



After recording, return to:
PATRIOT MORTGAGE CORPORATION
640 N 9th Street
Cottage Grove, OR 97424

2014-012847
Klamath County, Oregon
12/12/2014 01:06:40 PM
Fee: \$87.00

TRUST DEED AND SECURITY AGREEMENT

Grantor: OREGON CHOPSTICKS, LLC
~~501 Glengary Loop Road, Roseburg, OR 97470~~
Trustee: TC 4073 Clonial Road, Roseburg, OR 97471
ROBERT A. SMEJKAL, Attorney at Law
800 Willamette Street, Suite 800, Eugene, OR 97440

Beneficiary: CLS INVESTMENTS, LLC an Oregon limited liability company
c/o Patriot Mortgage Corporation
640 N 9th Street, Cottage Grove, OR 97424

DATE: December 10, 2014

RECITALS:

A. Beneficiary has agreed to make a loan to Grantor in the sum of Two Hundred Fifty Five Thousand Dollars (\$255,000.00), and such loan is to be evidenced a Promissory Note dated on or about the date of this Trust Deed and Security Agreement ("Trust Deed"). The loan, if not sooner paid, is due and payable in full on December 12, 2016; and

B. As a condition to the making of the loan to Grantor, Beneficiary has required Grantor, and Grantor has agreed, to execute and deliver this Trust Deed.

GRANT AND CONVEYANCE:

NOW, THEREFORE, for the purpose of securing the Obligations described in Section 1.1 below, Grantor irrevocably grants, bargains, sells, conveys, assigns, and transfers to Trustee in trust for the benefit and security of Beneficiary, with power of sale and right of entry and possession, all Grantor's right, title and interest in and to the real property and personal property located in Klamath County, Oregon, and more particularly described in Section 1.2 below (the "Property").

TO PROTECT THE SECURITY OF THIS TRUST DEED, GRANTOR HEREBY COVENANTS AND AGREES AS FOLLOWS:

Section 1. Particular Covenants and Warranties of Grantor

1.1 Obligations Secured. This Trust Deed secures the following, collectively referred to as the "Obligations":

1.1.1 The payment of all principal and interest, and the performance of all covenants and obligations of Grantor under the Note, including any renewal, extension, modification or amendment of the Note.

1.1.2 The payment and performance of all covenants and obligations in this Trust Deed, including any renewals, extensions, modifications or amendments of this Trust Deed.

1.2 Property. Grantor warrants that Grantor holds good and marketable title to the Property free and clear of all liens and encumbrances. The Property shall include, without limitation, the following:

1.2.1 The real property described as follows:

"A Parcel of land situated in the County of Klamath, State of Oregon, more particularly described as follows:

NW1/4 NE1/4, NE1/4 NW1/4 and Government Lots 1 and 2 in Section 19, Township 37 South, Range 10 East of the Willamette Meridian."

1.2.2 All right, title and interest of Grantor in and to all standing timber, and forest products of every size and description located on the Property including, without limitation: (i) all logs and any timber as and when severed (as hereinafter defined) until such time as such logs and timber have been removed from the Property and scaled or otherwise measured in the ordinary course of business, and (ii) all sale agreements providing for the sale of timber located on the Property (the "Timber"). As used herein, "severed" means the conversion of standing timber to "goods" (as defined in the Uniform Commercial Code) or to personal property by harvesting, logging, blowdowns or any other process or event which causes standing timber to cease to be a part of the Property.

1.2.3 The proceeds of any sale of Timber and the profits, royalties, income and other benefits derived from the Property (collectively, the "Proceeds") and the right, power and authority hereinafter given to Grantor to collect and apply the Proceeds.

1.2.4 All easements and rights of way used in connection with the real property, or as a means of access thereto.

1.2.5 All water and water rights relating to the Property.

1.2.6 All minerals or rights to minerals owned by Grantor, whether solid, liquid or gaseous (or a mixture), whether valuable or not, and whether or not known to exist under the Property, together with full rights of ingress and egress and use of the surface to the extent reasonably necessary for the purpose of exploring, drilling, mining, developing, producing, storing, removing, treating and transporting said minerals (the "Minerals").

1.2.7 All right, title and interest of Grantor in all sand, gravel, dirt and rock located at, near or under the surface of the Property (the "Gravel").

1.3. **Payment and Performance.** Grantor will duly pay and perform all the Obligations when due.

1.4 **Further Assurances.** Grantor will execute, acknowledge and deliver, from time to time, any further instruments that Beneficiary's or Trustee may require to accomplish the purposes of this Trust Deed.

1.5 **Compliance with Laws.** Grantor represents, warrants and covenants that the Property is currently in material compliance with, and will at all times be maintained in material compliance with, all applicable laws and all covenants, conditions, easements and restrictions affecting the Property.

1.6 **Maintenance of the Property.**

1.6.1 Grantor shall maintain the Property in good condition and promptly perform all repairs and maintenance to roads necessary to preserve its value. The Property shall be managed according to good forest management practices, and all timber harvesting and management operations shall be conducted in a good and workmanlike manner.

1.6.2 Grantor shall not conduct or permit any nuisance and shall not commit or suffer any strip or waste on the Property.

1.7 **Liens.** Grantor will pay, when due, all claims for labor, materials or supplies that, if unpaid, might become a lien on all or any portion of the Property. Grantor will not create, or suffer or permit to be created, any mortgage, deed of trust, lien, security interest, charge or encumbrance on the Property prior to this Trust Deed.

1.8 **Taxes and Assessments.** Grantor will pay, or cause to be paid, when due, and before any fine, penalty, interest or cost attaches, all taxes, assessments, fees, levies and all other governmental charges of every nature now or hereafter assessed or levied against any part of the Property, or on the lien or estate of Beneficiary or Trustee (collectively, the "Taxes and Assessments"); however, if any such Taxes and Assessments may be paid in installments, whether or not interest will accrue on the unpaid balance, Grantor may pay the same in installments,

together with accrued interest on the unpaid balance, as the same become due, before any fine, penalty, interest or cost attaches.

1.9 Insurance. Grantor shall require that all loggers or other contractors performing operations on the Property maintain Logger's Broad Form B liability insurance, with third party firefighting cost coverage, with Grantor named as an additional insured on such policies with minimum limits of not less than One Million Dollars (\$1,000,000.00).

1.10 Actions to Protect Property. If Grantor fails to obtain the insurance required by Section 1.9, fails to make the payments required by Section 1.8, or fails to perform or observe any of Grantor's other covenants or agreements under this Trust Deed, Beneficiary may, without obligation to do so, obtain or pay the same or take other action that they deem appropriate to remedy such failure. All sums, including reasonable attorney fees, so expended or expended to maintain the lien or estate of this Trust Deed or its priority, or to protect or enforce any of Beneficiary's rights, or to recover any indebtedness secured by this Trust Deed, will be a lien on the Property, will be secured by this Trust Deed, and will be paid by Grantor on demand, together with interest at the rate provided in the Note. No payment or other action by Beneficiary under this section will impair any other right or remedy available to Beneficiary or constitute a waiver of any default. The following notice is provided pursuant to ORS 746.201(1):

WARNING:

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

Grantor is responsible for the cost of any insurance purchased by Beneficiary. The cost of this insurance may be added to Grantor's loan balance. If the cost is added to Grantor's loan balance, the interest rate on the underlying loan will apply to this added amount. The effective date of coverage may be the date Grantor's prior coverage lapsed or the date Grantor failed to provide proof of coverage.

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

Section 2. Security Agreement

2.1 Grant of Security Interest. Grantor hereby grants to Beneficiary a security interest

in the Timber (including severed Timber and logs), Proceeds, Minerals and Gravel referenced in Section 1.2 hereof.

2.2 Trust Deed as Security Agreement. This instrument shall constitute a security agreement with respect to the Timber (including severed Timber and logs), Proceeds, Minerals and Gravel, and any other personal property included in the description of the Property.

2.3 Further Assurances. Grantor authorizes Beneficiary to file in any relevant jurisdiction any initial financing statements and amendments thereto necessary to perfect and continue Beneficiary's security interest in the Property. Upon request by Beneficiary, Grantor shall execute such other documents and take whatever other action is requested by Beneficiary to perfect and continue Beneficiary's security interest in the Property. Grantor hereby appoints Beneficiary as Grantor's attorney-in-fact for the purpose of executing any documents necessary to perfect or continue the security interest granted therein. Beneficiary may file copies or reproductions of this Trust Deed as a financing statement at any time and without further authorization from Grantor. Grantor will reimburse Beneficiary for all expenses incurred in perfecting or continuing this security interest.

Section 3. Timber Management and Severance

Grantor may cut or permit third parties to cut timber from the Property on the condition that all proceeds from any and all logs and Timber, after payment of logging costs, shall be paid directly to Beneficiary.

Section 4. Events of Default and Remedies

4.1 Events of Default. Each of the following events will constitute an event of default under this Trust Deed and under each of the other Loan Documents:

4.1.1 Grantor's failure to pay any of the Obligations on or before the due date.

4.1.2 Grantor's failure to perform or abide by any other covenant included in the Obligations including, without limitation, those covenants in the Note, or this Trust Deed.

4.1.3 Falsity when made in any material respect of any representation, warranty, or information furnished by Grantor or Grantor's agents to Beneficiary in or in connection with any of the Obligations.

4.1.4 Any sale, gift, conveyance, contract for conveyance, transfer, assignment, encumbrance, pledge or grant of a security interest in all or any part of the Property, or any interest therein, either voluntarily, involuntarily or by the operation of law, without Beneficiary's prior written consent, will constitute an event of default.

4.2 Remedies in Case of Default. If an Event of Default occurs, Beneficiary or Trustee

may exercise any one or more of the following rights and remedies, in addition to any other remedies that may be available by law, in equity, or otherwise:

4.2.1 Beneficiary may declare all or any portion of the Obligations immediately due and payable.

4.2.2 Beneficiary may, either through a receiver or as lender-in-possession, enter and take possession of all or any part of the Property and use, operate, manage and control it as Beneficiary deem appropriate in the sole discretion of Beneficiary. On request after an Event of Default, Grantor will peacefully relinquish possession and control of the Property to Beneficiary or any receiver appointed under this Trust Deed.

4.2.3 Beneficiary may direct Trustee, and Trustee will be empowered, to foreclose this Trust Deed by advertisement and sale under applicable law.

4.2.4 Beneficiary may judicially foreclose this Trust Deed and obtain a judgment foreclosing Grantor's interest in all or any part of the Property and giving Beneficiary the right to collect any deficiency remaining due after disposition of the Property.

4.3 **Sale.** In any sale under this Trust Deed or pursuant to any judgment, the purchaser at any such sale will take title to the Property or the part of it so sold, free and clear of Grantor's estate, the purchaser being hereby discharged from all liability to see to the application of the purchase money. Any person, including Beneficiary and Beneficiary's officers, agents and employees, may purchase at any such sale. Beneficiary and each of Beneficiary's officers are irrevocably appointed Grantor's attorney-in-fact, with power of substitution, to make all appropriate transfers and deliveries of the Property or any portions of it so sold and, for that purpose, Beneficiary and Beneficiary's officers may execute all appropriate instruments of transfer. Nevertheless, Grantor will ratify and confirm, or cause to be ratified and confirmed, any such sale or sales by executing and delivering, or by causing to be executed and delivered, to Beneficiary or to such purchaser or purchasers, all such instruments as may be advisable, in the judgment of Beneficiary, for that purpose.

4.4 **Cumulative Remedies.** All remedies under this Trust Deed are cumulative and not exclusive. Any election to pursue one remedy will not preclude the exercise of any other remedy. An election by Beneficiary to cure under Section 1.10 will not constitute a waiver of the default or of any of the remedies provided in this Trust Deed. No delay or omission in exercising any right or remedy will impair the full exercise of that or any other right or remedy or constitute a waiver of the default.

4.5 **Receiver or Trustee-in-Possession.** On taking possession of all or any part of the Property, Trustee, Beneficiary or a receiver may:

4.5.1 Manage the Property and make expenditures for any purpose and for any maintenance and improvements that it deems reasonably necessary.

4.5.2 Collect all rents, revenues, income, issues and profits from the Property and apply those sums to the reasonable expenses of use, operation, management, maintenance and improvements.

4.6 **Application of Proceeds.** All proceeds realized from the exercise of the rights and remedies under Section 4.2 will be applied as follows:

4.6.1 To pay all costs of exercising the rights and remedies, including the costs of maintaining and preserving the Property, the costs and expenses of any receiver or lender-in-possession, the costs of any sale, and the costs and expenses provided for in Section 5.7 below.

4.6.2 To pay all Obligations, in any order that Beneficiary may determine in the sole discretion of Beneficiary.

4.6.3 The surplus, if any, remaining after satisfaction of all the Obligations will be paid to the clerk of the court in the case of a judicial foreclosure proceeding, otherwise to the person or persons legally entitled to the surplus.

Section 5. General Provisions

5.1 **Time Is of the Essence.** Time is of the essence with respect to all covenants and obligations of Grantor under this Trust Deed.

5.2 **Reconveyance by Trustee.** At any time on the request of Beneficiary, payment of Trustee's fees, if any, and presentation of this Trust Deed, without affecting liability of any persons for the payment of the Obligations, Trustee may reconvey, without warranty, all or any part of the Property. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals therein of any facts will be conclusive proof of the truthfulness of them.

5.3 **Notice.** Except as otherwise provided in this Trust Deed, all notices pertaining to this Trust Deed must be in writing and may be delivered by hand, or mailed by first-class, registered, or certified mail, return receipt requested, postage prepaid, and addressed to the appropriate party at the address set forth at the outset of this Trust Deed. Any party may change their address for receiving notices from time to time by notice to the other parties. Notices given by mail in accordance with this paragraph will be deemed to have been given on the date of mailing; notices given by hand will be deemed to have been given when actually received.

5.4 **Substitute Trustee.** Beneficiary may, at any time, substitute one (1) or more trustees to execute the trust hereby created, and the new trustee or trustees will succeed to all the powers and duties of the prior trustee or trustees.

5.5 **Trust Deed Binding on Successors and Assigns.** This Trust Deed is binding on and

inures to the benefit of the successors and assigns of Grantor, Trustee, and Beneficiary. If the Property, or any portion of it, becomes vested in any person other than Grantor, Beneficiary will have the right to deal with the successor regarding this Trust Deed, the Property, and the Obligations in any manner that Beneficiary deem appropriate in the sole discretion of Beneficiary, without notice to or approval by Grantor and without impairing Grantor's liability for the Obligations.

5.6 Indemnity. Grantor will hold Beneficiary and Trustee, and their respective directors, officers, employees, agents and lawyers, harmless from and indemnify them for any and all claims, demands, damages, liabilities and expenses, including, but not limited to, attorney fees and court costs arising out of or in connection with Trustee's or Beneficiary's interest under this Trust Deed, except that Grantor will not be liable for acts performed by Beneficiary or Trustee in violation of applicable law.

5.7 Expenses and Attorney Fees. If Beneficiary refer any of the Obligations to a lawyer for collection or seeks legal advice after a default, if Beneficiary are the prevailing party in any litigation instituted in connection with any of the Obligations, or if Beneficiary or any other person initiates any judicial or nonjudicial action, suit or proceeding in connection with any of the Obligations or the Property (including but not limited to proceedings under federal bankruptcy law, eminent domain, under probate proceedings, or in connection with any state or federal tax lien), and Beneficiary employ a lawyer to appear in any such action, suit or proceeding, seeks relief from a judicial or statutory stay, protect, preserve or enforce Beneficiary's interests, then in any such event Grantor must pay reasonable attorney fees, costs and expenses incurred by Beneficiary in connection with the above-mentioned events, or any appeals related to them, including, but not limited to, costs incurred in searching records and the cost of title reports. Those amounts will be secured by this Trust Deed and, if not paid on demand, will bear interest at the rate specified in the Note.

5.8 Applicable Law. This Trust Deed and the validity, interpretation, performance and enforcement of this Trust Deed will be governed by Oregon law.

5.9 Captions. The captions to the sections and paragraphs of this Trust Deed are included only for the convenience of the parties and do not define, diminish or enlarge the rights of the parties or affect the construction or interpretation of any portion of this Trust Deed.

5.10 Person Defined. As used in this Trust Deed, the word person means any natural person, partnership, trust, corporation, or other legal entity of any nature.

5.11 Severability. If any provision of this Trust Deed is held to be invalid, illegal or unenforceable, that invalidity, illegality or unenforceability will not affect any other provisions of this Trust Deed, and the other provisions will be construed as if the invalid, illegal or unenforceable provision had never been contained in the Trust Deed.

5.12 Entire Agreement. This Trust Deed contains the entire agreement of the parties

with respect to the Property. No prior agreement, statement or promise made by any party to this Trust Deed that is not contained in this Trust Deed will be binding or valid.

5.13 **Commercial Purposes.** This Trust Deed secures payment of a Note which is being made for the business purposes of Grantor.

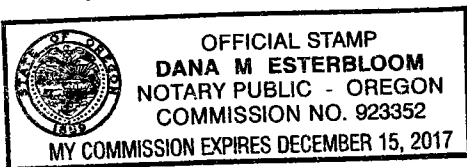
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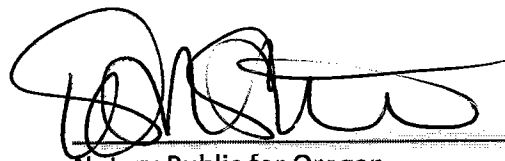
OREGON CHOPSTICKS, LLC


By: TIMOTHY J. CUMMINS, Manager

State of Oregon, County of Douglas) ss.

This Trust Deed and Security Agreement was acknowledged before me on December 10, 2014, by TIMOTHY J. CUMMINS as Manager of OREGON CHOPSTICKS, LLC, an Oregon limited liability company.




Notary Public for Oregon

REQUEST FOR FULL RECONVEYANCE

To Robert A. Smejkal, Trustee:

The undersigned is the legal owner and holder of all indebtedness secured by the foregoing Trust Deed. All sums secured by said Trust Deed have been fully paid and satisfied. You are hereby directed, on payment to you of any sums owing to you under the terms of said Trust Deed pursuant to statute, to cancel all evidences of indebtedness secured by said Trust Deed, which are delivered to you herewith together with said Trust Deed, and to reconvey, without warranty, to the parties designated by the terms of said Trust Deed the estate now held by you under the same. Mail reconveyance documents to Grantor at 501 Glengary Loop Road, Roseburg, Oregon 97470. Dated: _____

Beneficiary