



2015-001194

Klamath County, Oregon

02/10/2015 02:35:00 PM

Fee: \$172.00

WHEN RECORDED RETURN TO:

370 W. NAPA ST
SONOMA, CA 95476

Alan R. Wells, Trustee of the Alan R. Wells Revocable Trust UTD October 28, 2011
(GRANTOR)

To

TICOR TITLE COMPANY OF OREGON
(TRUSTEE)

and

Marc D. Mezzetta, Trustee of the Marc D. Mezzetta Trust dated September 24, 2007
(BENEFICIARY)

**COMMERCIAL TRUST DEED, ASSIGNMENT OF RENTS,
AND FIXTURE FILING**

- A. The address of the entity holding a lien or other interest created by this instrument is:

Marc D. Mezzetta
PO Box 2167
Sonoma, CA 95476

Notice to Recorder:

THIS DOCUMENT CONSTITUTES A FIXTURE FILING THAT SHALL HAVE AN EFFECTIVE PERIOD UNTIL THIS DEED OF TRUST IS RECONVEYED OR SATISFIED OF RECORD OR ITS EFFECTIVENESS OTHERWISE TERMINATES AS TO THE REAL PROPERTY.

172.00

THIS TRUST DEED, ASSIGNMENT OF RENTS, AND FIXTURE FILING (this "**Deed of Trust**") is made on ~~December 4~~^{February 4}, 2014, by Alan R. Wells, Trustee of the Alan R. Wells Revocable Trust UTD October 28, 2011 ("**Grantor**"), to **Ticor Title Company of Oregon**, having its office at 227 NW 3rd. St., Corvallis, Oregon 97330 ("**Trustee**"), for the benefit of **Marc D. Mezzetta, Trustee of the Marc D. Mezzetta Trust dated September 24, 2007**, ("**Beneficiary**").

To secure the payment of an indebtedness in the principal sum of Six Hundred Seventy Nine Thousand Five Hundred Seventy Four, and no/00 DOLLARS (\$679,574), lawful money of the United States of America, to be paid with interest according to a promissory note dated the date hereof made by Grantor to Beneficiary (the "**Note**"), and all other sums due hereunder, under the Note (said indebtedness, interest and all other sums due hereunder and under the Note being collectively, the "**Debt**"), Grantor has mortgaged, given, granted, bargained, sold, and conveyed, confirmed, pledged, assigned and hypothecated and by these presents does mortgage, give, grant, bargain, sell, and convey, confirm, pledge, assign and hypothecate unto Beneficiary, and grants unto Trustee a security interest in the real property described in Exhibit A attached hereto, including any improvements now or hereafter located thereon (the "**Premises**");

TOGETHER WITH: all right, title, interest and estate of Grantor now owned, or hereafter acquired, in and to the following property, rights, interests and estates (the Premises, the Improvements together with the following property, rights, interests and estates being hereinafter collectively referred to as the "**Trust Property**");

(a) all easements, rights-of-way, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and development rights, and all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments and appurtenances of any nature whatsoever, in any way belonging, relating or pertaining to the Premises and the Improvements and the reversion and reversions, remainder and remainders, and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Premises, to the center line thereof and all the estates, rights, titles, interests, dower and rights of dower, curtesy and rights of curtesy, property, possession, claim and demand whatsoever, both at law and in equity, of Grantor of, in and to the Premises and the Improvements and every part and parcel thereof, with the appurtenances thereto;

(b) all awards or payments, including interest thereon, which may heretofore and hereafter be made with respect to the Trust Property, whether from the exercise of the right of eminent domain (including but not limited to any transfer made in lieu of or in anticipation of the exercise of said right), or for a change of grade, or for any other injury to or decrease in the value of the Trust Property;

(c) all leases and other agreements affecting the use, enjoyment or occupancy of the Premises heretofore or hereafter entered into, and all rents, issues and profits (including all oil and gas or other mineral royalties and bonuses) from the Premises, whether paid or accruing before or after the filing by or against Grantor or any petition

for relief under 11 U.S.C. § 101 *et. seq.* (the "**Rents**") and the right to receive and apply the Rents to the payment of the Debt;

(d) all proceeds of and any unearned premiums on any insurance policies covering the Trust Property, including, without limitation, the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Trust Property;

(e) the right, in the name and on behalf of Grantor, to appear in and defend any action or proceeding brought with respect to the Trust Property and to commence any action or proceeding to protect the interest of Beneficiary in the Trust Property; and

(f) to the extent assignable, all of Grantor's right, title and interest in and to all plans and specifications, contracts, licenses, approvals, consents, accreditations, determinations of need, plans, certificates of need and other certificates, subcontracts, service contracts, management contracts, development agreements, permits, operating contracts, franchises, license agreements, now or hereafter entered into for services related to the operation of the Trust Property, and other agreements of any nature whatsoever now or hereafter obtained or entered into by Grantor, or any managing agent of the Premises on behalf of Grantor, with respect to the ownership and/or operation of the Premises;

TO HAVE AND TO HOLD the above granted and described Trust Property unto Beneficiary and the successors and assigns of Beneficiary, forever;

IN TRUST, WITH POWER OF SALE, to secure the payment to Beneficiary of the Debt at the time and in the manner provided for its payment in the Note and in this Deed of Trust;

PROVIDED, HOWEVER, these presents are upon the express condition that, if Grantor shall well and truly pay to Beneficiary the Debt at the time and in the manner provided in the Note and this Deed of Trust and shall well and truly abide by and comply with each and every covenant and condition set forth herein, in the Note, these presents and the estate hereby granted shall cease, terminate and be void;

AND Grantor represents and warrants to and covenants and agrees with Beneficiary as follows:

1. Payment of Debt and Incorporation of Covenants, Conditions and Agreements. Grantor will pay the Debt at the time and in the manner provided in the Note and in this Deed of Trust. All the covenants, conditions and agreements contained in (a) the Note and (b) this Deed of Trust are hereby made a part of this Deed of Trust to the same extent and with the same force as if fully set forth herein.

2. Warranty of Title. Grantor warrants that Grantor has good title to, or right in, the Trust Property and has full power, authority and the right to execute, deliver and perform its obligations under this Deed of Trust and to mortgage, give, grant,

bargain, sell, alien, convey, confirm, pledge, assign and hypothecate and grant a security interest in the same, and that Grantor possesses an unencumbered fee estate in the Premises and the Improvements and that it owns the Trust Property free and clear of all liens, encumbrances and charges whatsoever except for those exceptions shown in the title insurance policy insuring the lien of this Deed of Trust. Grantor shall forever warrant, defend and preserve such title and the validity and priority of the lien of this Deed of Trust and shall forever warrant and defend the same to Beneficiary against the claims of all persons whomsoever.

3. Insurance. (a) Grantor will effect and maintain, or cause to be effected and maintained, insurance policies (the "**Policies**") covering the Trust Property as follows:

(1) Comprehensive General Liability Insurance and personal injury coverage with a combined single limit for bodily injury and property damage of not less than \$2,000,000. Such requirement may, but need not, be satisfied by a layering of Comprehensive General Liability, Umbrella and Excess Liability policies, but in no event will the Comprehensive General Liability policy be written for an amount less than \$1,000,000 combined single limit for bodily injury and property damage liability.

(b) Grantor may effect such coverage under its blanket insurance policies, if Grantor has such policies, provided that (i) any such policy of blanket insurance either shall specify therein or Grantor shall furnish to Beneficiary a written statement from the insurer under such policy so specifying: (x) the maximum amount of the total insurance afforded by the blanket policy available to the Trust Property and (y) any sub-limits in such blanket policy applicable to the Trust Property, which amounts shall not be less than the amounts required pursuant to subparagraph (a) of this paragraph; (ii) any policy of blanket insurance hereunder shall comply in all respects with the other provisions of this paragraph 3; and (iii) the protection afforded Grantor under any policy of blanket insurance hereunder shall be no less than that which would have been afforded under a separate policy or policies relating only to the Trust Property.

(c) The insurance maintained by Grantor under clause (1) of subparagraph (a) of this paragraph 3 shall bear a standard non-contributory first mortgagee endorsement in favor of Beneficiary. All insurance maintained by Grantor shall provide that:

(1) no cancellation, material change or reduction thereof with respect to the coverage in connection with the Trust Property shall be effective until at least thirty (30) days after receipt by Beneficiary of written notice thereof.

(d) Grantor shall pay the premiums for the insurance required by this paragraph 3 (the "Insurance Premiums") as they become due and payable. On or before the anniversary or inception dates of the insurance policies required by this paragraph 3, Grantor shall furnish Beneficiary with (i) original copies of all such Policies, endorsements and renewals or (ii) copies thereof certified by the insurance carrier or (iii)

certificates or binders evidencing the same and evidence of payment of premiums therefor.

(e) In order to meet the requirements of Beneficiary, the insurance companies affording insurance required pursuant to this paragraph must be with a company or companies reasonably acceptable to Beneficiary.

(f) In the event that Grantor fails to keep the Trust Property insured in compliance with this paragraph, Beneficiary may, but shall not be obligated to, obtain insurance and pay the premiums therefor and Grantor shall, on demand, reimburse Beneficiary for all sums advanced and expenses incurred in connection therewith. Such sums and expenses, together with interest thereon at the Default Rate (hereinafter defined) provided for herein, shall be part of the Debt and secured by the lien of this Deed of Trust.

(g) Grantor further covenants and agrees that in any suit or action for damages arising from the alleged negligence of Grantor in which action Beneficiary is included or made a defendant, Grantor agrees to assume all of the burden, cost and expense of the defense or settlement of such action or claim and will well and truly pay any judgment which may be obtained against Beneficiary as provided in this paragraph. Notwithstanding anything to the contrary set forth above, Beneficiary may in its discretion retain its own counsel, at Grantor's expense, to defend or settle any such action or claim.

(h) No approval by Beneficiary of any insurance company shall be construed to be a representation, certification or warranty of its solvency and no approval by Beneficiary as to the amount, type and/or form of any insurance shall be construed to be a representation, certification or warranty of its sufficiency.

4. Payment of Taxes, etc. Grantor shall pay all taxes, assessments, water rates and sewer rents, now or hereafter levied or assessed or imposed against the Trust Property or any part thereof and any interest, penalties and charges thereon (the "**Taxes**") and all ground rents, maintenance charges, other governmental impositions, and other charges, including without limitation vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Premises, now or hereafter levied or assessed or imposed against the Trust Property or any part thereof (the "**Other Charges**") as same become due and payable and before any interest, penalty or charge shall become payable provided that Grantor shall be permitted to dispute such Other Charges in good faith and by appropriate proceedings. Grantor will deliver to Beneficiary, promptly upon Beneficiary's request, evidence satisfactory to Beneficiary that the Taxes and Other Charges have been so paid or are not then delinquent. Grantor shall not suffer and shall promptly cause to be paid and discharged any lien or charge whatsoever which may be or become a lien or charge against the Trust Property, and shall promptly pay for all utility services provided to the Trust Property. Grantor shall furnish to Beneficiary or its designee receipts for the payment of the

Taxes, Other Charges and said utility services prior to the date the same shall become delinquent.

5. Escrow Fund. N/A

6. Condemnation. Grantor shall promptly give Beneficiary written notice of the actual or threatened commencement of any condemnation or eminent domain proceeding and shall deliver to Beneficiary copies of any and all papers served in connection with such proceedings. Notwithstanding any taking by any public or quasi-public authority through eminent domain or otherwise (including but not limited to any transfer made in lieu of or in anticipation of the exercise of such taking), Grantor shall continue to pay the Debt at the time and in the manner provided for its payment in the Note and in this Deed of Trust and the Debt shall not be reduced until any award or payment therefor shall have been actually received and applied by Beneficiary, after the deduction of expenses of collection, to the reduction or discharge of the Debt. Beneficiary shall not be limited to the interest paid on the award by the condemning authority but shall be entitled to receive out of the award interest at the rate or rates provided herein and in the Note. Beneficiary may apply any such award or payment to the reduction or discharge of the Debt whether or not then due and payable provided no Event of Default has occurred and is continuing. In the event that prior to the extinguishment of the Debt any such award or payment has not been paid and distributed in accordance with the terms of this Deed of Trust, and any such award or payment shall be paid after the extinguishment of the Debt, and the foreclosure of this Deed of Trust, or other transfer of title to the Trust Property shall have resulted in extinguishing the Debt for an amount less than the total of the Debt, then and in that event that portion of the payment in satisfaction of the award or payment which is equal to the difference between the total amount above referred to and the amount theretofore paid to Beneficiary shall belong to and be the property of Beneficiary and shall be paid to Beneficiary, and Grantor hereby assigns, transfers and sets over to Beneficiary all of Grantor's right, title and interest in and to said sum. The balance, if any, shall be paid to Grantor.

7. Leases and Rents. (a) Grantor does hereby absolutely and unconditionally assign to Beneficiary Grantor's right, title and interest in all current and future Leases and Rents, it being intended by Grantor that this assignment constitutes a present, absolute assignment and not an assignment for additional security only. Such assignment to Beneficiary shall not be construed to bind Beneficiary to the performance of any of the covenants, conditions or provisions contained in any such Lease or otherwise impose any obligation upon Beneficiary. Grantor agrees to execute and deliver to Beneficiary such additional instruments, in form and substance satisfactory to Beneficiary, as may hereafter be requested by Beneficiary to further evidence and confirm such assignment. Nevertheless, subject to the terms of this paragraph 7, Beneficiary grants to Grantor a revocable license to operate and manage the Trust Property and to collect the Rents. Grantor shall hold the Rents, or a portion thereof sufficient to discharge all current sums due on the Debt, in trust for the benefit of Beneficiary for use in the payment of such sums. Upon an Event of Default, the license

granted to Grantor herein shall automatically be revoked, and Beneficiary shall immediately be entitled to possession of all Rents, whether or not Beneficiary enters upon or takes control of the Trust Property. Beneficiary is hereby granted and assigned by Grantor the right, at its option, upon revocation of the license granted herein, to enter upon the Trust Property in person, by agent or by court-appointed receiver to collect the Rents. Any Rents collected after the revocation of the license may be applied toward payment of the Debt in such priority and proportions as Beneficiary in its discretion shall deem proper.

(b) Upon request, Grantor shall furnish Beneficiary with executed copies of any and all Leases. In addition, all renewals of Leases and all proposed leases shall provide for rental rates comparable to existing local market rates and shall be arms-length transactions and shall not contain rental or other concessions other than those made in the ordinary course of business. All proposed leases shall be subject to the prior approval of the Beneficiary and shall: (i) be the result of an arms-length transaction, (ii) provide for rental rates comparable to existing market rates and (iii) shall not contain any terms which would materially affect Beneficiary's rights under this Deed of Trust or the Note. Grantor (i) shall observe and perform all the obligations imposed upon the lessor under the Leases and shall not do or permit to be done anything to impair the value of the Leases as security for the Debt; (ii) upon the request of Beneficiary, shall promptly send copies to Beneficiary of all notices of default which Grantor shall send or receive thereunder; (iii) other than in the ordinary course of business and consistent with the policies and practices followed by similarly situated lessors of independent and assisted living facilities, shall enforce all of the terms, covenants and conditions contained in the Leases upon the part of the lessee thereunder to be observed or performed; (iv) shall not execute any other assignment of lessor's interest in the Leases or the Rents; or terminate the Leases or accept a surrender thereof or convey or transfer or suffer or permit a conveyance or transfer of the Premises or of any interest therein so as to effect a merger of the estates and rights of, or a termination or diminution of the obligations of, lessees thereunder; and (v) shall execute and deliver at the request of Beneficiary all such further assurances, confirmations and assignments in connection with the Trust Property as Beneficiary shall from time to time require.

8. Maintenance, Management and Use of Trust Property. Grantor shall cause the Trust Property to be maintained in a good and safe condition and repair. Grantor shall promptly comply with all laws, orders and ordinances affecting the Trust Property, or the use thereof. Grantor shall not initiate, join in, acquiesce in, or consent to any change in any private restrictive covenant, zoning law or other public or private restriction, limiting or defining the uses which may be made of the Trust Property or any part thereof. If under applicable zoning provisions the use of all or any portion of the Trust Property is or shall become a nonconforming use, Grantor will not cause or permit such nonconforming use to be discontinued or abandoned without the express written consent of Beneficiary.

9. Transfer or Encumbrance of the Trust Property. (a) Grantor acknowledges that Beneficiary has examined and relied on the creditworthiness of Grantor and experience

of Grantor in owning and operating the Trust Property in agreeing to make the loan secured hereby, and that Beneficiary will continue to rely on Grantor's ownership of the Trust Property as a means of maintaining the value of the Trust Property as security for repayment of the Debt. Grantor acknowledges that Beneficiary has a valid interest in maintaining the value of the Trust Property so as to ensure that, should Grantor default in the repayment of the Debt, Beneficiary can recover the Debt by a sale of the Trust Property. Grantor shall not, without the prior written consent of Beneficiary, sell, convey, alien, mortgage, encumber, pledge or otherwise transfer or grant a security interest in the Trust Property or any part thereof or permit the Trust Property or any part thereof to be sold, conveyed, aliened, mortgaged, encumbered, pledged or otherwise transferred. Beneficiary's consent to any sale, conveyance, mortgage, encumbrance, pledge or any other transfer or grant of a security interest in the Trust Property may be withheld in Beneficiary's sole discretion.

(b) A sale, conveyance, alienation, mortgage, encumbrance, pledge or transfer within the meaning of this paragraph 9 shall be deemed to include: (i) an installment sales agreement wherein Grantor agrees to sell the Trust Property or any part thereof for a price to be paid in installments; (ii) an agreement by Grantor leasing all or a substantial part of the Trust Property for other than actual occupancy by a space tenant thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Grantor's right, title and interest in and to any Leases or any Rents; (iii) if Grantor, or any general partner or managing member of Grantor is a corporation, the voluntary or involuntary sale, conveyance or transfer of such corporation's stock (or the stock of any corporation directly or indirectly controlling such corporation by operation of law or otherwise) or the creation or issuance of new stock by which an aggregate of more than 10% of such corporation's stock shall be vested in a party or parties who are not now stockholders; (iv) if Grantor, or any general partner or managing member of Grantor is a limited or general partnership or joint venture, the change, removal or resignation of a general partner or managing partner or the transfer of the partnership interest of any general partner or managing partner; or (v) if Grantor, or any general partner or managing member of Grantor is a limited liability company, the change, removal or resignation of a member or the transfer of the membership interest of any member or any profits or proceeds relating to such membership interest.

10. Estoppel Certificate. After request by Beneficiary, Grantor, within ten (10) days, shall furnish Beneficiary with a statement, duly acknowledged and certified, setting forth (i) the amount of the original principal amount of the Note, (ii) the unpaid principal amount of the Note, (iii) the rate of interest of the Note, (iv) the date installments of interest and/or principal were last paid, (v) any known offsets or defenses to the payment of the Debt, if any, and (vi) that the Note and this Deed of Trust are valid, legal and binding obligations and have not been modified or if modified, giving particulars of such modification.

11. N/A

12. N/A

13. N/A

14. Usury Laws. This Deed of Trust and the Note are subject to the express condition that at no time shall Grantor be obligated or required to pay interest on the Debt at a rate which could subject the holder of the Note to either civil or criminal liability as a result of being in excess of the maximum interest rate which Grantor is permitted by applicable law to contract or agree to pay. If by the terms of this Deed of Trust or the Note, Grantor is at any time required or obligated to pay interest on the Debt at a rate in excess of such maximum rate, the rate of interest under the same shall be deemed to be immediately reduced to such maximum rate and the interest payable shall be computed at such maximum rate and all prior interest payments in excess of such maximum rate shall be applied and shall be deemed to have been payments in reduction of the principal balance of the Note.

15. N/A

16. Performance of Other Agreements. Grantor shall observe and perform each and every term to be observed or performed by Grantor pursuant to the terms of any agreement or recorded instrument affecting or pertaining to the Trust Property.

17. Further Acts, etc. Grantor will, at the cost of Grantor, and without expense to Beneficiary, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers and assurances as Beneficiary shall, from time to time, require, in order to better assure, convey, assign, transfer, and confirm unto Beneficiary the property and rights hereby mortgaged, given, granted, bargained, sold, aliened, en feoffed, conveyed, confirmed, pledged, assigned and hypothecated or intended now so to be, or which Grantor may be or may hereafter become bound to convey or assign to Beneficiary, or for carrying out the intention or facilitating the performance of the terms of this Deed of Trust or for filing, registering or recording this Deed of Trust. Grantor, on demand, will execute and deliver and hereby authorizes Beneficiary to execute in the name of Grantor or without the signature of Grantor to the extent Beneficiary may lawfully do so, one or more financing statements, chattel mortgages or other instruments, to evidence more effectively the security interest of Beneficiary in the Trust Property. Effective upon Grantor's failure to comply with a request under this Section 17 for five (5) business days, Grantor grants to Beneficiary an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to Beneficiary at law and in equity, including without limitation such rights and remedies available to Beneficiary pursuant to this paragraph 17.

18. Recording of Deed of Trust, etc. Grantor upon the execution and delivery of this Deed of Trust and thereafter, from time to time, will cause this Deed of Trust, and any security instrument creating a lien or security interest or evidencing the lien hereof upon the Trust Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or

future law in order to publish notice of and fully to protect the lien or security interest hereof upon, and the interest of Beneficiary in, the Trust Property. Grantor will pay all filing, registration or recording fees, and all expenses incident to the preparation, execution and acknowledgment of this Deed of Trust, any deed of trust or mortgage supplemental hereto, any security instrument with respect to the Trust Property and any instrument of further assurance, and all federal, state, county and municipal, taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Deed of Trust, any deed of trust or mortgage supplemental hereto, any security instrument with respect to the Trust Property or any instrument of further assurance, except where prohibited by law so to do. Grantor shall hold harmless and indemnify Beneficiary, its successors and assigns, against any liability incurred by reason of the imposition of any tax on the making and recording of this Deed of Trust.

19. Prepayment. If permitted by the Note, the Debt may be prepaid in accordance with the terms thereof.

20. Events of Default. The Debt shall become immediately due and payable at the option of Beneficiary upon any one or more of the following events ("Event of Default"):

(a) if any portion of the Debt is not paid within ten (10) days after the same is due;

(b) if any of the Taxes are not paid when the same is due and payable;

(c) if the Policies are not kept in full force and effect, or if the Policies are not assigned and delivered to Beneficiary upon request;

(d) if Grantor violates or does not comply with any of the provisions of paragraphs 9 or 33;

(e) if Grantor shall make an assignment for the benefit of creditors or if Grantor shall generally not be paying its debts as they become due or admit in writing its inability to pay its debts as they become due;

(f) if a receiver, liquidator or trustee of Grantor shall be appointed or if Grantor shall be adjudicated a bankrupt or insolvent, or if any petition for bankruptcy, reorganization or arrangement pursuant to federal bankruptcy law, or any similar federal or state law, shall be filed by or against, consented to, or acquiesced in by, Grantor or if any proceeding for the dissolution or liquidation of Grantor shall be instituted; however, if such appointment, adjudication, petition or proceeding was involuntary and not consented to by Grantor upon the same not being discharged, stayed or dismissed within sixty (60) days;

(g) if Grantor fails to preserve its existence as an entity duly organized, validly existing and active under the laws of the jurisdiction of its organization or formation, or if an event occurs which causes the dissolution of Grantor;

(h) if Grantor shall be in default under any other deed of trust, mortgage or security agreement covering any part of the Trust Property whether it be superior or junior in lien to this Deed of Trust;

(i) if the Trust Property becomes subject to any mechanic's, materialman's or other lien other than a lien for local real estate taxes and assessments not then due and payable and such lien shall remain undischarged of record (by payment, bonding or otherwise) for a period of sixty (60) days;

(j) if Grantor fails to cure promptly any deficiencies or violations of laws or ordinances affecting or which may be reasonably interpreted to affect the Trust Property, including but not limited to, the use and licensing requirements of and timely curing of deficiencies identified by those regulatory authorities having jurisdiction over the Trust Property and the use thereof as an independent and assisted living facility;

(k) if the Trust Property is subject to intentional acts of actual physical waste or arson; or

(l) if Grantor shall continue to be in default under any term, covenant or condition of the Note or this Deed of Trust including those set forth above, for ten (10) days after notice from Beneficiary in the case of any default which can be cured by the payment of a sum of money or for thirty (30) days after notice from Beneficiary in the case of any other default.

21. Default Interest. Upon the occurrence and during the continuance of any Event of Default, Grantor will pay interest on the unpaid principal balance of the Note at the rate of ten percent (10%) per annum, or at the maximum interest rate which Grantor may by law pay, whichever is lower (the "**Default Rate**"). The Default Rate shall be computed from the occurrence of the Event of Default until such Event of Default is cured. This charge shall be added to the Debt and secured by this Deed of Trust.

22. Right to Cure Defaults. Upon the occurrence of any Event of Default or if Grantor fails to make any payment or to do any act as herein provided, Beneficiary may, but without any obligation to do so and without notice to or demand on Grantor and without releasing Grantor from any obligation hereunder, make or do the same in such manner and to such extent as Beneficiary may deem necessary to protect the security hereof. Beneficiary is authorized to enter upon the Trust Property for such purposes, or appear in, defend, or bring any action or proceeding to protect its interest in the Trust Property or to foreclose this Deed of Trust or collect the Debt, and the cost and expense thereof (including reasonable attorneys' fees to the extent permitted by law), with interest as provided in this paragraph, shall constitute a portion of the Debt and shall be due and payable to Beneficiary upon demand. All such costs and expenses incurred by

Beneficiary in remedying such Event of Default or in appearing in, defending, or bringing any such action or proceeding shall bear interest at the Default Rate, for the period after notice from Beneficiary that such cost or expense was incurred to the date of payment to Beneficiary. All such costs and expenses incurred by Beneficiary together with interest thereon calculated at the Default Rate shall be deemed to constitute a portion of the Debt and be secured by this Deed of Trust and shall be immediately due and payable upon demand by Beneficiary therefor.

23. Late Payment Charge. If any sum payable under the Note (other than the sum due on the Maturity Date) is not paid within 10 days of the date on which it is due, Grantor shall pay to Beneficiary an amount equal to the lesser of five percent (5%) of such unpaid sum or the maximum amount permitted by applicable law to defray the expenses incurred by Beneficiary in handling and processing such delinquent payment and such amount shall be secured by the Deed of Trust.

24. N/A

25. Right of Entry. Beneficiary and its agents shall have the right to enter and inspect the Trust Property at all reasonable times and at any time following an Event of Default, subject to the rights of the tenants under the Leases.

26. Remedies. (a) Upon the occurrence of any Event of Default, Beneficiary may take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Grantor and in and to the Trust Property, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as Beneficiary may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Beneficiary:

(i) declare the entire unpaid Debt to be immediately due and payable;

(ii) institute proceedings for the complete foreclosure of this Deed of Trust in which case the Trust Property or any interest therein may be sold for cash or upon credit in one or more parcels or in several interests or portions and in any order or manner;

(iii) with or without entry, to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Deed of Trust for the portion of the Debt then due and payable, subject to the continuing lien of this Deed of Trust for the balance of the Debt not then due;

(iv) sell for cash or upon credit the Trust Property or any part thereof and all estate, claim, demand, right, title and interest of Grantor therein and rights of redemption thereof, pursuant to power of sale or

otherwise, at one or more sales, as an entity or in parcels, at such time and place, upon such terms and after such notice thereof as may be required or permitted by law;

(v) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein or in the Note;

(vi) recover judgment on the Note either before, during or after any proceedings for the enforcement of this Deed of Trust;

(vii) apply for the appointment of a trustee, receiver, liquidator or conservator of the Trust Property, with such notice as may be required by applicable law but without regard for the adequacy of the security for the Debt and without regard for the solvency of Grantor, or of any person, firm or other entity liable for the payment of the Debt;

(viii) enforce Beneficiary's interest in the Leases and Rents and enter into or upon the Trust Property, either personally or by its agents, nominees or attorneys and dispossess Grantor and its agents and servants therefrom, and thereupon Beneficiary may (A) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the Trust Property and conduct the business thereat; (B) complete any construction on the Trust Property in such manner and form as Beneficiary deems advisable; (C) make alterations, additions, renewals, replacements and improvements to or on the Trust Property; (D) exercise all rights and powers of Grantor with respect to the Trust Property, whether in the name of Grantor or otherwise, including, without limitation, the right to make, cancel, enforce or modify leases, obtain and evict tenants, and demand, sue for, collect and receive all earnings, revenues, rents, issues, profits and other income of the Trust Property and every part thereof; or (E) apply the receipts from the Trust Property to the payment of the Debt, after deducting therefrom all expenses (including reasonable attorneys' fees) incurred in connection with the aforesaid operations and all amounts necessary to pay the taxes, assessments insurance and other charges in connection with the Trust Property, as well as just and reasonable compensation for the services of Beneficiary, its counsel, agents and employees; or

(ix) pursue such other rights or remedies as may be available at law or in equity.

In the event of a sale, by foreclosure or otherwise, of less than all of the Trust Property, this Deed of Trust shall continue as a lien on the remaining portion of the Trust Property.

(b) The proceeds of any sale made under or by virtue of this paragraph, together with any other sums which then may be held by Beneficiary under this Deed of Trust, whether under the provisions of this paragraph or otherwise, shall be applied by Beneficiary to the payment of the Debt in such priority and proportions as Beneficiary in its discretion shall deem proper but in accordance with applicable law.

(c) Trustee may adjourn from time to time any sale by it to be made under or by virtue of this Deed of Trust by announcement at the time and place appointed for such sale or for such adjourned sale or sales; and, except as otherwise provided by any applicable provision of law, Trustee, without further notice or publication, may make such sale at the time and place to which the same shall be so adjourned.

(d) Upon the completion of any sale made by Trustee under or by virtue of this paragraph, Trustee, or an officer of any court empowered to do so, shall execute and deliver to the accepted purchaser a good and sufficient instrument conveying, assigning and transferring all estate, right, title and interest in and to the property and rights sold. Beneficiary is hereby irrevocably appointed the true and lawful attorney of Grantor, in its name and stead, to make all necessary conveyances, assignments, transfers and deliveries of the Trust Property and rights so sold and for that purpose Beneficiary may execute all necessary instruments of conveyance, assignment and transfer, and may substitute one or more persons with like power, Grantor hereby ratifying and confirming all that its said attorney or such substitute shall lawfully do by virtue hereof. Any sale made under or by virtue of this paragraph, whether made under the power of sale herein granted or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, shall, to the extent allowed by applicable law, operate to divest all the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of Grantor in and to the property and rights so sold, and shall be a perpetual bar both at law and in equity against Grantor and against any and all persons claiming or who may claim the same, or any part thereof from, through or under Grantor.

(e) Upon any sale made under or by virtue of this paragraph, whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, Beneficiary may bid for and acquire the Trust Property or any part thereof and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the Debt the net sales price after deducting therefrom the expenses of the sale and costs of the action and any other sums which Beneficiary is authorized to deduct under this Deed of Trust.

(f) No recovery of any judgment by Beneficiary and no levy of an execution under any judgment upon the Trust Property or upon any other property of Grantor shall affect in any manner or to any extent the lien of this Deed of Trust upon the Trust Property or any part thereof, or any liens, rights, powers or remedies of Beneficiary hereunder, but such liens, rights, powers and remedies of Beneficiary shall continue unimpaired as before.

27. Reasonable Use and Occupancy. In addition to the rights which Beneficiary may have herein, upon the occurrence of any Event of Default, Beneficiary, at its option, may require Grantor to pay monthly in advance to Beneficiary, or any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of such part of the Trust Property as may be occupied by Grantor or may require Grantor to vacate and surrender possession of the Trust Property to Beneficiary or to such receiver and, in default thereof, Grantor may be evicted by summary proceedings or otherwise.

28. N/A

29. Actions and Proceedings. Beneficiary or Trustee has the right to appear in and defend any action or proceeding brought with respect to the Trust Property and to bring any action or proceeding, in the name and on behalf of Grantor, which Beneficiary, in its discretion, decides should be brought to protect their interest in the Trust Property. Beneficiary shall, at its option, be subrogated to the lien of any deed of trust, mortgage or other security instrument discharged in whole or in part by the Debt, and any such subrogation rights shall constitute additional security for the payment of the Debt. Grantor shall pay all legal fees in connection with the exercise of Beneficiary's rights under this paragraph.

30. Waiver of Counterclaim. Grantor, in conjunction with its representation by competent legal counsel of its choice, hereby waives the right to assert a counterclaim, other than a mandatory or compulsory counterclaim, in any action or proceeding brought against it by Beneficiary, and waives trial by jury in any action or proceeding brought by either party hereto against the other or in any counterclaim asserted by Beneficiary against Grantor, or in any matters whatsoever arising out of or in any way connected with this Deed of Trust, the Note, or the Debt.

31. Recovery of Sums Required To Be Paid. Beneficiary shall have the right from time to time to take action to recover any sum or sums which constitute a part of the Debt as the same become due, without regard to whether or not the balance of the Debt shall be due, and without prejudice to the right of Beneficiary or Trustee thereafter to bring an action of foreclosure, or any other action, for a default or defaults by Grantor existing at the time such earlier action was commenced.

32. N/A

33. Hazardous Materials. Grantor hereby represents and warrants to Beneficiary that, to the best of Grantor's knowledge, after due inquiry and investigation: (a) the Trust Property is not in violation of any local, state, federal or other governmental authority, statute, ordinance, code, order, decree, law, rule or regulation pertaining to or imposing liability or standards of conduct concerning environmental regulation, contamination or clean-up including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, as amended ("CERCLA"), the Resource Conservation and Recovery Act, as amended ("RCRA"), and any state super-lien and environmental

clean-up statutes (collectively, "**Environmental Laws**"), (b) the Trust Property is not subject to any private or governmental lien or judicial or administrative notice or action relating to hazardous or toxic, dangerous or regulated, substances, wastes, materials, pollutants or contaminants, petroleum or polychlorinated biphenyls (including, without limitation, any raw materials which include hazardous constituents) and any other substances or materials which are included under or regulated by Environmental Laws (collectively, "**Hazardous Materials**"); (c) no Hazardous Materials are, or have been prior to Grantor's acquisition of the Trust Property, discharged, generated, treated, disposed of or stored on, incorporated in, or removed or transported from the Trust Property otherwise than in compliance with all Environmental Laws; and (d) no underground storage tanks exist on or under any of the Trust Property. As long as Grantor owns or is in possession of the Trust Property, Grantor shall keep or cause the Trust Property to be kept free from Hazardous Materials and in compliance with all Environmental Laws, shall promptly notify Beneficiary if Grantor shall become aware of any Hazardous Materials on the Trust Property, and/or if Grantor shall become aware that the Trust Property is in direct or indirect violation of any Environmental Laws and Grantor shall remove such Hazardous Materials and/or cure such violations, as applicable, as required by law, promptly after Grantor becomes aware of same at Grantor's sole expense. Nothing herein shall prevent Grantor from recovering such expenses from any other party that may be liable for such removal or cure. In the event of (i) a change in the use of the Trust Property, (ii) any material revision to any Environmental Law affecting the Trust Property, or (iii) any event giving Beneficiary reasonable grounds to believe further environmental study of the Trust Property is appropriate, Grantor shall provide at Grantor's sole expense an inspection or audit of the Trust Property prepared by a licensed hydrogeologist or licensed environmental engineer approved by Beneficiary indicating the presence or absence of Hazardous Materials on the Trust Property. If Grantor fails to provide such inspection or audit within thirty (30) days after such request Beneficiary may order same, and the cost of such inspection or audit shall be added to the principal balance of the sums due under the Note and this Deed of Trust and shall bear interest thereafter until paid at the Default Rate. Beneficiary shall have the right at all other times, at Beneficiary's sole expense, including repair of any material damage to the Trust Property caused solely by such activities, to retain a licensed hydrologist or licensed environmental engineer to perform an inspection or audit of the Trust Property so long as such inspection or audit does not materially interfere with Grantor's operation of the Trust Property. The obligations and liabilities of Grantor under this paragraph 33 shall survive any termination, satisfaction or assignments of this Deed of Trust and the exercise by Beneficiary of any of its rights or remedies hereunder, including without limitation the entry of a judgment of foreclosure or the acquisition of the Trust Property by foreclosure or a conveyance in lieu of foreclosure of this Deed of Trust. Grantor shall not be prohibited from the safe and lawful use and storage of quantities of (1) pre-packaged supplies, cleaning materials and petroleum products customarily used in the operation and maintenance of comparable multifamily properties, (2) cleaning materials, personal grooming items and other items sold in pre-packaged containers for consumer use and used by tenants and occupants of residential dwelling units in the Trust Property; and (3) petroleum products used in the operation and maintenance of motor vehicles from time to time located on

the Property's parking areas, so long as all of the foregoing are used, stored, handled, transported and disposed of in compliance with Hazardous Materials laws.

34. N/A

35. Indemnification. Grantor shall protect, defend, indemnify and save harmless Beneficiary from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) imposed upon or incurred by or asserted against Beneficiary ("**Losses**") by reason of: (a) ownership of this Deed of Trust, the Trust Property or any interest therein or receipt of any Rents; (b) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Trust Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (c) any use, nonuse or condition in, on or about the Trust Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (d) any failure on the part of Grantor to perform or comply with any of the terms of this Deed of Trust; (e) performance of any labor or services or the furnishing of any materials or other property in respect of the Trust Property or any part thereof; (f) the presence, disposal, escape, seepage, leakage, spillage, discharge, emission, release, or threatened release of any Hazardous Materials on, at, under, from, or affecting the Trust Property or any other property or the presence of Asbestos on the Trust Property; (g) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials; (h) any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials; or (i) any violation of laws, orders, regulations, requirements, or demands of government authorities, which are based upon or in any way related to such Hazardous Materials including, without limitation, the costs and expenses of any remedial action, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses. Any amounts payable to Beneficiary by reason of the application of this paragraph shall become immediately due and payable and shall bear interest at the Default Rate from the date loss or damage is sustained by Beneficiary until paid. The obligations and liabilities of Grantor under this paragraph shall survive any termination, satisfaction or assignment of this Deed of Trust and the exercise by Beneficiary of any of its rights or remedies hereunder, including without limitation, the entry of a judgment of foreclosure or the acquisition of the Trust Property by foreclosure or a conveyance in lieu of foreclosure. Notwithstanding anything to the contrary herein, Grantor shall not be liable for any Losses caused solely by Beneficiary's willful misconduct.

36. Notices. All notices or other written communications hereunder shall be deemed to have been properly given (i) upon delivery, if delivered in person or by facsimile transmission (with a delivery confirmation), (ii) one (1) Business Day (defined below) after having been deposited for overnight delivery with any reputable overnight courier service, or (iii) three (3) Business Days after having been deposited in any post office or mail depository regularly maintained by the U.S. Postal Service and sent by

registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to Grantor:

Alan Wells
202 NW 6th St.
Corvallis, OR 97330

If to Beneficiary:

Marc D. Mezzetta
PO Box 2167
Sonoma, CA 95476

or addressed as such party may from time to time designate by written notice to the other parties. Either party by notice to the other may designate additional or different addresses for subsequent notices or communications. "Business Day" shall mean a day upon which commercial banks are not authorized or required by law to close in Oregon.

37. Authority. (a) Grantor (and the undersigned representative of Grantor, if any) has full power, authority and legal right to execute, deliver and perform its obligations pursuant to this Deed of Trust, and to mortgage, give, grant, bargain, sell, alien, en feoff, convey, confirm, pledge, hypothecate, assign and grant a security interest in the Trust Property pursuant to the terms hereof and to keep and observe all of the terms of this Deed of Trust on Grantor's part to be performed. (b) Grantor represents and warrants that Grantor is not a "foreign person" within the meaning of 1445(f)(3) of the Internal Revenue Code of 1986, as amended and the related Treasury Department regulations, including temporary regulations.

38. Lot Releases. Not Applicable

39. Sole Discretion of Beneficiary. Wherever pursuant to this Deed of Trust, Beneficiary exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to Beneficiary, the decision of Beneficiary to approve or disapprove or to decide that arrangements or terms are satisfactory or not satisfactory shall be in the sole discretion of Beneficiary and shall be final and conclusive, except as may be otherwise expressly and specifically provided herein.

40. Non-Waiver. The failure of Beneficiary or Trustee to insist upon strict performance of any term hereof shall not be deemed to be a waiver of any term of this Deed of Trust. Grantor shall not be relieved of Grantor's obligations hereunder by reason of (a) the failure of Beneficiary or Trustee to comply with any request of Grantor to take any action to foreclose this Deed of Trust or otherwise enforce any of the

provisions hereof or of the Note, (b) the release, regardless of consideration, of the whole or any part of the Trust Property, or of any person liable for the Debt or any portion thereof, or (c) any agreement or stipulation by Beneficiary extending the time of payment or otherwise modifying or supplementing the terms of the Note or this Deed of Trust. Beneficiary may resort for the payment of the Debt to any other security held by Beneficiary in such order and manner as Beneficiary, in its discretion, may elect. Beneficiary or Trustee may take action to recover the Debt, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of Beneficiary or Trustee thereafter to foreclose this Deed of Trust. The rights and remedies of Beneficiary or Trustee under this Deed of Trust shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Beneficiary or Trustee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision. Trustee or Beneficiary shall not be limited exclusively to the rights and remedies herein stated but shall be entitled to every right and remedy now or hereafter afforded at law or in equity.

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

42. Liability. If Grantor consists of more than one person, the obligations and liabilities of each such person hereunder shall be joint and several. This Deed of Trust shall be binding upon and inure to the benefit of Grantor and Beneficiary and their respective successors and assigns forever; however, nothing in this paragraph shall be deemed to modify the provisions of paragraph 9 of this Deed of Trust regarding a transfer of the Trust Property.

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

44. Headings, etc. The headings and captions of various paragraphs of this Deed of Trust are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

45. Duplicate Originals. This Deed of Trust may be executed in any number of duplicate originals and each such duplicate original shall be deemed to be an original.

46. Power of Sale. (a) Upon default by Grantor in payment of any indebtedness secured hereby or in its performance of any agreement hereunder, the Beneficiary may declare all sums secured hereby immediately due and payable. In such an event the Beneficiary at his election may proceed to foreclose this Deed of Trust in equity as a mortgage or direct the Trustee to foreclose this Deed of Trust by advertisement and sale. In the latter event the Beneficiary or the Trustee shall execute and cause to be

recorded a written notice of default and its election to sell the Trust Property to satisfy the obligation secured hereby whereupon the Trustee shall fix the time and place of sale, give notice thereof as then required by law and proceed to foreclose this Deed of Trust in the manner provided in ORS 86.735 to 86.795. (b) After the Trustee has commenced foreclosure by advertisement and sale, and at any time prior to five days before the date the Trustee conducts the sale, the Grantor or any other person so privileged by ORS 86.753, may cure the default or defaults. If the default consists of a failure to pay, when due, sums secured by the Deed of Trust, the default may be cured by paying the entire amount due at the time of the cure, other than such portion as would not then be due had no default occurred. Any other default that is capable of being cured may be cured by tendering the performance required under the Deed of Trust or the obligation secured by the Deed of Trust. In any case, in addition to curing the default or defaults, the person effecting the cure shall pay to the Beneficiary all costs and expenses actually incurred in enforcing the obligation of the Deed of Trust together with Trustee's and attorney's fees not exceeding the amounts provided by law. (c) Otherwise, the sale shall be held on the date and at the time and place designated in the notice of sale or the time to which said sale may be postponed as provided by law. The Trustee may sell the Trust Property either in one parcel or in separate parcels and shall sell the parcel or parcels at auction to the highest bidder for cash, payable at the time of sale. Trustee shall deliver to the purchaser its deed in form as required by law conveying the mortgaged property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters of fact shall be conclusive proof of the truthfulness thereof. Any person, excluding the Trustee, but including the Grantor and Beneficiary, may purchase at the sale. (d) When Trustee sells pursuant to the powers provided herein, Trustee shall apply the proceeds of sale to payment of (1) the expense of sale, including the compensation of the Trustee and a reasonable charge by Trustee's attorney, (2) to the obligation secured by the Deed of Trust, (3) to all persons having recorded liens subsequent to the interest of the Trustee as their interests may appear in the order of their priority and (4) the surplus, if any, to the Grantor or to its successor in interest entitled to such surplus.

47. Concerning the Trustee. Trustee shall be under no duty to take any action hereunder except as expressly required hereunder or by law, or to perform any act which would involve Trustee in any expense or liability or to institute or defend any suit in respect hereof, unless properly indemnified to Trustee's reasonable satisfaction. Trustee, by acceptance of this Deed of Trust, covenants to perform and fulfill the trusts herein created, being liable, however, only for gross negligence or willful misconduct, and hereby waives any statutory fee and agrees to accept reasonable compensation, in lieu thereof, for any services rendered by Trustee in accordance with the terms hereof. Trustee may resign at any time upon giving thirty (30) days' notice to Grantor and to Beneficiary. Beneficiary may remove Trustee at any time or from time to time and select a successor trustee. In the event of the death, removal, resignation, refusal to act, or inability to act of Trustee, or in its sole discretion for any reason whatsoever Beneficiary may, without notice and without specifying any reason therefor and without applying to any court, select and appoint a successor trustee, by an instrument recorded wherever this Deed of Trust is recorded and all powers, rights, duties and authority of Trustee, as

aforesaid, shall thereupon become vested in such successor. Such substitute trustee shall not be required to give bond for the faithful performance of the duties of Trustee hereunder unless required by Beneficiary. The procedure provided for in this paragraph for substitution of Trustee shall be in addition to and not in exclusion of any other provisions for substitution, by law or otherwise.

48. Trustee's Fees. Grantor shall pay all costs, fees and expenses incurred by Trustee and Trustee's agents and counsel in connection with the performance by Trustee of Trustee's duties hereunder and all such reasonable costs, fees and expenses shall be secured by this Deed of Trust.

49. Definitions. Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Deed of Trust may be used interchangeably in singular or plural form and the word "Grantor" shall mean "each Grantor and any subsequent owner or owners of the Trust Property or any part thereof or any interest therein," the word "Beneficiary" shall mean "Beneficiary and any subsequent holder of the Note, the word "Trustee" shall mean "Trustee and any subsequent holder of this Deed of Trust," the word the word "Note" shall mean "the Note and any other evidence of indebtedness secured by this Deed of Trust," the word "person" shall include an individual, corporation, partnership, trust, unincorporated association, government, governmental authority, and any other entity, and the words "Trust Property" shall include any portion of the Trust Property and any interest therein. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

50. Assignments. Beneficiary shall have the right, at no cost to Grantor, to assign (in whole or in part), transfer or sell participations in its rights under this Deed of Trust without limitation. Any Assignee or transferee shall be entitled to all the benefits afforded Beneficiary under this Deed of Trust.

51. Appointment of Co-Trustee. If Beneficiary deems it necessary or desirable for the purpose of meeting any legal requirements applicable to it in the performance of its duties hereunder, Beneficiary may appoint a co-trustee or sub-trustee with such powers of Beneficiary as may be designated by Beneficiary at the time of such appointment. The rights, powers, duties and obligations conferred or imposed upon the co-trustee shall be limited to those rights, powers, duties and obligations to be exercised or performed under this Deed of Trust as required by the law of the state in which the Trust Property is located with respect to respect to the Trust Property, which, to the extent required by the law of such state, need to be exercised or performed exclusively by a co-trustee. All other rights, powers, duties and obligations with respect to the Deed of Trust shall remain with the Beneficiary.

52. N/A

53. N/A

54. Governing Law. This Deed of Trust shall be deemed to be a contract entered into pursuant to the laws of the State of Oregon and shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State of Oregon.

55. N/A.

56. Attorney's Fees. Grantor shall pay all reasonable costs, fees and expenses of this Deed of Trust, including the cost of title search, as well as the other costs and expenses of the Trustee and Beneficiary incurred in connection with or in enforcing this obligation, including the Trustee and/or Beneficiary's attorney's fees actually incurred at trial or on an appeal thereof, except that if Grantor is the prevailing party at any such trial or appeal thereof, Beneficiary shall pay Grantor's attorney's fees.

57. N/A

58. Warning Regarding Insurance. WARNING FROM BENEFICIARY TO GRANTOR UNLESS YOU PROVIDE US WITH EVIDENCE OF THE INSURANCE COVERAGE AS REQUIRED BY THIS DEED OF TRUST, WE MAY PURCHASE INSURANCE AT YOUR EXPENSE TO PROTECT OUR INTEREST. THIS INSURANCE MAY, BUT NEED NOT, ALSO PROTECT YOUR INTEREST. IF THE COLLATERAL 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 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.

59. Maturity Date. The maturity date of the Note and Deed of Trust is on or before December 31, 2024.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned Grantor has caused this Deed of Trust to be executed by its duly authorized representative on the date of the acknowledgment of the Grantor's signature below, to be effective as of the day and year first above written.

GRANTOR:

Alan R. Wells, Trustee of the Alan R. Wells Revocable Trust UTD October 28, 2011

By: [Signature]
Alan R. Wells, Trustee

STATE OF OREGON)
COUNTY OF BENTON) ss.)

This instrument was acknowledged before me on Feb 9, ²⁰¹⁵~~2014~~, by Alan R. Wells as Trustee of the Wells Revocable, and as on behalf of trustee Trust

[Signature]
Notary Public for Oregon

My commission expires: 3/2/2015

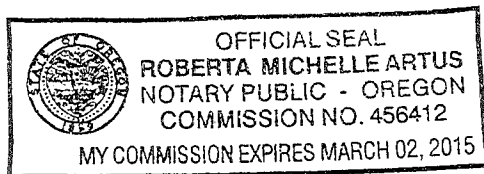


EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL 1:

The following described property in the NE1/4 NW1/4 of Section 18, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, described as follows:

Beginning at a point on the Westerly right of way line of the Old Dalles – California Highway which bears North 89° 42' West 770.8 feet; thence South 6° 2' West 343.1 feet from 1/4 corner common to Sections 7 and 18, Township 38 South, Range 9 East of the Willamette Meridian; thence along Westerly line of highway South 6° 2' West 575.3 feet; thence South 16° 26' West 73.8 feet; thence North 89° 42' West 475.4 feet; thence along the forty line North 2° 32' East 643.8 feet; thence South 89° 42' East 528.4 feet to the place of beginning, being a portion of the NE1/4 NW1/4 of Section 18, Township 38 South, Range 9 East of the Willamette Meridian.

EXCEPTING therefrom that portion lying Westerly of the Oregon State Highway described in Volume 272, page 92, Deed Records of Klamath County, Oregon

ALSO SAVING AND EXCEPTING that portion lying within the boundaries of the Oregon State Highway as described in Volume 135, page 571, Deed Records of Klamath County, Oregon.

PARCEL 2:

A tract of land lying in the NE1/4NW1/4 of Section 18, Township 38 South, Range 9 East of the Willamette Meridian, more particularly described as follows: Beginning at a point on the Easterly right of way line of the Dalles – California Highway, which bears North 89°42' West a distance of 710.5 feet and thence South 6°02' West a distance of 309.1 feet from the quarter corner common to Section 7 and 18, Township 38 South, Range 9 East of the Willamette Meridian, and running thence: South 89°09' East a distance of 300 feet to a point; thence South 6°02' West a distance of 145.9 feet to a point; thence North 89°09' West a distance of 300 feet to a point on the Easterly right of way line of the Dalles-California Highway; thence, following the Easterly right of way line to the Dalles-California Highway, North 6°02' East a distance of 145.9 feet to the point of beginning.

(Legal Description Continued)

PARCEL 3:

A tract of land situated in the NE1/4 NW1/4 of Section 18, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, described as follows:

Beginning at an iron pin on the Westerly right of way line of the original Dalles-California Highway (now known as Wocus Road) which lies North 89°42' West a distance of 770.8 feet and South 6°02' West a distance of 181.6 feet from the iron pin which marks the quarter section corner common to Sections 7 and 18, Township 38 South, Range 9 East of the Willamette Meridian and running thence: continuing South 6° 02' West along the Westerly right of way line of the original Dalles – California Highway a distance of 161.5 feet to an iron pin; thence North 89° 42' West parallel to the North line of said Section 18 a distance of 528.4 feet to an iron pin on the 40 line; thence North 2° 32' East along the 40 line a distance of 160.7 feet to an iron pin; thence South 89° 42' East parallel to the North line of said Section 18 a distance of 538.1 feet, more or less, to the point of beginning, EXCEPTING THEREFROM that portion thereof conveyed to the State of Oregon, by and through its State Highway Commission by deed recorded in Volume 135, Page 324, Deed records of Klamath County, Oregon, AND EXCEPTING THEREFROM any portion thereof lying west of the relocated The Dalles – California Highway (U.S. Highway 97)

TOGETHER WITH the following described tract of land: Beginning at a point on the Easterly right of way line of the Dalles – California Highway (U.S. Highway 97), said point being North 06° 41' 36" West 0.99 feet from the Southeast corner of that parcel described in Volume 135, Page 511, Deed Records of Klamath County, Oregon; thence South 88° 16' 38" West 4.14 feet; thence South 05° 56' 28" East 0.84 feet to the South line of said parcel and the North line of that parcel described as Parcel 1 in Volume 135, Page 324, Deed Records of Klamath County, Oregon; thence continuing South 05° 56' 28" East 0.84 feet to the South line of said parcel and the North line of that parcel described as Parcel 1 in Volume 135, Page 324, Deed Records of Klamath County, Oregon; thence continuing South 05° 56' 28" East 161.65 feet to the South line of said Parcel 1 and the North line of that parcel described Volume 135, Page 571, Deed Records of Klamath County, Oregon; thence continuing South 05° 56' 28" East 4.96 feet; thence South 89° 35' 46" East 4.42 feet to said Easterly right of way line; thence Northerly along the arc of a 7212.00 foot radius curve to the left through a delta angle of 0° 02' 22", the long chord of which bears North 05° 23' 07" West 4.96 feet, to the Northeast corner of said parcel and the Southeast corner of that parcel described as Parcel 1 in Volume 135, Page 324, Deed Records of Klamath County, Oregon; thence Northerly along the Easterly line of said Parcel 1 161.69 feet on the arc of a 7212.00 foot radius curve to the left through a delta angle of 1° 17' 04", the long cord of which bears North 06° 02' 50" West 161.68 feet, to the Northeast corner of said Parcel 1 and the Southeast corner of that parcel described in Volume 135, Page 511, Deed Records of Klamath County, Oregon; thence Northerly along the East line of said Parcel 0.99 feet on the arc of a 7212.00 foot radius curve to the left through a delta angle 00°00'28", the long chord of which bears North 06°41'36" West 0.99 feet, to the point of beginning;