Estate, all on such terms as are deemed best to protect the security of this assignment. Lender or the receiver, to the extent permitted by Applicable Law, shall have access to the books and records used in the operation and maintenance of the Trust Estate and shall be liable to account only for those Rents actually received. Lender shall not be liable to Trustor, anyone claiming under or through Trustor or anyone having an interest in the Trust Estate by reason of anything done or left undone by Lender hereunder, except to the extent of Lender's gross negligence or willful misconduct. Any entering upon and taking possession and control of the Trust Estate by Lender or the receiver and any application of Rents as provided herein shall not cure or waive any Default or invalidate any other right or remedy of Lender.

5.3 Trustor's Affirmative Obligations. Trustor shall: (a) fulfill, perform and observe in all respects each and every condition and covenant of Trustor contained in any Lease; (b) give prompt notice to Lender of any claim or event of default under any Lease given to or by Trustor, together with a complete copy or statement of any information submitted or referenced in support of such claim or event of default; (c) at the sole cost and expense of Trustor, enforce the performance and observance of each and every covenant and condition of any Lease to be performed or observed by any other party thereto, unless such enforcement is waived in writing by Lender; and (d) appear in and defend any action challenging the validity, enforceability or priority of the Lien created hereby or the validity or enforceability of any Lease.

5.4 Negative Covenants. Trustor shall not, without Lender's consent, in Lender's sole and absolute discretion: (a) enter into any Lease; (b) modify or amend the terms of any Lease; (c) grant any consents under any Lease, including any consent to an assignment of any Lease, a mortgaging of the leasehold estate created by any Lease or a subletting by the tenant under any Lease; (d) terminate, cancel, surrender, or accept the surrender of, any Lease, or waive or release any person from the observance or performance of any obligation to be performed under the terms of any Lease or liability on account of any warranty given thereunder; or (e) assign, transfer, mortgage, pledge or hypothecate any Lease or any interest therein to any party other than Lender. Any lease, modification, amendment, grant, termination, cancellation, surrender, waiver or release in violation of the foregoing provision shall be null and void and of no force and effect.

5.5 No Merger. Unless Lender otherwise consents or elects, Trustor's title to the Trust Estate and the leasehold interest in the Trust Estate created by any Lease shall not merge, but shall always be kept separate and distinct, notwithstanding the union of such estates in Trustor, Lender or any other person by purchase, operation of law, foreclosure of this Deed of Trust, sale of the Trust Estate pursuant to this Deed of Trust or otherwise.

ARTICLE 6 EVENTS OF DEFAULT AND REMEDIES

6.1 Events of Default. Each Event of Default constitutes an "*Event of Default*" under this Deed of Trust.

6.2 Remedies. Trustor and each other Credit Party irrevocably agree that, upon the occurrence of an Event of Default, Lender may, at its option:

(a) Acceleration. Declare all or any part of the Secured Obligations immediately due and payable without any presentment, demand, protest or notice of any kind.

(b) Right of Entry. Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Trust Estate, either in its own name or in the name of Trustee, and do any acts that it deems necessary or desirable to preserve the value, marketability or rentability of, to increase the income from, or to protect the security of this Deed of Trust with respect to, the Trust Estate and, with or without taking possession of the Trust Estate, sue for or otherwise collect the Rents, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection (including reasonable attorneys' fees) to the Secured Obligations, all in such order as Lender may determine. The entering upon and taking possession of the Trust Estate, the collection of such Rents and the application thereof shall not cure or waive any default or notice of default or invalidate any act done in response to such default or pursuant to such notice of default. Notwithstanding the continuance in possession of the Trust Estate or the collection, receipt and application of Rents, Lender and Trustee shall be entitled to exercise every right and remedy provided for in any of the Loan Documents or by law upon occurrence of any Event of Default.

(c) Foreclosure. Commence an action to foreclose the Lien of this Deed of Trust as a mortgage in a single parcel or in several parcels, appoint a receiver, or specifically enforce any of the covenants of this Deed of Trust.

(d) Exercise of Power of Sale. Exercise the power of sale contained in this Deed of Trust and deliver to Trustee a written statement of breach, notice of default and election to cause Trustor's interest in the Trust Estate to be sold, all in accordance with Applicable Law.

(i) If Lender elects to exercise the power of sale contained in this Deed of Trust, Lender shall notify Trustee in writing and shall deposit with Trustee copies of this Deed of Trust and the Note and such receipts and evidence of expenditures made and secured hereby as Trustee may require.

(ii) Upon receipt of such notice from Lender and at the direction of Lender, Trustee shall cause to be recorded, published or delivered such notices of default and notices of sale as may then be required by law or this Deed of Trust. Trustee shall, only at the direction of Lender and without demand on Trustor, after such time as may then be required by law and after recordation of such notice of default and after notice of sale having been given as required by law, sell Trustor's interest in the Trust Estate at the time and place of sale fixed by it in such notice of sale, either as a whole, or in separate lots or parcels or items as Lender shall deem expedient, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale, or as otherwise may then be required by law. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Lender, may purchase at such sale and Trustor covenants to warrant and defend the title of such purchaser or purchasers. Lender shall have the right to credit bid at any such sale.

(iii) Trustee or Lender may sell not only the real property but also the UCC Collateral and other interests which are a part of the Trust Estate, or any part thereof, as a unit and as a part of a single sale, or may sell any part of the Trust Estate separately from the remainder of the Trust Estate. Neither Trustee nor Lender shall be required to take possession of any part of the Trust Estate or to have any of the UCC Collateral present at any sale of the Trust Estate. Trustee or Lender may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Trustee or Lender, including the posting of notices and the conduct of sale, but in the name and on behalf of Lender. If any sale hereunder is not completed or is defective in the opinion of Trustee or Lender, such sale shall not exhaust the power of sale hereunder, and Trustee or Lender shall have the right to cause a subsequent sale or sales to be made hereunder.

(iv) As may be permitted by law, after deducting all costs, fees and expenses of Trustee and of this Deed of Trust, including costs of evidence of title in connection with sale, Trustee or Lender shall apply the proceeds of sale (A) first, to payment of all costs, fees and expenses, including attorneys' fees and expenses incurred by Lender in exercising the power of sale or foreclosing this Deed of Trust; (B) second, to the payment of the Secured Obligations (including, without limitation, the principal, accrued interest and other sums due and owing under the Note and the amounts due and owing to Lender under this Deed of Trust) in such manner and order as Lender may elect; and (C) third, the remainder, if any, shall be paid to Trustor, or such other persons as may be legally entitled thereto.

(v) Trustee may, in the manner provided by law, postpone sale of all or any portion of the Trust Estate by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement or subsequently noticed sale, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new notice of sale.

(e) Receiver. Obtain an order, *ex parte*, from a state or federal court appointing a receiver for (i) the business operations of Trustor; (ii) for the Trust Estate (or any part thereof); and/or (iii) for any or all of the assets and property rights of Trustor. Lender's right to obtain an order *ex parte* from a state or federal

court appointing a receiver as provided herein shall be as a matter of right and without notice to Trustor or anyone claiming under Trustor, and without regard to the then value of the Trust Estate or the interest of Trustor therein. **TRUSTOR WAIVES ANY RIGHT TO A HEARING OR NOTICE OF HEARING PRIOR TO THE APPOINTMENT OF A RECEIVER AND IRREVOCABLY CONSENTS TO SUCH APPOINTMENT.** Trustor irrevocably agrees that any receiver appointed pursuant to this subsection may have all of the powers and duties of receivers in like or similar cases, including the right, with Lender's express written consent, to operate and sell all property of the receivership estate, and that such powers and duties shall be vested in the receiver until the later of (x) the date of confirmation of sale of the receivership estate, (y) the date of expiration of any redemption period, or (z) the date the receiver is discharged. All expenses incurred by the receiver or its agents, including obligations to repay funds borrowed by the receiver, shall constitute a part of the Secured Obligations. Any revenues collected by the receiver shall be applied first to the expenses of the receivership, including reasonable attorneys' fees incurred by the receiver and Lender, together with interest thereon at the rate of 10% per annum from the date incurred until paid, and the balance shall be applied toward the Secured Obligations or in such other manner as the court may direct. Trustor expressly waives any and all rights it may have to object to the appointment of a receiver as provided herein or to the receiver's operation or disposition of the receivership estate.

(f) Other Rights and Remedies. Exercise all other rights and remedies provided in this Deed of Trust, in any of the other Loan Documents, or by law.

6.3 Personal Property. It is the express understanding and intent of the parties that as to any personal property interests subject to Article 9 of the UCC, Lender, upon an Event of Default, may proceed under the UCC or may proceed as to both real and personal property interests in accordance with the provisions of this Deed of Trust and its rights and remedies in respect to real property, as specifically permitted under Section 9-604 of the UCC.

6.4 Remedies Not Exclusive. Lender and Trustee shall be entitled to enforce payment and performance of any Secured Obligations and to exercise all rights and powers under this Deed of Trust or under any of the other Loan Documents or any laws now or hereafter in force, notwithstanding some or all of the Secured Obligations may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Deed of Trust nor its enforcement, whether by court action or pursuant to the power of sale or other powers contained in this Deed of Trust, shall prejudice or in any manner affect Lender's or Trustee's right to realize upon or enforce any other security now or hereafter held by Lender or Trustee, it being agreed that Lender and Trustee shall be entitled to enforce this Deed of Trust and any other security now or hereafter held by Lender or Trustee in such order and manner as it may in its absolute discretion determine. No remedy conferred in this Deed of Trust upon or reserved to Lender or Trustee is intended to be exclusive of any other remedy in this Deed of Trust or any of the other Loan Documents or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Loan Documents to Lender or Trustee, or to which Lender or Trustee may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Lender or Trustee. Lender or Trustee may pursue alternative or inconsistent remedies.

6.5 Possession of Trust Estate. If, following the sale of the Trust Estate pursuant to the exercise of remedies under this Deed of Trust, Trustor continues to occupy any of the Trust Estate so sold, Trustor shall be deemed immediately and automatically to have become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either tenant or landlord, at a reasonable rental per day based upon the value of the portion of the Trust Estate so occupied, such rental to be due and payable daily to the purchaser. An action of unlawful detainer shall lie if the tenant holds over after a demand in writing for possession of such Trust Estate. Nothing contained in this Deed of Trust shall be construed to constitute Lender or Trustee as a "mortgagee in possession" in the absence of its taking actual possession of the Trust Estate pursuant to the powers granted herein.

6.6 Waiver of Rights. To the maximum extent permitted under Applicable Law, Trustor knowingly, voluntarily, and unconditionally: (a) waives the benefit of any Applicable Law now or hereafter existing that (i) provides for any appraisal or valuation before sale of any portion of the Trust Estate; (ii) in any way extends the

time for the enforcement of the collection of the Secured Obligations or creates or extends a moratorium or period of redemption from any sale made in furtherance of collecting the Secured Obligations; (iii) limits Lender's right to pursue a deficiency judgment after a judicial or non-judicial foreclosure or limits the amount of any deficiency judgment; or (iv) requires or permits Trustor or the court to determine or otherwise consider the fair market value of any of the Trust Estate in connection with such judicial or non-judicial foreclosure and as a potential limitation on the amount of any deficiency judgment; and (b) agrees that Trustor will not at any time insist upon, plea, claim or take the benefit or advantage of any law now or hereafter in force providing for any homestead exemption, and Trustor, for Trustor, Trustor's representatives, successors and assigns, and for any and all Persons ever claiming any interest in the Trust Estate, waives and releases all rights of homestead exemption. In addition, Trustor expressly waives and relinquishes any and all rights, remedies and defenses that Trustor may have or be able to assert by reason of any Applicable Law pertaining to the rights, remedies and defenses of sureties. The rights, benefits and defenses hereby waived in this Section include any and all rights, benefits and defenses which might otherwise be available to Trustor under the provisions of Arizona Revised Statutes §12-1566, §33-725, §33-814, or any other Applicable Law similar to the foregoing or that might otherwise operate to limit the liability of Trustor under, or the enforcement of, this Deed of Trust, the other Loan Documents, or the Obligations.

6.7 Marshaling. Neither Lender nor Trustee shall be required to marshal any present or future collateral security (including Trust Estate) for, or other assurances of payment of, the Secured Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of its rights and remedies hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights and remedies, however existing or arising. To the extent that it lawfully may, Trustor agrees that it will not invoke any law relating to the marshaling of collateral which might cause a delay in or impede the enforcement of Lender's or Trustee's rights and remedies under this Deed of Trust or under any of the other Loan Documents, and, to the extent that it lawfully may, Trustor irrevocably waives the benefits of all such laws.

6.8 Multiple Security. If (a) the Trust Estate shall consist of one or more parcels, whether or not contiguous and whether or not located in the same county, or (b) in addition to this Deed of Trust, Lender shall now or hereafter hold or be the beneficiary of one or more additional mortgages, liens, deeds of trust or other security (directly or indirectly) for the Secured Obligations upon other property in the state in which the Premises are located (whether or not such property is owned by Trustor or by others) or (c) both the circumstances described in clauses (a) and (b) shall be true, then to the fullest extent permitted by law, Lender may, at its election, commence or consolidate in a single trustee's sale or foreclosure action all of the trustee's sale or foreclosure proceedings against all such collateral securing the Secured Obligations (including the Trust Estate), which action may be brought or consolidated in the courts of, or sale conducted in, any county in which any of such collateral is located. Trustor acknowledges that the right to maintain a consolidated trustee's sale or foreclosure action is a specific inducement to Lender to enter into certain agreements with Trustor, and for Lender to enter into the Loan Agreement and the other Loan Documents, and Trustor expressly and irrevocably waives any objections to the commencement or consolidation of the foreclosure proceedings in a single action and any objections to the laying of venue or based on the grounds of *forum non conveniens* which it may now or hereafter have. Trustor further agrees that if Lender shall be prosecuting one or more foreclosure or other proceedings against a portion of the Trust Estate or against any collateral other than the Trust Estate, which collateral directly or indirectly secures the Secured Obligations, or if Lender shall have obtained a judgment of foreclosure and sale or similar judgment against such collateral (or, in the case of a trustee's sale, shall have met the statutory requirements therefor with respect to such collateral), then, whether or not such proceedings are being maintained or judgments were obtained in or outside the state in which the Premises are located, Lender may commence or continue any trustee's sale or foreclosure proceedings and exercise its other remedies granted in this Deed of Trust against all or any part of the Trust Estate and Trustor waives any objections to the commencement or continuation of a foreclosure of this Deed of Trust or exercise of any other remedies hereunder based on such other proceedings or judgments, and waives any right to seek to dismiss, stay the execution of, remove, transfer or consolidate either any action under this Deed of Trust or such other proceedings on such basis. Neither the commencement nor continuation of proceedings to sell the Trust Estate in a trustee's sale, to foreclose this Deed of Trust nor the exercise of any other rights hereunder nor the recovery of any judgment by Lender nor the occurrence of any sale by Lender in any such proceedings shall prejudice, limit or

preclude Lender's right to commence or continue one or more trustee's sales, foreclosure or other proceedings or obtain a judgment against (or, in the case of a trustee's sale, to meet the statutory requirements for, any such sale of) any other collateral (either in or outside the state in which the Premises are located) which directly or indirectly secures the Secured Obligations, and Trustor expressly waives any objections to the commencement of, continuation of, or entry of a judgment in such other sales or proceedings or exercise of any remedies in such sales or proceedings based upon any action or judgment connected to this Deed of Trust, and Trustor also waives any right to seek to dismiss, stay the execution of, remove, transfer or consolidate either such other sales or proceedings or any sale or action under this Deed of Trust on such basis. It is expressly understood and agreed that to the fullest extent permitted by Applicable Law, Lender may, at its election, cause the sale of all collateral which is the subject of a single trustee's sale or foreclosure action at either a single sale or at multiple sales conducted simultaneously and take such other measures as are appropriate in order to effect the agreement of the parties to dispose of and administer all collateral securing the Secured Obligations (directly or indirectly) in the most economical and least time-consuming manner

6.9 Request for Notice. Trustor requests a copy of any notice of default and that any notice of sale under this Deed of Trust be mailed to it in accordance with the provisions below for the giving of notices.

ARTICLE 7 MISCELLANEOUS

7.1 Applicability of General Provisions. All of the provisions of the Article in the Loan Agreement entitled "**General Provisions**" apply to this Deed of Trust, the same as if the provisions of such Article were set forth in full in this Deed of Trust.

7.2 The Trustee. Trustee accepts the trusts hereby created and agrees to perform its duties in this Deed of Trust for the benefit of Lender. To the extent permitted by and consistent with Applicable Law, Trustee will not exercise its rights under this Deed of Trust except upon written direction from Lender. Lender may, from time to time, by a written instrument executed and acknowledged by Lender, mailed to Trustor and recorded in the county in which the Trust Estate is located and by otherwise complying with the provisions of Applicable Law, substitute a successor or successors to any Trustee named herein or acting hereunder, and such successor(s) shall, without conveyance from the Trustee predecessor, succeed to all title, estate, rights, powers and duties of such predecessor. Trustor shall pay or cause to be paid the compensation to which Trustee is entitled hereunder and all proper disbursements and expenses incurred by Trustee hereunder.

7.3 Limitation of Rights of Others. Nothing in this Deed of Trust is intended or shall be construed to give to any person, other than Trustor, Trustee, and Lender, any legal or equitable right, remedy or claim under or in respect of this Deed of Trust or any covenant, condition or provision herein contained.

7.4 Statements by Trustor. Trustor shall, within 10 days after written request from Lender or Trustee, deliver to Lender and Trustee a written statement stating the unpaid principal of and interest on the Note and any other amounts secured by this Deed of Trust and stating whether Trustor claims any offset or defense against such principal and interest or such other amounts.

7.5 Reconveyance by Trustee. Upon written request of Lender stating that all Secured Obligations have been satisfied in full or otherwise upon the written request of Lender and upon payment by Trustor of Trustee's fees, Trustee shall reconvey to Trustor, or to the person or persons legally entitled thereto, without warranty, any portion of the Trust Estate then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in any reconveyance may be described as "the person or persons legally entitled thereto." Trustor shall also pay Lender a reasonable processing fee in connection with such reconveyance.

7.6 Loan Statement Fees. Trustor shall pay the reasonable amount demanded by Lender, its authorized loan servicing agent, or Trustee for any statement regarding the Secured Obligations, *provided, however*, that such amount may not exceed the maximum amount allowed by law at the time request for the statement is made.

7.7 Notices. All notices, demands, designations, certificates, requests, offers, consents, approvals, appointments and other instruments given pursuant to this Deed of Trust shall be given in accordance with *Section 8.11* of the Loan Agreement, with notices to Trustee to be given at the address stated in the first paragraph of this Deed of Trust or to such other address as Trustee may specify to the other parties in writing..

7.8 Governing Law. **THE CREATION OF THIS DEED OF TRUST AND THE RIGHTS AND REMEDIES OF LENDER WITH RESPECT TO THE TRUST ESTATE, AS PROVIDED IN THIS DEED OF TRUST AND BY THE LAWS OF THE STATE IN WHICH THE PREMISES ARE LOCATED, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE IN WHICH THE PREMISES ARE LOCATED, WITHOUT REGARD TO ITS CONFLICTS OF LAW PRINCIPLES. WITH RESPECT TO OTHER PROVISIONS OF THIS DEED OF TRUST, THIS DEED OF TRUST SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF ARIZONA, WITHOUT REGARD TO ITS CONFLICTS OF LAW PRINCIPLES; PROVIDED, HOWEVER, THAT, WITH RESPECT TO ANY MARRIED INDIVIDUAL SIGNING THIS DEED OF TRUST WHO IS NOT A RESIDENT OF THE STATE OF ARIZONA, THIS SECTION SHALL NOT BE A CONTRACTUAL CHOICE OF THE COMMUNITY PROPERTY LAWS OF THE STATE OF ARIZONA. NOTHING IN THIS SECTION SHALL LIMIT OR RESTRICT THE RIGHT OF LENDER TO COMMENCE ANY PROCEEDING IN THE FEDERAL OR STATE COURTS LOCATED IN THE STATE IN WHICH THE PREMISES ARE LOCATED TO THE EXTENT LENDER DEEMS SUCH PROCEEDING NECESSARY OR ADVISABLE TO EXERCISE REMEDIES AVAILABLE UNDER THE DEED OF TRUST OR THE OTHER LOAN DOCUMENTS.**

7.9 Relation to Other Security Documents. The provisions of this Deed of Trust supplement the provisions of any security agreement from Trustor to Lender which secures the payment or performance of any of the Secured Obligations. Nothing contained in any such agreement shall derogate from any of the rights or remedies of Trustor hereunder.

7.10 Severability. If any provision of this Deed of Trust, or any paragraph, sentence, clause, phrase, or word, or their application, in any circumstance, is held invalid, the validity of the remainder of this Deed of Trust shall be construed as if such invalid part were never included.

7.11 Non-Waiver. Unless expressly provided in this Deed of Trust to the contrary, no consent or waiver, express or implied, by any party, to or of any breach or default by any other party shall be deemed a consent to or waiver of the performance by such defaulting party of any other obligations or the performance by any other party of the same, or of any other, obligations.

7.12 Counterparts. This Deed of Trust may be executed in any number of separate counterparts, each of which shall collectively and separately constitute one Deed of Trust.

7.13 Mortgagee in Possession. Nothing contained in this Deed of Trust shall be construed as constituting Lender a mortgagee in possession in the absence of the actual taking of possession of the Trust Estate.

7.14 Incorporation of Loan Agreement; No Conflicts. The terms of the Loan Agreement are incorporated by reference herein as though set forth in full detail. In the event of a conflict between any other term or provision of this Deed of Trust and the Loan Agreement, the terms and provisions of the Loan Agreement shall control.

7.15 Modifications. This Deed of Trust may not be amended, supplemented or otherwise modified except in a writing executed by Trustor and Lender. Any agreement made by Trustor and Lender after the date of this Deed

of Trust relating to this Deed of Trust or any of the Secured Obligations shall be superior to the rights of the holder of any intervening or subordinate Lien.

7.16 Last Dollars Secured; Priority. If at any time this Deed of Trust shall secure less than all of the principal amount of the Secured Obligations, it is expressly agreed that any repayments of the principal amount of the Secured Obligations shall not reduce the amount of the Lien of this Deed of Trust until the Lien amount shall equal the principal amount of the Secured Obligations outstanding.

7.17 Binding Effect. This Deed of Trust is be binding upon and inure to the benefit of Trustor and Lender and their respective successors and permitted assigns, including, any United States trustee, any debtor in possession or any trustee appointed from a private panel.

7.18 Trustor Notice. Trustor hereby requests a copy of any notice of default under this Deed of Trust, and that any notice of sale hereunder be mailed to it at the address set forth in the first paragraph of this Deed of Trust.

ARTICLE 8 STATE LAW RIDER

8.1 State Law Deed of Trust Rider. The Deed of Trust Rider (the "**Rider**") attached hereto and by this reference incorporated herein is an integral part of the Deed of Trust. If there are any inconsistencies or conflict between the terms and conditions of the Rider and the foregoing terms and conditions of the Deed of Trust, the terms and conditions of the Rider shall control.

[SIGNATURE PAGE FOLLOWS]

EXECUTED effective as of the date first set forth above.

TRUSTOR:

K-FALLS HOTEL, LP, a Delaware limited partnership

By: LOTUS MANAGEMENT, INC., a California corporation, its General Partner

By: Prakash Patel
Printed Name: Prakash J. Patel
Its: President

STATE OF California)
COUNTY OF Santa Clara)SS

The foregoing instrument was acknowledged before me this 25th day of September, 2013, by Prakash J. Patel, as President of Lotus Management, Inc., a California corporation, the general partner of K-Falls Hotel, LP, a Delaware limited partnership, on behalf of the partnership.

Usha S. Patel
Notary Public

My commission expires: June 14 2015

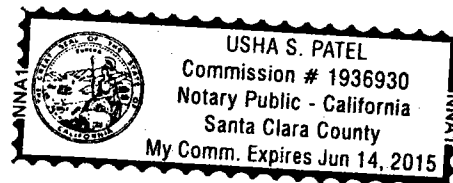


EXHIBIT 1.2
LEGAL DESCRIPTION

Parcel 1 of Land Partition 77-05 being a replat of Parcel 1 of Major Land Partition 3-P-89 and a portion of Tract 805 Enterprise Tracts, situated in the NE1/4 of Section 4, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

EXHIBIT 1.2(d)
THE UCC COLLATERAL

The "*UCC Collateral*" consists of all of the following described property, whether now owned or hereafter acquired and wherever located, used in connection with or otherwise relating to the operation of the business located at the Premises, together with all replacements and substitutions therefor and all cash and non-cash proceeds (including insurance proceeds and any title or UCC insurance proceeds) and products thereof, and, in the case of tangible property, together with all additions, attachments, accessions, parts, equipment and repairs now or hereafter attached or affixed thereto or used in connection therewith, excluding, however, any and all "consumer goods," as defined in the UCC: All of Trustor's right, title, and interest in: (a) all types of property included within the term "equipment" as defined by the UCC (except vehicles, boats and airplanes), including machinery, furniture, appliances, trade fixtures, tools, and office and record keeping equipment; (b) all inventory, including all goods held for sale, raw materials, work in process and materials or supplies used or consumed in Trustor's business; (c) all documents; general intangibles; accounts; contract rights; chattel paper and instruments; money; securities; investment properties; deposit accounts; supporting obligations; letters of credit and letter of credit rights; commercial tort claims; and records, software and information contained in computer media (such as databases, source and object codes and information therein), together with any equipment and software to create, utilize, maintain or process any such records or data on electronic media; (d) any and all plans and specifications, designs, drawings and other matters prepared for any construction on any of the Premises or regarding any improvements to any of the Premises; (e) goodwill; and (f) to the extent constituting collateral with respect to which a security interest may be created pursuant to Article 9 of the UCC, amounts paid as rents, fees, charges, accounts, or other payments for the use or occupancy of rooms and other public facilities in hotels, motels, or other lodging properties.

**DEED OF TRUST RIDER
OREGON STATE LAW PROVISIONS**

This **RIDER** (the "**Rider**") is attached to and made a part of the Deed of Trust, Security Agreement, Assignment of Leases and Rents, Financing Statement and Fixture Filing (as amended and supplemented by this Rider, and as it may be amended, supplemented or renewed from time to time, the "**Deed of Trust**") and is made as of September 27, 2013, by K-FALLS HOTEL, LP, a Delaware limited partnership ("**Trustor**"), as trustor, whose mailing address is P.O. Box 41160, San Jose, California 95160; **LAWYERS TITLE INSURANCE CORPORATION**, a Nebraska corporation ("**Trustee**"), as trustee, whose mailing address is 2398 E. Camelback Road, Suite 350, Phoenix, Arizona 85016 in favor of **GENERAL ELECTRIC CAPITAL CORPORATION**, a Delaware corporation, ("**Lender**"), as beneficiary, whose mailing address is 8377 East Hartford Drive, Suite 200, Scottsdale, Arizona 85255.

This Rider is intended to modify and supplement certain provisions of the Deed of Trust. In the event of any inconsistencies or conflict between the terms and conditions of this Rider and the terms and conditions of the Deed of Trust, the terms and conditions of this Rider shall control. The Deed of Trust is hereby amended and supplemented as follows:

1. **Section 2.1(a)** of the Deed of Trust is restated in its entirety as follows:

(a) Note Indebtedness. Payment of the indebtedness in the original principal balance of **\$5,500,000.00**, with interest thereon, evidenced by the Note and Loan Agreement, with a maturity date of October 1, 2018, together with all extensions, renewals, amendments, and modifications thereof.

2. The following is added to the Deed of Trust as **Section 7.19**:

7.19 Oregon Insurance Warning.

WARNING

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

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

THE COVERAGE WE PURCHASE MAY BE CONSIDERABLY MORE EXPENSIVE THAN INSURANCE YOU CAN OBTAIN ON YOUR OWN AND MAY NOT SATISFY ANY NEED FOR PROPERTY DAMAGE COVERAGE OR ANY MANDATORY LIABILITY INSURANCE REQUIREMENTS IMPOSED BY APPLICABLE LAW.

3. The following is added to the Deed of Trust as **Section 7.20**:

7.20 Oregon Transfer Warning.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301, AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007. THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007.

[SIGNATURE PAGE FOLLOWS]

Loan No.: 01246478

EXHIBIT A

Property Description

Parcel 1 of Land Partition 77-05 being a replat of Parcel 1 of Major Land Partition 3-P-89 and a portion of Tract 805 Enterprise Tracts, situated in the NE1/4 of Section 4, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.