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Landmark Law Group, Inc.
406 Broadway, Suite 350G
Santa Monica, California 90401
Attention: Gulwinder Singh

**FIRST PRIORITY DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS
AND LEASES AND FIXTURE FILING**

by and from

PAHLISCH HOMES AT PHEASANT RUN LIMITED PARTNERSHIP,
An Oregon limited partnership
210 SW Wilson Avenue, #100, Bend, Oregon 97702
"Grantor"

to

FIDELITY NATIONAL TITLE COMPANY
5400 Meadows Road, Suite 100, Lake Oswego, OR 97035
"Trustee"

for the benefit of

TIG MODEL FUND I, LLC, A California Limited Liability Company
Three Hughes, Irvine, California 92618 Attn: Alan Toffoli
"Beneficiary"

Dated as of October 10, 2016

3834 Birddog Drive, Klamath Falls, OR, Klamath County
This Deed of Trust secures a \$2,200,000 Promissory Note, which is secured by the Mortgaged
Property.

**THIS FIRST PRIORITY DEED OF TRUST SECURES A PROMISSORY NOTE WHICH REQUIRES A BALLOON
PAYMENT ON MATURITY**

ATTENTION: COUNTY RECORDER: This Deed of Trust covers goods which are or are to become affixed to or fixtures on the land described in Exhibit A attached hereto and is to be filed for record in the records where deeds of trust on real estate are recorded. Additionally, this instrument should be appropriately indexed, not only as a deed of trust, but also as a Financing Statement covering goods that are or are to become fixtures on the real property described herein. The mailing addresses of the Grantor (Debtor) and Beneficiary (Secured Party) are set forth in the Preamble of this Deed of Trust. The term "Grantor"

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shall be synonymous with the term "Trustor." This Deed of Trust secures a \$2,200,000 Promissory Note, which is secured by the Mortgaged Property.

**FIRST PRIORITY DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS
AND LEASES AND FIXTURE FILING**

THIS FIRST PRIORITY DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND LEASES AND FIXTURE FILING (this "Deed of Trust") is dated as of the date written above by and from **PAHLISCH HOMES AT PHEASANT RUN LIMITED PARTNERSHIP** an Oregon limited partnership with an address at 63088 NE 18th Street, Bend, OR 97701 (the "Grantor") to **FIDELITY NATIONAL TITLE COMPANY** ("Trustee"), with an address at 5400 Meadows Road, Suite 100, Lake Oswego, OR 97035 for the benefit of **TIG MODEL FUND I, LLC**, a California limited liability company with an address of Three Hughes, Irvine, California 92618 Attn: Alan Toffoli ("Beneficiary").

ARTICLE 1
DEFINITIONS

Section 1.1 Definitions. All capitalized terms used herein without definition shall have the respective meanings ascribed to them in that certain Promissory Note (as defined below). As used herein, the following terms shall have the following meanings:

(a) **"Agent"** shall have the meaning ascribed to it in the Promissory Note. Agent may act on behalf of the Beneficiary as provided in the Note.

(b) **"Indebtedness"**: (1) All indebtedness of Grantor to Beneficiary, including, without limitation, the sum of all (a) principal, interest and other amounts evidenced or secured by the Loan Documents as they may be amended, extended or otherwise changed from time to time, and (b) principal, interest and other amounts which may hereafter be loaned by Beneficiary under or in connection with the Promissory Note or any of the other Loan Documents, whether evidenced by a promissory note or other instrument which, by its terms, is secured hereby, and (2) all other indebtedness, obligations and liabilities now or hereafter existing of any kind of Grantor to Beneficiary under documents which recite that they are intended to be secured by this Deed of Trust.

(c) **"Loan Documents"**: The Promissory Note, this Deed of Trust, the Guaranty (as defined in the Promissory Note) and any other documents delivered by Grantor in connection therewith.

(d) **"Mortgaged Property"**: All of Grantor's interest in (1) the fee interest in the real property described in Exhibit A attached hereto and incorporated herein by this reference, together with any greater estate therein as hereafter may be acquired by Grantor (the "Land"), (2) all improvements now owned or hereafter acquired by Grantor, now or at any time situated, placed or constructed upon the Land (the "Improvements"; the Land and Improvements are collectively referred to as the "Premises"), (3) all materials, supplies, equipment, apparatus and other items of personal property

now owned or hereafter acquired by Grantor and now or hereafter attached to, installed in or used in connection with any of the Improvements or the Land, and water, gas, electrical, telephone, storm and sanitary sewer facilities and all other utilities whether or not situated in easements (the **"Fixtures"**), (4) all right, title and interest of Grantor in and to all goods, accounts, general intangibles, instruments, documents, chattel paper and all other personal property of any kind or character, including such items of personal property as defined in the UCC (defined below), now owned or hereafter acquired by Grantor and now or hereafter affixed to, placed upon, used in connection with, arising from or otherwise related to the Premises (the **"Personalty"**), (5) all reserves, escrows or impounds required under the Promissory Note and all deposit accounts maintained by Grantor with respect to the Mortgaged Property (the **"Deposit Accounts"**), (6) all leases, licenses, concessions, occupancy agreements or other agreements (written or oral, now or at any time in effect) which grant to any Person a possessory interest in, or the right to use, all or any part of the Mortgaged Property, together with all related security and other deposits (the **"Leases"**), (7) all of the rents, revenues, royalties, income, proceeds, profits, security and other types of deposits, and other benefits paid or payable by parties to the Leases for using, leasing, licensing possessing, operating from, residing in, selling or otherwise enjoying the Mortgaged Property (the **"Rents"**), (8) all other agreements, such as construction contracts, architects' agreements, engineers' contracts, utility contracts, maintenance agreements, management agreements, service contracts, listing agreements, guaranties, warranties, permits, licenses, certificates and entitlements in any way relating to the construction, use, occupancy, operation, maintenance, enjoyment or ownership of the Mortgaged Property (the **"Property Agreements"**), (9) all rights, privileges, tenements, hereditaments, rights-of-way, easements, appendages and appurtenances appertaining to the foregoing, (10) all property tax refunds (the **"Tax Refunds"**), (11) all accessions, replacements and substitutions for any of the foregoing and all proceeds thereof (the **"Proceeds"**), (12) all insurance policies, unearned premiums therefor and proceeds from such policies covering any of the above property now or hereafter acquired by Grantor (the **"Insurance"**), and (13) all of Grantor's right, title and interest in and to any awards, damages, remunerations, reimbursements, settlements or compensation heretofore made or hereafter to be made by any governmental authority pertaining to the Land, Improvements, Fixtures or Personalty (the **"Condemnation Awards"**). As used in this Deed of Trust, the term **"Mortgaged Property"** shall mean all or, where the context permit or requires, any portion of the above or any interest therein.

(e) **"Obligations"**: All of the agreements, covenants, conditions, warranties, representations and other obligations of Grantor (including, without limitation, the obligation to repay the Indebtedness) under the Promissory Note and the other Loan Documents.

(f) **"Permitted Encumbrances"** means the encumbrances approved by Lender as of the date of this Deed of Trust.

(g) **"Promissory Note"**: that certain promissory in the amount of \$2,200,000 dated as of June 1, 2016 with Grantor as Borrower and Beneficiary as Lender, as amended by a First Amendment dated July 22, 2016 and a Second Amendment dated July 30, 2016 (as further amended, supplemented or otherwise modified from time to time).

(h) **"UCC"**: The Uniform Commercial Code of Oregon.

ARTICLE 2

GRANT

Section 2.1 Grant. To secure the full and timely payment of the Indebtedness and the full and timely performance of the Obligations, Grantor GRANTS, BARGAINS, ASSIGNS, SELLS and CONVEYS, to Trustee the Mortgaged Property, subject, however, to the Permitted Encumbrances, TO HAVE AND TO HOLD the Mortgaged Property to Trustee, IN TRUST, WITH POWER OF SALE, and Grantor does hereby bind itself, its successors and assigns to WARRANT AND FOREVER DEFEND the title to the Mortgaged Property unto Trustee.

ARTICLE 3

WARRANTIES, REPRESENTATIONS AND COVENANTS

Grantor warrants, represents and covenants to Beneficiary as follows:

Section 3.1 Title to Mortgaged Property and Lien of this Instrument. Grantor owns the Mortgaged Property free and clear of any liens, claims or interests, except the Permitted Encumbrances. This Deed of Trust creates valid, enforceable lien and security interest against the Mortgaged Property.

Section 3.2 First Lien Status. Grantor shall preserve and protect the first lien and security interest status of this Deed of Trust and the other Loan Documents. If any lien or security interest other than the Permitted Encumbrances is asserted against the Mortgaged Property, Grantor shall promptly, and at its expense, (a) give Beneficiary a detailed written notice of such lien or security interest (including origin, amount and other terms), and (b) pay the underlying claim in full or take such other action so as to cause it to be released or contest the same in compliance with the requirements of the Promissory Note (including the requirement of providing a bond or other security satisfactory to Beneficiary).

Section 3.3 Payment and Performance. Grantor shall pay the Indebtedness when due under the Loan Documents and shall perform the Obligations in full when they are required to be performed.

Section 3.4 Inspection. After the occurrence of an Event of Default, Grantor shall permit Beneficiary, and Beneficiary's agents, representatives and employees, upon reasonable prior notice to Grantor, to inspect the Mortgaged Property and all books and records of Grantor located thereon, and to conduct such environmental and engineering studies as Beneficiary may require, provided that such inspections and studies shall not materially interfere with the use and operation of the Mortgaged Property.

Section 3.5 Insurance. Grantor shall, while any of the Obligations of Grantor under any Loan Document remains outstanding, maintain at Grantor's sole expense, with licensed insurers approved by Beneficiary, the following policies of insurance in form and substance reasonably satisfactory to Beneficiary:

(a) Title Insurance. A Title Policy, together with any endorsements which Beneficiary may reasonably require (including, without limitation zoning), insuring Beneficiary, in the

aggregate principal amount of the Loan, of the validity and the priority of the lien of the Deed of Trust upon the Property, subject only to matters approved by Beneficiary in writing. During the term of the Loan, Grantor shall deliver to Beneficiary, within five (5) days of Beneficiary's written request, such other endorsements to the Title Policy as Beneficiary may reasonably require with respect to the Property.

(b) Liability Insurance. A policy of Commercial General Liability insurance on an occurrence basis, with a limit of no less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate insuring against liability for injury and/or death to any person and/or damage to any property occurring on the Property and/or in the improvements thereon. .

(c) Course of Construction Insurance. A policy of course of construction or similar insurance that covers damage to any improvements on the Mortgage Property that is in the process of being completed with coverage for full replacement value.

(d) General. Grantor shall provide to Beneficiary insurance certificates or other evidence of coverage in form acceptable to Beneficiary, with coverage amounts, deductibles, limits and retentions as required by Beneficiary. All insurance policies shall provide that the coverage shall not be cancelable or materially changed without thirty (30) days prior written notice to Beneficiary. Beneficiary shall be named under a Beneficiary's Loss Payable Endorsement (form #438BFU or equivalent) on all insurance policies which Grantor is required to or actually maintains with respect to the Property and the improvements thereon. Grantor shall provide a certificate of liability insurance naming Beneficiary as an additional insured on the liability policy. All insurance policies shall be issued and maintained by insurers approved to do business in the state in which the Property is located and must have an A.M. Best Company financial rating and policyholder surplus acceptable to Beneficiary.

(e) Impounds. At Beneficiary's option, following an Event of Default, Beneficiary may require Grantor to deposit 1/12th of the estimated annual insurance premiums with Beneficiary each month, which sum Beneficiary shall use to pay such premiums when due directly to the insurer.

Section 3.6 Hazardous Materials Covenants.

(a) No Hazardous Activities. Grantor shall not cause or permit the Property or the improvements thereon to be used as a site for the use, generation, manufacture, storage, treatment, release, discharge, disposal, transportation or presence of any Hazardous Materials. Grantor shall comply and cause the Property and the improvements thereon to comply with all Hazardous Materials Laws. Grantor shall promptly notify Beneficiary in writing of: (i) any knowledge by Grantor of the discovery of any Hazardous Materials on, under or about the Property in violation of any Hazardous Materials Law (ii) any knowledge by Grantor that the Property does not comply with any Hazardous Materials Laws in any material respects; (iii) any claim that any Hazardous Materials Law has been violated ; and (iv) any knowledge by Grantor of the discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could negatively affect the Property or any part thereof to be designated as Border Zone Property. In response to the presence of any Hazardous Materials on, under or about the Property or the improvements thereon, Grantor shall promptly take, at Grantor's sole

expense, all remedial action required by any Hazardous Materials Laws or any judgment, consent decree, settlement or compromise in respect to any Hazardous Materials Claims as reasonably determined by Beneficiary. Upon reasonable prior notice to Grantor, Beneficiary, its employees and agents, may from time to time and during normal business hours (whether before or after the commencement of a nonjudicial or judicial foreclosure proceeding) enter and inspect the Property and the improvements thereon for the purpose of determining the existence, location, nature and magnitude of any past or present release or threatened release of any hazardous substance into, onto, beneath or from the Property or the improvements thereon.

(b) Hazardous Materials Indemnity. Grantor hereby agrees to defend, indemnify and hold harmless Beneficiary, its directors, officers, employees, agents, successors and assigns from and against any and all losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including, without limitation, reasonable attorneys' fees and expenses) which Beneficiary may incur as a direct or indirect consequence of the use, generation, manufacture, storage, disposal, threatened disposal, transportation or presence of Hazardous Materials in, on, under or about the Property. Grantor shall immediately pay to Beneficiary upon demand any amounts owing under this indemnity, together with interest from the date the indebtedness arises until paid at the rate of interest applicable to the principal balance of the Note. GRANTOR'S DUTY AND OBLIGATIONS TO DEFEND, INDEMNIFY AND HOLD HARMLESS BENEFICIARY SHALL SURVIVE (a) THE CANCELLATION OF THE NOTE AND THE RELEASE, RECONVEYANCE OR PARTIAL RECONVEYANCE OF THE DEED OF TRUST, (b) ANY JUDICIAL OR NON-JUDICIAL FORECLOSURE UNDER THE DEED OF TRUST OR TRANSFER OF THE PROPERTY IN LIEU THEREOF, AND (c) THE SATISFACTION OF ALL OF GRANTOR'S OBLIGATIONS UNDER THE LOAN DOCUMENTS.

(c) "Hazardous Materials Laws" means all laws, ordinances and regulations relating to Hazardous Materials (collectively, the "Hazardous Materials Laws"), including, without limitation: the Clean Air Act, as amended, 42 U.S.C. Section 7401 et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251 et seq.; the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. Section 6901 et seq.; the Comprehensive Environment Response, Compensation and Liability Act of 1980, as amended (including the Superfund Amendments and Reauthorization Act of 1986, "CERCLA"), 42 U.S.C. Section 9601 et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. Section 2601 et seq.; the Occupational Safety and Health Act, as amended, 29 U.S.C. Section 651, the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. Section 11001 et seq.; the Mine Safety and Health Act of 1977, as amended, 30 U.S.C. Section 801 et seq.; the Safe Drinking Water Act, as amended, 42 U.S.C. Section 300f et seq.; and all comparable state and local laws, laws of other jurisdictions or orders and regulations. "Hazardous Materials" means all materials defined as Hazardous under applicable Hazardous Materials Laws.

Section 3.7 Liens & Indebtedness. Grantor will not create or permit to exist any lien upon or with respect to any of the property that secures the Loan (including, without limitation, the Property) other than (i) the specific exceptions approved by Beneficiary and set forth in the Title Policy, (ii) liens for Taxes not yet due and payable or which are being contested in good faith by Grantor in accordance with the requirements of this Agreement, (iii) judgment liens securing judgments which are bonded or released within ten (10) days after the date the judgment is filed, or (iv) mechanics' or materialmen's liens

contested by Grantor in good faith and with diligence and which are bonded, canceled or discharged of record within ten (10) days after recording. No indebtedness other than the Indebtedness may be secured by the Property.

Section 3.8 **Required Notices.** Grantor covenants and agrees to notify Beneficiary, within five (5) Business Days from the occurrence of any event known to it (or the receipt of any notice by Grantor) that could have a material adverse effect on, or the financial condition of, Grantor or the Property (or any portion thereof), including, but not limited to (a) the filing of any action or proceeding affecting Grantor or the Property, (b) the occurrence of any damage to the Property, (c) any condemnation offer or action affecting the Property, (e) notices regarding violations of laws affecting Grantor or the Property, or (f) notices alleging a default (by any party thereto) under any property management agreement, any leasing services agreements or under any Lease.

Section 3.9 **Further Assurances.** Upon Beneficiary's request and at Grantor's sole cost and expense, Grantor shall execute, acknowledge and deliver any other instruments and perform any other acts reasonably necessary, desirable or proper, as reasonably determined by Beneficiary, to carry out the purposes of this Agreement and the other Loan Documents or to perfect and preserve any liens created by the Loan Documents.

Section 3.10 **Disposition of Property/Grantor.** Except as expressly permitted by Section 12 of the Promissory Note, Without the prior written consent of Beneficiary, Grantor shall not sell, assign or otherwise transfer the Property (or any portion thereof, including without limitation the right to receive the revenues therefrom) to any other Person. Grantor shall not merge into or consolidate with any corporation or other entity, or sell, lease, assign, transfer or otherwise dispose of all or substantially all of its assets. There shall be no change in management, control or ownership of Grantor, other than transfers between affiliates of Grantor that do not result in a change of control of Grantor, without Beneficiary's prior written consent, which consent may be withheld in Beneficiary's sole and absolute discretion.

Section 3.11 **Taxes.** Grantor shall pay and discharge or cause to be paid and discharged prior to delinquency, all taxes, including, without limitation, all real estate, ad valorem, sales, use, single business, gross receipts or similar assessments assessed in connection with the Property. At Beneficiary's option, Beneficiary may require Grantor to deposit 1/12th of the estimated annual property tax liability with Beneficiary each month, which sum Beneficiary shall use to pay taxes directly to the taxing authority.

Section 3.12 **Lien Status.** Grantor shall maintain Beneficiary's first priority perfected lien status in the Property and the other collateral for the Loan. Grantor shall give Beneficiary a first priority perfected security interest in all proceeds of the Property and the other collateral for the Loan.

Section 3.13 **Guarantees.** Grantor provide notice of any instance in which Grantor shall guarantee or become liable in any way as a surety, endorser (other than as endorser of negotiable instruments in the ordinary course of business) or accommodation endorser or otherwise for debt or obligations of any other person or entity.

Section 3.14 **Books and Records/Inspections.** Grantor shall keep, or cause to be kept, complete and accurate books of account for the Loan and (after acquisition of the Property) the Property in accordance with generally accepted accounting principles, consistently applied. Without limiting the generality of any other provision hereof, Grantor shall upon reasonable notice, permit representatives of Beneficiary, from time to time, as often as may be reasonably requested, to visit and inspect the assets of Grantor, inspect and make extracts from its books and records, and discuss with its members, its employees and its independent accountants, Grantor's business, assets, liabilities, financial condition, business prospects and results of operations.

Section 3.15 **Compliance with Laws.** Grantor shall comply in all material respects with all laws, ordinances, governmental rules and regulations to which it is subject, and obtain and keep in force any and all licenses, permits, franchises, or other governmental authorizations necessary to the ownership of its assets or to the conduct of its business.

Section 3.16 **Other Covenants.** All of the covenants in the Promissory Note are incorporated herein by reference and, together with covenants in this Article 3, shall be covenants running with the land.

Section 3.17 **Condemnation Awards.** Grantor assigns all awards and compensation to which it is entitled for any condemnation or other taking, or any purchase in lieu thereof, to Beneficiary and authorizes Beneficiary to collect and receive such awards and compensation and to give proper receipts and acquittances therefor, subject to the terms of the Promissory Note.

Section 3.18 **Leases.** Grantor shall not enter into any Lease without the prior written consent of Beneficiary.

ARTICLE 4 **DEFAULT AND FORECLOSURE**

Section 4.1 **Event of Default.** Any failure to perform any obligation under this Deed of Trust or any of the Loan Documents shall be an "Event of Default."

Section 4.2 **Remedies.** If an Event of Default exists, Beneficiary may, at Beneficiary's election and by or through Trustee or otherwise, exercise any or all of the following rights, remedies and recourses:

(a) **Acceleration.** Declare the Indebtedness to be immediately due and payable, without further notice, presentment, protest, notice of intent to accelerate, notice of acceleration, demand or action of any nature whatsoever (each of which hereby is expressly waived by Grantor), whereupon the same shall become immediately due and payable.

(b) **Entry on Mortgaged Property.** Enter the Mortgaged Property and take exclusive possession thereof and of all books, records and accounts relating thereto or located thereon. If Grantor remains in possession of the Mortgaged Property after an Event of Default and without Beneficiary's prior written consent, Beneficiary may invoke any legal remedies to dispossess Grantor.

(c) Operation of Mortgaged Property. Hold, lease, develop, manage, operate or otherwise use the Mortgaged Property upon such terms and conditions as Beneficiary may deem reasonable under the circumstances (making such repairs, alternations, additions and improvements and taking other actions, from time to time, as Beneficiary deems necessary or desirable), and apply all Rents and other amounts collected by Trustee in connection therewith in accordance with the provisions of this Deed of Trust.

(d) Foreclosure and Sale. Institute proceedings for the complete foreclosure of this Deed of Trust, either by judicial action or by power of sale, in which case the Mortgaged Property may be sold for cash or credit in one or more parcels as Beneficiary may determine. With respect to any notices required or permitted under the UCC, Grantor agrees that five (5) days' prior written notice shall be deemed commercially reasonable. At any such sale by virtue of any judicial proceedings, power of sale, or any other legal right, remedy or recourse, the title to and right of possession of any such property shall pass to the purchaser thereof, and to the fullest extent permitted by law, Grantor shall be completely and irrevocably divested of all of its right, title, interest, claim, equity, equity of redemption, and demand whatsoever, either at law or in equity, in and to the property sold and such sale shall be a perpetual bar both at law and in equity against Grantor, and against all other Persons claiming or to claim the property sold or any part thereof, by, through or under Grantor. Beneficiary may be a purchaser at such sale and if Beneficiary is the highest bidder, Beneficiary may credit the portion of the purchase price that would be distributed to Beneficiary against the Indebtedness in lieu of paying cash. In the event this Deed of Trust is foreclosed by judicial action, appraisal of the Mortgaged Property is waived.

(e) Receiver. Make application to a court of competent jurisdiction for, and obtain from such court as a matter of strict right and with or without notice to Grantor or regard to the adequacy of the Mortgaged Property for the repayment of the Indebtedness, the appointment of a receiver of the Mortgaged Property, and Grantor irrevocably consents to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise operate the Mortgaged Property upon such terms as may be approved by the court, and shall apply such Rents in accordance with the provisions of this Deed of Trust. In addition, any costs incurred, or advances made, by Beneficiary in connection with the implementation or operation of the receivership, shall be added to the obligations secured hereby, bear interest at the Default Rate, be guaranteed by any guarantee(s) now or thereafter relating to the obligations secured hereby and be secured by this Deed of Trust. Grantor hereby waives any right it may have under to require Beneficiary to make any showing or meet any obligation as a condition to the appointment of a receiver.

(f) Other. Exercise all other rights, remedies and recourses granted under the Loan Documents or otherwise available at law or in equity.

Section 4.3 Separate Sales. The Mortgaged Property may be sold in one or more parcels and in such manner and order as Trustee in its sole discretion may elect; the right of sale arising out of any Event of Default shall not be exhausted by any one or more sales.

Section 4.4 Remedies Cumulative, Concurrent and Nonexclusive. Beneficiary and Trustee shall have all rights, remedies and recourses granted in the Loan Documents and available at law or equity

(including the UCC), which rights (a) shall be cumulated and concurrent, (b) may be pursued separately, successively or concurrently against Grantor or others obligated under the Loan Documents, or against the Mortgaged Property, or against any one or more of them, at the sole discretion of Beneficiary or Trustee, as the case may be, (c) may be exercised as often as occasion therefor shall arise, and the exercise or failure to exercise any of them shall not be construed as a waiver or release thereof or of any other right, remedy or recourse, and (d) are intended to be, and shall be, nonexclusive. No action by Beneficiary or Trustee in the enforcement of any rights, remedies or recourses under the Loan Documents or otherwise at law or equity shall be deemed to cure any Event of Default.

Section 4.5 Release of and Resort to Collateral. Beneficiary may release, regardless of consideration and without the necessity for any notice to or consent by the holder of any subordinate lien on the Mortgaged Property, any part of the Mortgaged Property without, as to the remainder, in any way impairing, affecting, subordinating or releasing the lien or security interest created in or evidenced by the Loan Documents or their status as a first and prior lien and security interest in and to the Mortgaged Property. For payment of the Indebtedness, Beneficiary may resort to any other security in such order and manner as Beneficiary may elect.

Section 4.6 Waiver of Redemption, Notice and Marshalling of Assets. To the fullest extent permitted by law, Grantor hereby irrevocably and unconditionally waives and releases (a) all benefit that might accrue to Grantor by virtue of any present or future statute of limitations or law or judicial decision exempting the Mortgaged Property from attachment, levy or sale on execution or providing for any stay of execution, exemption from civil process, redemption or extension of time for payment, (b) all notices of any Event of Default or of any election by Trustee or Beneficiary to exercise or the actual exercise of any right, remedy or recourse provided for under the Loan Documents, and (c) any right to a marshalling of assets or a sale in inverse order of alienation.

Section 4.7 Discontinuance of Proceedings. If Beneficiary or Trustee shall have proceeded to invoke any right, remedy or recourse permitted under the Loan Documents and shall thereafter elect to discontinue or abandon it for any reason, Beneficiary or Trustee, as the case may be, shall have the unqualified right to do so and, in such an event, Grantor, Beneficiary and Trustee shall be restored to their former positions with respect to the Indebtedness, the Obligations, the Loan Documents, the Mortgaged Property and otherwise, and the rights, remedies, recourses and powers of Beneficiary and Trustee shall continue as if the right, remedy or recourse had never been invoked, but no such discontinuance or abandonment shall waive any Event of Default which may then exist or the right of Beneficiary or Trustee thereafter to exercise any right, remedy or recourse under the Loan Documents for such Event of Default.

Section 4.8 Allocation of Proceeds. The proceeds of any sale of, and the Rents and other amounts generated by the holding, leasing, management, operation or other use of the Mortgaged Property, shall be applied by Beneficiary or Trustee (or the receiver, if one is appointed) in the following order unless otherwise required by applicable law:

(a) to the payment of the costs and expenses of taking possession of the Mortgaged Property and of holding, using, leasing, repairing, improving and selling the same, including, without limitation (1) trustee's and receiver's fees and expenses, including the repayment of the amounts

evidenced by any receiver's certificates, (2) court costs, (3) attorneys' and accountants' fees and expenses, and (4) costs of advertisement;

(b) to the payment of the Indebtedness and performance of the Obligations in such manner and order of preference as Beneficiary in its sole discretion may determine; and

(c) the balance, if any, to the payment of the Persons legally entitled thereto.

Section 4.9 Occupancy After Foreclosure. Any sale of the Mortgaged Property or any part thereof in accordance with this Deed of Trust will divest all right, title and interest of Grantor in and to the property sold. Subject to applicable law, any purchaser at a foreclosure sale will receive immediate possession of the property purchased. If Grantor retains possession of such property or any part thereof subsequent to such sale, Grantor will be considered a tenant at sufferance of the purchaser, and will, if Grantor remains in possession after demand to remove, be subject to eviction and removal, forcible or otherwise, with or without process of law.

Section 4.10 Additional Advances and Disbursements; Costs of Enforcement.

(a) If any Event of Default exists, Beneficiary shall have the right, but not the obligation, to cure such Event of Default in the name and on behalf of Grantor. All sums advanced and expenses incurred at any time by Beneficiary under this Section or otherwise under this Deed of Trust or any of the other Loan Documents or applicable law, shall bear interest from the date that such sum is advanced or expense incurred, to and including the date of reimbursement, computed at the rate or rates at which interest is then computed on the Indebtedness, and all such sums, together with interest thereon, shall be secured by this Deed of Trust.

(b) Grantor shall pay all expenses (including reasonable attorneys' fees and expenses) of or incidental to the perfection and enforcement of this Deed of Trust and the other Loan Documents, or the enforcement, compromise or settlement of the Indebtedness or any claim under this Deed of Trust and the other Loan Documents, and for the curing thereof, or for defending or asserting the rights and claims of Beneficiary in respect thereof, by litigation or otherwise.

Section 4.11 No Mortgagee in Possession. Neither the enforcement of any of the remedies under this Article 4, the assignment of the Rents and Leases under Article 5, the security interests under Article 6, nor any other remedies afforded to Beneficiary under the Loan Documents, at law or in equity shall cause Beneficiary or Trustee to be deemed or construed to be a mortgagee in possession of the Mortgaged Property, to obligate Beneficiary or Trustee to lease the Mortgaged Property or attempt to do so, or to take any action, incur any expense, or perform or discharge any obligation, duty or liability whatsoever under any of the Leases or otherwise.

Section 4.12 Indemnification. Grantor shall indemnify, defend, protect, and hold harmless Beneficiary its partners, members and their respective officers, agents, servants, employees, and independent contractors from any and all loss, cost, damage, expense and liability (including without limitation court costs and reasonable attorneys' fees) incurred in connection with or arising from (i) any

cause in, on or about the Property, and (ii) any acts, omissions or negligence of Grantor or of any person claiming by, through or under Grantor, or of the contractors, agents, servants, employees, invitees, guests or licensees of Grantor or any such person, in, on or about the Real Property, (iii) any release of any Hazardous Material in, on or about the Property or (iv) any breach of this Deed of Trust or any of the Loan Documents or the obligations thereunder. The provisions of this Section shall survive the maturity of the Obligations.

Section 4.13 No Offset. Under no circumstances shall Grantor fail or delay to perform (or resist the enforcement of) any of its obligations in connection with any of the Loan Documents because of any alleged offsetting claim or cause of action against Beneficiary (or any indebtedness or obligation of Beneficiary) which has not been confirmed in a final judgment of a court of competent jurisdiction (sustained on appeal, if any) against Beneficiary, and Grantor hereby waives any such rights of setoff (or offset) which it might otherwise have with respect to any such claims or causes of action against Beneficiary (or any such obligations or indebtedness of Beneficiary), unless and until such right of setoff is confirmed and liquidated by such a final judgment.

ARTICLE 5

ASSIGNMENT OF RENTS AND LEASES

Section 5.1 Assignment. In furtherance of and in addition to the assignment made by Grantor in this Deed of Trust, Grantor hereby absolutely and unconditionally assigns, sells, transfers and conveys to Trustee (for the benefit of Beneficiary) and to Beneficiary all of its right, title and interest in and to all Leases with respect to the Mortgaged Property, whether now existing or hereafter entered into, and all of its right, title and interest in and to all Rents. This assignment is an absolute assignment and not an assignment for additional security only. So long as no Event of Default shall have occurred and be continuing, Grantor shall have a revocable license from Trustee and Beneficiary to exercise all rights extended to the landlord under the Leases, including the right to receive and collect all Rents and to hold the Rents in trust for use in the payment and performance of the Obligations and to otherwise use the same. The foregoing license is granted subject to the conditional limitation that no Event of Default shall have occurred and be continuing. Upon the occurrence and during the continuance of an Event of Default, whether or not legal proceedings have commenced, and without regard to waste, adequacy of security for the Obligations or solvency of Grantor, the license herein granted shall automatically expire and terminate, without notice by Trustee or Beneficiary (any such notice being hereby expressly waived by Grantor).

Section 5.2 Perfection Upon Recordation. Grantor acknowledges that Beneficiary and Trustee have taken all actions necessary to obtain, and that upon recordation of this Deed of Trust Beneficiary and Trustee shall have, to the extent permitted under applicable law, a valid and fully perfected, first priority, present assignment of the Rents arising out of the Leases and all security for such Leases. Grantor acknowledges and agrees that upon recordation of this Deed of Trust Trustee's and Beneficiary's interest in the Rents shall be deemed to be fully perfected, "choate" and enforced as to Grantor and all third parties, including, without limitation, any subsequently appointed trustee in any case under Title 11 of the United States Code (the "**Bankruptcy Code**"), without the necessity of commencing

a foreclosure action with respect to this Deed of Trust, making formal demand for the Rents, obtaining the appointment of a receiver or taking any other affirmative action.

Section 5.3 Bankruptcy Provisions. Without limitation of the absolute nature of the assignment of the Rents hereunder, Grantor, Trustee and Beneficiary agree that (a) this Deed of Trust shall constitute a "security agreement" for purposes of Section 552(b) of the Bankruptcy Code, (b) the security interest created by this Deed of Trust extends to property of Grantor acquired before the commencement of a case in bankruptcy and to all amounts paid as Rents and (c) such security interest shall extend to all Rents acquired by the estate after the commencement of any case in bankruptcy.

Section 5.4 No Merger of Estates. So long as part of the Indebtedness and the Obligations secured hereby remain unpaid and undischarged, the fee and leasehold estates to the Mortgaged Property shall not merge, but shall remain separate and distinct, notwithstanding the union of such estates either in Grantor, Beneficiary, any tenant or any third party by purchase or otherwise.

ARTICLE 6

SECURITY AGREEMENT

Section 6.1 Security Interest. This Deed of Trust constitutes a "security agreement" on personal property within the meaning of the UCC and other applicable law and with respect to the Personalty, Fixtures, Leases, Rents, Deposit Accounts, Property Agreements, Tax Refunds, Proceeds, Insurance and Condemnation Awards. To this end, Grantor grants to Beneficiary a first and prior security interest in the Personalty, Fixtures, Leases, Rents, Deposit Accounts, Property Agreements, Tax Refunds, Proceeds, Insurance, Condemnation Awards and all other Mortgaged Property which is personal property to secure the payment of the Indebtedness and performance of the Obligations, and agrees that Beneficiary shall have all the rights and remedies of a secured party under the UCC with respect to such property. Any notice of sale, disposition or other intended action by Beneficiary with respect to the Personalty, Fixtures, Leases, Rents, Deposit Accounts, Property Agreements, Tax Refunds, Proceeds, Insurance and Condemnation Awards sent to Grantor at least five (5) days prior to any action under the UCC shall constitute reasonable notice to Grantor.

Section 6.2 Financing Statements. Grantor authorizes Beneficiary to make on Grantor's behalf, in form and substance satisfactory to Beneficiary, such financing statements and such further assurances as Beneficiary may, from time to time, reasonably consider necessary to create, perfect and preserve Beneficiary's security interest hereunder and Beneficiary may cause such statements and assurances to be recorded and filed, at such times and places as may be required or permitted by law to so create, perfect and preserve such security interest. Grantor's chief executive office is in the State of Oregon at the address set forth in the first paragraph of this Deed of Trust.

Section 6.3 Fixture Filing. This Deed of Trust shall also constitute a "fixture filing" for the purposes of the UCC against all of the Mortgaged Property which is or is to become fixtures. Information concerning the security interest herein granted may be obtained at the addresses of Debtor (Grantor) and Secured Party (Beneficiary) as set forth in the first paragraph of this Deed of Trust.

ARTICLE 7
CONCERNING THE TRUSTEE

Section 7.1 Certain Rights. At any time, or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and without affecting any personal liability of any person for payment or performance of the Obligations or the effect of this Deed of Trust upon the remainder of the Mortgaged Property, Trustee may (i) reconvey any part of the Mortgaged Property, (ii) consent in writing to the making of any map or plat thereof, (iii) join in granting any easement thereon, or (iv) join in any extension agreement or any agreement subordinating the lien or charge hereof. With the approval of Beneficiary, Trustee shall have the right to select, employ and consult with counsel. Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by it hereunder, believed by it in good faith to be genuine. Trustee shall be entitled to reimbursement for actual, reasonable expenses incurred by it in the performance of its duties. Grantor shall, from time to time, pay the compensation due to Trustee hereunder and reimburse Trustee for, and indemnify, defend and save Trustee harmless against, all liability and reasonable expenses which may be incurred by it in the performance of its duties, including those arising from joint, concurrent, or comparative negligence of Trustee; however, Grantor shall not be liable under such indemnification to the extent such liability or expenses result solely from Trustee's gross negligence or willful misconduct. Grantor's obligations under this Section shall not be reduced or impaired by principles of comparative or contributory negligence.

Section 7.2 Retention of Money. All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by law), and Trustee shall be under no liability for interest on any moneys received by him hereunder.

Section 7.3 Successor Trustees. If Trustee or any successor Trustee shall die, resign or become disqualified from acting in the execution of this trust, or Beneficiary shall desire to appoint a substitute Trustee, Beneficiary shall have full power to appoint one or more substitute Trustees and, if preferred, several substitute Trustees in succession who shall succeed to all the estates, rights, powers and duties of Trustee. Such appointment may be executed by any authorized agent of Beneficiary and as so executed, such appointment shall be conclusively presumed to be executed with authority, valid and sufficient, without further proof of any action. Without limitation of the foregoing, Beneficiary may, from time to time, by a written instrument executed and acknowledged by Beneficiary, recorded in the county in which the Mortgaged Property is located or by otherwise complying with the provisions of applicable law, substitute a successor or successors to any Trustee named herein or acting hereunder; and such successor(s) shall, without conveyance from the predecessor Trustee, succeed to all title, estate, rights, powers and duties of such predecessor.

Section 7.4 Perfection of Appointment. Should any deed, conveyance or instrument of any nature be required from Grantor by any successor Trustee to more fully and certainly vest in and confirm to such successor Trustee such estates, rights, powers and duties, then, upon request by such Trustee, all such deeds, conveyances and instruments shall be made, executed, acknowledged and delivered and shall be caused to be recorded and/or filed by Grantor.

Section 7.5 Trustee Liability. In no event or circumstance shall Trustee or any substitute Trustee hereunder be personally liable under or as a result of this Deed of Trust, either as a result of any action by Trustee (or any substitute Trustee) in the exercise of the powers hereby granted or otherwise.

ARTICLE 8
MISCELLANEOUS

Section 8.1 Notices. Any notice required or permitted to be given under this Deed of Trust shall be given in accordance with the Promissory Note.

Section 8.2 Covenants Running with the Land. All Obligations contained in this Deed of Trust are intended by Grantor, Beneficiary and Trustee to be, and shall be construed as, covenants running with the Mortgaged Property. As used herein, "Grantor" shall refer to the party named in the first paragraph of this Deed of Trust and to any subsequent owner of all or any portion of the Mortgaged Property. All Persons who may have or acquire an interest in the Mortgaged Property shall be deemed to have notice of, and be bound by, the terms of the Promissory Note and the other Loan Documents; however, no such party shall be entitled to any rights thereunder without the prior written consent of Beneficiary.

Section 8.3 Attorney-in-Fact. Grantor hereby irrevocably appoints Beneficiary and its successors and assigns, as its attorney-in-fact, which agency is coupled with an interest and with full power of substitution, (a) to execute and/or record any notices of completion, cessation of labor or any other notices that Beneficiary deems appropriate to protect Beneficiary's interest, if Grantor shall fail to do so within ten (10) days after written request by Beneficiary, (b) upon the issuance of a deed pursuant to the foreclosure of this Deed of Trust or the delivery of a deed in lieu of foreclosure, to execute all instruments of assignment, conveyance or further assurance with respect to the Leases, Rents, Deposit Accounts, Property Agreements, Tax Refunds, Proceeds, Insurance and Condemnation Awards in favor of the grantee of any such deed and as may be necessary or desirable for such purpose, (c) to prepare, execute and file or record financing statements, continuation statements, applications for registration and like papers necessary to create, perfect or preserve Beneficiary's security interests and rights in or to any of the Mortgaged Property, and (d) while any Event of Default exists, to perform any obligation of Grantor hereunder, however: (1) Beneficiary shall not under any circumstances be obligated to perform any obligation of Grantor; (2) any sums advanced by Beneficiary in such performance shall be added to and included in the Indebtedness and shall bear interest at the rate or rates at which interest is then computed on the Indebtedness; (3) Beneficiary as such attorney-in-fact shall only be accountable for such funds as are actually received by Beneficiary; and (4) Beneficiary shall not be liable to Grantor or any other person or entity for any failure to take any action which it is empowered to take under this Section.

Section 8.4 Successors and Assigns. This Deed of Trust shall be binding upon and inure to the benefit of Beneficiary, Trustee and Grantor and their respective successors and assigns. Grantor shall not, without the prior written consent of Beneficiary, assign any rights, duties or obligations hereunder.

Section 8.5 No Waiver. Any failure by Beneficiary or Trustee to insist upon strict performance of any of the terms, provisions or conditions of the Loan Documents shall not be deemed to be a waiver

of same, and Beneficiary or Trustee shall have the right at any time to insist upon strict performance of all of such terms, provisions and conditions.

Section 8.6 Promissory Note. If any conflict or inconsistency exists between this Deed of Trust and the Promissory Note, the Promissory Note shall govern.

Section 8.7 Release or Reconveyance. Upon payment in full of the Indebtedness and performance in full of the Obligations, Beneficiary, at Grantor's expense, shall release the liens and security interests created by this Deed of Trust or reconvey the Mortgaged Property to Grantor. Grantor shall be entitled to partial releases as provided in Section 12 of the Promissory Note.

Section 8.8 Waiver of Stay, Moratorium and Similar Rights. Grantor agrees, to the full extent that it may lawfully do so, that it will not at any time insist upon or plead or in any way take advantage of any stay, marshalling of assets, extension, redemption or moratorium law now or hereafter in force and effect so as to prevent or hinder the enforcement of the provisions of this Deed of Trust or the Indebtedness secured hereby, or any agreement between Grantor and Beneficiary or any rights or remedies of Beneficiary or Trustee.

Section 8.9 Applicable Law. The provisions of this Deed of Trust regarding the creation, perfection and enforcement of the liens and security interests herein granted shall be governed by and construed under the laws of the state in which the Mortgaged Property is located. All other provisions of this Deed of Trust shall be governed by the laws of the State of Oregon without regard to conflicts of laws principles.

Section 8.10 Headings. The Article, Section and Subsection titles hereof are inserted for convenience of reference only and shall in no way alter, modify or define, or be used in construing, the text of such Articles, Sections or Subsections.

Section 8.11 Entire Agreement. This Deed of Trust and the other Loan Documents embody the entire agreement and understanding between Grantor and Beneficiary and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof. Accordingly, the Loan Documents may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

Section 8.12 Inconsistencies. In the event of any inconsistencies between the terms and conditions of this Article 8 and the other provisions of this Deed of Trust, the terms and conditions of this Article 8 shall control and be binding.

Section 8.13 Choice of Law. The extent permitted by law Grantor waives (i) the benefit of all present or future laws providing for any appraisal before sale or any portion of the Property, (ii) all rights of redemption, valuation, appraisal, stay of execution, notice of election to mature or declare due the whole of the debts and/or obligations secured by this Deed of Trust and marshaling in the event of foreclosure of the lien created by this Deed of Trust, (iii) all rights and remedies which Grantor may have or be able to assert by reason of the laws of the State of Oregon pertaining to the rights and remedies

of sureties, (iv) the right to assert any statute of limitations as a bar to the enforcement of the lien of this Deed of Trust or to any action brought to enforce the Promissory Note or any other obligation secured by this Deed of Trust, (v) any rights, legal or equitable, to require marshaling of assets or to require upon foreclosure sales in a particular order. Beneficiary shall have the right to determine the order in which any or all of the Property shall be subjected to the remedies provided by this Deed of Trust. Beneficiary shall have the right to determine the order in which any or all portions of the indebtedness and obligations secured by this Deed of Trust are satisfied from the proceeds realized upon the exercise of the remedies provided by this Deed of Trust.

Section 8.14 No Third Parties Benefited. No person other than Beneficiary and Grantor and their permitted successors and assigns shall have any right of action under any of the Loan Documents.

Section 8.15 Attorneys' Fees and Expenses; Enforcement. If any attorney is engaged by Beneficiary to enforce or defend any provision of this Agreement, any of the other Loan Documents or Other Related Documents, or as a consequence of any Default under the Loan Documents, with or without the filing of any legal action or proceeding, Grantor shall pay to Beneficiary, within five (5) Business Days after demand, the amount of all reasonable attorneys' fees, paralegal fees and related costs and expenses (whether internal or external) and all costs incurred by Beneficiary in connection therewith, together with interest thereon from the date of such demand until paid at the rate of interest applicable to the principal balance of the Note as specified therein. If any of the services described above are provided by an employee of Beneficiary, Beneficiary's costs and expenses for such services shall be calculated in accordance with Beneficiary's standard charge for such service reasonably determined based on their actual allocated cost.

Section 8.16 Immediately Available Funds. Unless otherwise expressly provided for in this Agreement, all amounts payable by Grantor to Beneficiary shall be payable only in United States currency, immediately available funds.

Section 8.17 Beneficiary's Consent. Wherever in this Agreement there is a requirement for Beneficiary's consent or approval and/or a document to be provided or an action taken "to the satisfaction of Beneficiary", it is understood by such phrase that Beneficiary shall exercise its consent, right or judgment in its sole discretion.

Section 8.18 Severability. If any provision or obligation under this Agreement and the other Loan Documents shall be determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, that provision shall be deemed severed from the Loan Documents and the validity, legality and enforceability of the remaining provisions or obligations shall remain in full force as though the invalid, illegal, or unenforceable provision had never been a part of the Loan Documents; provided, however, that if the rate of interest or any other amount payable under either Note or this Agreement or any other Loan Document, or the right of collectability therefor, are declared to be or become invalid, illegal or unenforceable, Beneficiary's obligations to make advances under the Loan Documents shall not be enforceable by Grantor.

Section 8.19 Heirs, Successors and Assigns. Except as otherwise expressly provided under the terms and conditions of this Agreement, the terms of the Loan Documents shall bind and inure to the benefit of the heirs, successors and assigns of the parties.

Section 8.20 Time is of the Essence. Time is of the essence of each and every term of this Agreement.

Section 8.21 Headings. All article, section or other headings appearing in this Agreement and any of the other Loan Documents are for convenience of reference only and shall be disregarded in construing this Agreement and any of the other Loan Documents.

[SIGNATURE PAGE ATTACHED]

IN WITNESS WHEREOF, Grantor has on the date set forth in the acknowledgement hereto, effective as of the date first above written, caused this instrument to be duly EXECUTED AND DELIVERED by authority duly given.

Pahlisch Homes at Pheasant Run Limited Partnership,
An Oregon Limited Partnership

By: Pahlisch Homes, Inc.
An Oregon Corporation
Its General Partner

By: *D. Pahlisch*
Name: DENNIS PAHLISCH
Title: MANAGER

[THIS DOCUMENT MUST BE NOTARIZED]

State of Oregon
County of Deschutes

This instrument was acknowledged before me on October 11, 2016 by Dennis Pahlisch
as Manager of Pahlisch Homes, Inc.

[Signature]

Notary Public – State of Oregon
My commission expires: January 4, 2020



EXHIBIT A

Legal Description

LOT 76 IN TRACT 1473, PHEASANT RUN, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK, KLAMATH COUNTY, OREGON.