

**2017-008946**

**Klamath County, Oregon**

**08/09/2017 12:11:00 PM**

**Fee: \$167.00**

RECORDATION REQUESTED BY AND  
WHEN RECORDED MAIL TO:

Coblentz Patch Duffy & Bass LLP  
One Montgomery Street, Suite 3000  
San Francisco, CA 94104  
Attention: Julie Treppa

**First American Title-NCS-721941-A-OR1**

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

**CREDIT INSTRUMENT**

**The aggregate original principal amount to be advanced pursuant to the Loan Agreement and the Note is \$3,850,000.00. The maturity date of the Note is July 30, 2042.**

THIS DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this "Deed of Trust") is dated August 9, 2017, by **REACH, INC.**, an Oregon nonprofit corporation ("Grantor"), in favor of **FIRST AMERICAN TITLE INSURANCE COMPANY**, whose address is 200 SW Market Street, Suite 250, Portland, Oregon 97201 ("Trustee"), for the benefit of **CRAFT3**, a Washington nonprofit corporation (the "Lender" or "Beneficiary").

THIS DEED OF TRUST IS INTENDED ALSO AS A FIXTURE FILING AND IS TO BE INDEXED NOT ONLY AS A DEED OF TRUST BUT ALSO AS A FIXTURE FILING.

WHEREAS, Grantor owns the fee interest in that certain real property (the "Land") located in the City of Klamath Falls, County of Klamath and State of Oregon, which Land is more particularly described on Exhibit A attached hereto and made a part hereof, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all appliances, furniture and furnishings affixed to the real property; all easements, rights of way and appurtenances; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights) and all other rights, royalties and profits relating to the Land, including, without limitation, all minerals, oil, gas, geothermal and similar matters, and all requisite approvals, licenses, permits, variances, cooperative agreements, tax credits (if applicable), tax abatement benefits (if applicable) and land-use entitlements; and all proceeds of any of the foregoing (collectively, the "Real Property").

WHEREAS, to induce Beneficiary to enter into the Loan Agreement, Grantor has agreed to execute and deliver this Deed of Trust to secure the rights of Beneficiary on the terms contained herein.

1. **CONVEYANCE AND GRANT.** For valuable consideration, Grantor grants, bargains, sells, conveys, assigns, and transfers to Trustee in trust with power of sale, right of entry, and possession, for the benefit of Beneficiary, all of Grantor's present and future right, title and interest in and to (a) the Real Property; (b) all building materials and supplies, improvements, fixtures and other equipment located from time to time on, under or about the Real Property, together with any alterations, additions and improvements thereto and all restorations and replacements thereof hereafter made from time to time; (c) all estates, easements, interests, licenses, tenements, hereditaments, appurtenances, rights and rights of way, public or private, pertaining, belonging or otherwise relating to the Real Property or any of the other Property (as defined below) described herein; (d) any and all equipment, fixtures, general intangibles, instruments, chattel paper, deposit accounts or other Personal Property (as defined below); (e) all insurance proceeds and any judgments, settlements, awards and other payments, including interest thereon, which may be made in respect of the Property, as a result of damage to or destruction of the Property, the exercise of the right of condemnation or eminent domain over any interest in the Property, or any other injury to or decrease in the value of the Property; (f) all franchises, permits, licenses and other rights therein respecting the use, occupation or operation of the Property or the activities conducted thereon or thereabout; (g) all rents (including all unearned or prepaid rents and any and all refunds or rebates of or with respect to any rents, and any interest thereon), income, deposits and other benefits arising out of or otherwise related to the Property and all leases on or affecting the Property, and any security deposits, contract rights, general intangibles, actions, rights of action and unearned insurance premiums relating to such leases or the Property and (h) all accessions to, substitutes for and all modifications, replacements, renewals, products and proceeds of any of the foregoing.

THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF LEASES AND RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND (2) PERFORMANCE OF ANY AND ALL OBLIGATIONS OF GRANTOR UNDER THE NOTE, THIS DEED OF TRUST, AND THE OTHER LOAN DOCUMENTS.

2. **DEFINITIONS.** Capitalized terms in this Deed of Trust shall have the meanings given in this Section 2 when used in this Deed of Trust. Capitalized terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Loan Agreement (as defined below) or the Uniform Commercial Code as now or hereafter in effect. The words "including" or "include" shall mean including or include by way of example and not limitation (regardless of whether the words "without limitation" or words of similar import are used in conjunction therewith), unless otherwise expressly stated. References to Sections are intended to refer to Sections of this Deed of Trust, unless otherwise specifically stated.

"Deed of Trust" means this Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, and includes, without limitation, all assignment and security interest provisions relating to the Personal Property, Leases and Rents.

"Dollars" and "\$" mean the lawful money of the United States of America.

“Entity” means any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative, association, foreign trust or foreign business organization.

“Event of Default” has the meaning set forth in the Loan Agreement.

“Improvements” means and includes without limitation all existing and future improvements, fixtures, buildings, structures, modular buildings, mobile homes affixed on the Real Property, facilities, additions and other construction on the Real Property.

“Indebtedness” means all principal and interest payable under the Note and any amounts expended or advanced by Lender to discharge obligations of Grantor or expenses incurred by Trustee or Lender to enforce obligations of Grantor under this Deed of Trust or any of the other Loan Documents, together with interest on such amounts as provided in the Note.

“Leases” means all present and future leases, subleases, rental agreements, licenses and other agreements for the use and occupancy of all or any part of the Real Property, whether written or oral, and any amendments, extensions, renewals and replacements thereof.

“Loan Agreement” means that certain Loan Agreement between Grantor and Lender, dated as of the date hereof, together with any amendments, addenda, extensions, supplements, renewals, replacements or restatements thereof or therefor.

“Loan Documents” has the meaning set forth in the Loan Agreement.

“Note” has the meaning set forth in the Loan Agreement.

“Personal Property” means Grantor’s interest, whether now owned or hereafter acquired or arising, in all of the following: (a) all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor that is now or hereafter located on or used in connection with all or any part of the Real Property, any construction thereon, or any business operated by Grantor thereon, together with all accessions, parts and additions to, all replacements of, and all substitutions for, any of such property; (b) all equipment, materials, supplies and other goods, wherever located, whether in the possession of Grantor, a warehouseman, bailee or any other Person that is purchased for use in the construction or furnishing of any Improvements on the Real Property; (c) all general intangibles, chattel paper and instruments that arise from or relate to the Property or any business operated by Grantor thereon; (d) all construction, service, environmental, engineering, consulting, leasing, architectural and other similar contracts of any nature (including, without limitation, those of any general contractors and subcontractors), as such may be modified, amended or supplemented from time to time, concerning the design, construction, management, operation, occupancy, use and/or disposition of any portion of or all of the Property; (e) all architectural drawings, plans, specifications, soil tests, feasibility studies, appraisals, engineering reports and similar materials relating to any portion of or all of the Property; (f) all payment and performance bonds or guarantees and any and all modifications and extensions thereof relating to the Property; (g) all

deposits and deposit accounts related to the Property, including without limitation, (i) those relating to the Indebtedness or the Property, (ii) security deposits, (iii) deposits relating to utility services and deposits for the Property, (iv) deposit accounts relating to the Property and (v) reserves established with Lender for taxes, insurance or otherwise relating to the Property; (h) to the extent it is deemed to be personal property, the Real Property; (i) all awards or payments, including interest thereon, and the right to receive the same, which may be made with respect to the Real Property as a result of the exercise of the right of eminent domain or any other injury to or decrease in the value of the Real Property and (j) all proceeds (including without limitation all condemnation awards and settlements, insurance proceeds, and refunds of premiums) of any of the foregoing and any other Property.

“Property” means, collectively, the Real Property, the Improvements, the Personal Property and, except where the context otherwise requires, the Leases and Rents.

“Rents” means all present and future rents, revenues, fees, charges, income, issues, royalties, profits and other income, benefits or payments of any nature arising from or out of the Leases or from or out of all or any part of the Property, including but not limited to fees, charges, accounts and other payments for the use or occupancy of rooms and other public facilities, minimum rents, additional rents, percentage rents, parking or common area maintenance charges, tax and insurance contributions, deficiency rents and claims for damages from default in any Leases.

3. **PAYMENT AND PERFORMANCE.** Except as otherwise provided in this Deed of Trust, Grantor shall pay to Lender all Indebtedness secured by this Deed of Trust as it becomes due, and Grantor shall strictly perform all of Grantor’s obligations under the Note, this Deed of Trust and the Loan Documents.

4. **POSSESSION AND MAINTENANCE OF THE PROPERTY.**

4.1. **Possession and Use.** Until the occurrence of an Event of Default, Grantor may (a) remain in possession and control of the Property, and (b) use, operate and manage the Property.

4.2. **Duty to Maintain.** Grantor shall maintain the Property in tenantable condition, reasonable wear and tear excepted, and promptly perform all repairs, replacements and maintenance necessary to preserve its value.

4.3. **Nuisance, Waste.** Grantor shall not cause, conduct or permit any nuisance nor commit, permit or suffer any stripping of or waste on or to the Property or any portion of the Property. Specifically, without limitation, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), soil, gravel or rock products without the prior written consent of Lender.

4.4. **Removal of Improvements.** Grantor shall not alter, demolish or remove any Improvements from the Real Property, nor permit such alteration, demolishing or removal, without the prior written consent of Lender. As a condition to the alteration, demolition or

removal of any Improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

**4.5. Lender's Right to Enter.** Lender and its agents and representatives may enter upon the Real Property at all reasonable times and upon reasonable notice to Grantor to attend to Lender's interests and to inspect the Property for purposes of Grantor's compliance with the terms and conditions of this Deed of Trust.

**4.6. Compliance with Governmental Requirements.** Grantor shall promptly comply with all laws, ordinances and regulations, now or hereafter in effect, of all Governmental Authorities applicable to the use or occupancy of the Property, including the obligation to pay prior to delinquency all taxes, levies, charges and assessments in accordance with the Loan Agreement. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's reasonable opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

**4.7. Duty to Protect.** Grantor agrees neither to abandon nor leave unattended the Property. In addition to those acts set forth above in this Section 4, Grantor shall do all other acts that are reasonably necessary to protect and preserve the character and use of the Property.

**4.8. Access Laws.**

(a) Grantor agrees that Grantor and the Property shall at all times strictly comply with the requirements of the Federal Americans with Disabilities Act of 1990; the Federal Fair Housing Amendments Act of 1988; any other federal, state or local laws or ordinances related to disabled access; and any statute, rule, regulation, ordinance, order of governmental body or regulatory agency or order or decree of any court adopted or enacted with respect thereto, as now existing or hereafter amended or adopted (collectively, the "Access Laws"). At any time, Lender may require a certificate of compliance with the Access Laws and indemnification agreement in a form reasonably acceptable to Lender. Lender may also require a certificate of compliance with the Access Laws from an architect, engineer or other third party acceptable to Lender.

(b) Except as required by the Access Laws, notwithstanding any provisions set forth herein or in any other document, Grantor shall not alter or permit any tenant or other Person to alter the Property in any manner which would increase Grantor's responsibilities for compliance with the Access Laws without the prior written approval of Lender. In connection with such approval, Lender may require a certificate of compliance with the Access Laws from an architect, engineer or other Person acceptable to Lender.

(c) Grantor agrees to give prompt written notice to Lender of the receipt by Grantor of any claims of violation of any of the Access Laws and of the commencement

of any proceedings or investigations which relate to compliance with any of the Access Laws.

(d) Grantor shall indemnify, defend and hold harmless Lender from and against any and all claims, demands, damages, costs, expenses, losses, liabilities, penalties, fines and other proceedings including, without limitation, reasonable attorney fees and expenses arising directly or indirectly from, out of, or in any way connected with, any failure of the Property to comply with any of the Access Laws. The obligations and liabilities of Grantor under this Section 4 shall survive any termination, satisfaction, assignment, judicial or nonjudicial foreclosure proceeding or delivery of a deed in lieu of foreclosure.

5. **SUBORDINATE TO GROUND LEASE.** This Deed of Trust is expressly made subject and subordinate to the Ground Lease (as defined below).

6. **DUE ON SALE - CONSENT BY LENDER.**

6.1. **Due on Sale.** Except as expressly permitted by the Loan Agreement, Grantor shall not (a) sell or transfer all or any part of the Real Property, or any interest in the Real Property, or (b) permit the sale or transfer of any direct or indirect legal or beneficial interest in Grantor, except pursuant to that certain Ground Lease between Grantor and REACH QALICB, INC., an Oregon nonprofit corporation, of even date herewith (the "**Ground Lease**"). Upon any sale or transfer of all or any part of the Real Property, or of any interest in the Real Property, or of any direct or indirect legal or beneficial interest in Grantor, in violation of the Loan Agreement or this Deed of Trust, Lender may, at its option, (a) declare immediately due and payable all sums secured by this Deed of Trust or (b) impose such conditions as Lender deems appropriate. A "sale or transfer" or to "sell or transfer" means the conveyance of the Real Property or any right, title or interest therein, or the conveyance of any direct or indirect legal or beneficial interest in Grantor; whether legal or equitable; whether voluntary or involuntary; and with respect to the Real Property, whether by outright sale, deed, installment sale contract, land contract, contract for deed, lease, lease-option contract or by sale, assignment or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of Real Property interest. However, the options in this Section 6.1 shall only be exercised by Lender to the extent such options are not prohibited by law.

7. **TAXES AND LIENS.**

7.1. **Payment.** Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens and encumbrances except Permitted Encumbrances, the lien of taxes and assessments not due and except as otherwise provided in this Deed of Trust.

7.2. **Right To Contest Tax and Other Liens.** Grantor may withhold payment of any tax, assessment or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result

of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or, if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and reasonable attorney fees or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

**7.3. Evidence of Payment.** Grantor shall upon demand furnish to Lender evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

**7.4. Notice of Construction.** Grantor shall notify Lender at least fifteen (15) days before any construction work is commenced, any services are furnished or any materials are supplied to the Property, if any mechanic's lien, materialman's lien or other lien could be asserted on account of the work, services or materials and the cost exceeds \$25,000.00. Grantor will upon request of Lender furnish to Lender advance assurances reasonably satisfactory to Lender that Grantor can and will pay the cost of such Improvements.

## **8. INSURANCE.**

**8.1. Maintenance of Insurance.** Grantor shall obtain and maintain such policies of insurance as required pursuant to the Loan Agreement and the other Loan Documents.

**8.2. Power of Attorney.** Grantor irrevocably makes, constitutes and appoints Lender (and all officers, employees or agents designated by Lender) as Grantor's true and lawful attorney-in-fact and agent, with full power of substitution, for the purpose of making and adjusting claims under such policies of insurance, endorsing the name of Grantor on any check, draft, instrument or other item of payment of the proceeds of such policies of insurance and for making all determinations and decisions with respect to such policies of insurance required above or to pay any premium in whole or in part relating thereto until such time as the Indebtedness has been indefeasibly paid in full. Lender, without waiving or releasing any obligation or default by Grantor hereunder, may (but shall be under no obligation to) at any time or times hereafter maintain such action with respect thereto as Lender deems advisable. All sums disbursed by Lender in connection therewith, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be payable, on demand, by Grantor to Lender and shall be additional obligations hereunder secured by this Deed of Trust and each of the other Loan Documents which secure the Note. Lender shall not exercise the power of attorney granted in this Section 8.2 until the occurrence of an Event of Default.

**8.3. [Reserved.]**

**8.4. [Reserved.]**

**8.5. Application of Proceeds.** Grantor shall promptly notify Lender of any loss or damage to the Property if the estimated cost of repair or replacement exceeds \$25,000.00.

Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Lender may, at its election, receive and retain the proceeds and apply the same to the reduction of the Indebtedness and/or the payment of any lien affecting the Property, or may permit the proceeds to be applied to the repair, restoration and replacement of the Property. In the event Lender elects to apply the insurance proceeds to the repair, restoration and replacement of the Property, Grantor shall repair or replace the damaged or destroyed Improvements in a manner reasonably satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. Any proceeds which have not been disbursed within one hundred eighty (180) days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Deed of Trust, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

**8.6. Unexpired Insurance at Sale.** Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property or any interest in the Property covered by this Deed of Trust at any trustee's sale or other sale held under the provisions of this Deed of Trust, or at any foreclosure sale of such Property.

**8.7. Grantor's Report on Insurance.** Within thirty (30) days of a written request by Lender, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (a) the name of the insurer; (b) the risks insured; (c) the amount of the policy; (d) the property insured, the then current replacement value of such property and the manner of determining that value and (e) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser reasonably satisfactory to Lender determine the cash value replacement cost of the Property.

**8.8. Insurance Disclosure.** Unless Grantor provides Lender with evidence of the insurance coverage as required herein, Lender may purchase insurance at Grantor's expense to protect Lender's interest. This insurance may, but need not, also protect Grantor's interest. If the Property becomes damaged, the coverage Lender purchases may not pay any claim Grantor makes or any claim made against Grantor. Grantor may later cancel Lender's coverage by providing evidence that Grantor has obtained the required coverage elsewhere. Grantor is responsible for the cost of any insurance purchased by Lender. The cost of this insurance may be added to the balance of the Note. The effective date of coverage may be the date Grantor's prior coverage lapsed or the date Grantor failed to provide proof of coverage. The coverage Lender purchases may be considerably more expensive than insurance Grantor can obtain on Grantor's own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

**9. TAX AND INSURANCE RESERVES.** Subject to any limitations imposed by applicable law, Lender may require Grantor to maintain with Lender reserves for payment of annual taxes, assessments and insurance premiums, which reserves shall be created by advance payment or monthly payments of a sum estimated by Lender to be sufficient to produce, at least fifteen (15) days before due, amounts at least equal to the taxes, assessments and insurance premiums to be paid. If fifteen (15) days before payment is due the reserve funds are



insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit from Grantor, which Lender may satisfy by payment of the taxes, assessments and insurance premiums required to be paid by Grantor as they become due. Lender shall have the right to draw upon the reserve funds to pay such items, and Lender shall not be required to determine the validity or accuracy of any item before paying it. Nothing in this Deed of Trust shall be construed as requiring Lender to advance other monies for such purposes, and Lender shall not incur any liability for anything it may do or omit to do with respect to the reserve account. Subject to any limitations set by applicable law, if the reserve funds disclose a shortage or deficiency, Grantor shall pay such shortage or deficiency as required by Lender. All amounts in the reserve account are hereby pledged to further secure the Indebtedness, and Lender is hereby authorized to withdraw and apply such amounts on the Indebtedness upon the occurrence of an Event of Default. Lender shall not be required to pay any interest or earnings on the reserve funds unless required by law or agreed to by Lender in writing. Lender does not hold the reserve funds in trust for Grantor, and Lender is not the agent of Grantor for payment of the taxes and assessments required to be paid by Grantor.

10. **EXPENDITURES BY LENDER.** If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Deed of Trust or any of the Loan Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Deed of Trust or any of the Loan Documents, Lender, on Grantor's behalf, may (but shall not be obligated to) take any action that Lender reasonably deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the highest rate then applicable to any Note from the date incurred or paid by Lender to the date of repayment. All such expenses will become a part of the Indebtedness and will be payable on demand. The Property (and any interest Grantor holds in the Property) also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled on account of the default. Any such action by Lender shall not be construed as curing the default so as to bar Lender from any remedy that it otherwise would have had.

11. **REPRESENTATIONS AND WARRANTIES.**

11.1. **Grantor's Interest.** Grantor represents and warrants that:

- (a) Grantor is seized of an indefeasible estate in fee simple in and to the Land;
- (b) To the best of Grantor's knowledge and belief, subject only to Permitted Encumbrances, Grantor has good and absolute title to the Personal Property;
- (c) To the best of Grantor's knowledge and belief the Property is free and clear of any and all liens, security interests, charges, encumbrances and claims of other persons, other than Permitted Encumbrances; and

(d) no tenancy or other rights of use or occupancy of all or any part of the Property (other than as permitted by the Loan Agreement) have been created, by operation of law or otherwise, whether absolutely, conditionally, collaterally or otherwise.

**11.2. Defense of Title.** Except for Permitted Encumbrances, Grantor warrants and will forever defend its interest to the Property against the lawful claims of all Persons and agrees that there shall be no other liens or encumbrances against the Property, even if such liens or encumbrances are subordinate to the lien of this Deed of Trust, unless Lender consents to such additional liens or encumbrances in writing, such consent to be in Lender's sole discretion. In the event any action or proceeding is commenced that questions Grantor's interest in the Property or the interest of Trustee or Lender under this Deed of Trust, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver or cause to be delivered to Lender such instruments as Lender may request from time to time to permit such participation.

**11.3. Compliance With Laws.** Grantor warrants that to Grantor's knowledge the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances and regulations of Governmental Authorities.

## **12. CONDEMNATION.**

**12.1. Application of Net Proceeds.** If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may, at its election, require that all or any portion of the net proceeds of the award due to Grantor be applied to the Indebtedness or may permit such proceeds to be applied to the repair or restoration of the Property. If the proceeds are applied to repair or restoration, Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Deed of Trust. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorney fees, of both Trustee and Lender in connection with the condemnation. If Lender holds any condemnation proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

**12.2. Proceedings.** If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments as may be requested by it from time to time to permit such participation.

## **13. IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES.**

13.1. **Current Taxes, Fees, and Charges.** Upon request by Lender, Grantor shall execute such documents in addition to this Deed of Trust and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Deed of Trust, including without limitation all taxes, fees, documentary stamps and other charges for recording or registering this Deed of Trust.

13.2. **Taxes.** The following shall constitute taxes to which this Section 13 applies: (a) a specific tax upon this type of Deed of Trust or upon all or any part of the Indebtedness secured by this Deed of Trust; (b) a specific tax on Grantor which it is authorized or required to deduct from payments on the Indebtedness secured by this type of Deed of Trust; (c) a tax on this type of Deed of Trust chargeable against the Lender or the holder(s) of the Note and (d) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor.

13.3. **Subsequent Taxes.** If any tax to which this Section 13 applies is enacted subsequent to the date of this Deed of Trust, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default unless Grantor either (a) pays the tax before it becomes delinquent or (b) contests the tax as provided in Section 7 and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

#### 14. **SECURITY AGREEMENT; FINANCING STATEMENTS.**

14.1. **Security Agreement.** This Deed of Trust shall constitute a security agreement to the extent any of the Property or improvements to the Property constitute equipment, fixtures, general intangibles, instruments, chattel paper, deposit accounts or other personal property, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code, as amended from time to time.

14.2. **Security Interest.** Upon request by Lender, Grantor shall take whatever action is reasonably requested by Lender to evidence, perfect, protect, enforce and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Deed of Trust in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Grantor authorizes Lender to file any financing statements and to take all other actions which Lender deems advisable to evidence, perfect or continue its security interest in any collateral for the Indebtedness. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest.

14.3. **UCC Financing Statement Information.** The mailing addresses of Grantor (debtor) and Lender (secured party), from which information concerning the security interest granted by this Deed of Trust may be obtained (each as required by the Uniform Commercial Code), are as stated on Exhibit B to this Deed of Trust. Grantor is a nonprofit corporation and its jurisdiction of organization is Oregon, and is the record owner of the Real Property.

15. **ASSIGNMENT OF LEASES AND RENTS.** Grantor assigns and conveys to Lender all of Grantor's right, title and interest in and to all present and future Leases and Rents. Lender grants to Grantor a license to collect the Rents and profits, which license may be revoked at Lender's option upon and during the continuation of an Event of Default but shall be reinstated upon the cure of the Event of Default that resulted in such revocation and shall be automatically revoked upon acceleration of all or part of the Indebtedness.

15.1. **Grantor's Representations and Warranties.** Grantor represents and warrants that: (a) Grantor has good right, title and interest to the Leases and Rents, free of all liens, encumbrances and claims except those disclosed to and accepted by Lender in writing; (b) Grantor has full right, power and authority to enter into and perform this assignment; (c) the Leases are in full force and effect and have not been modified or amended; (d) the Rents have not been waived, discounted, compromised, setoff or paid more than one month in advance; (e) there are no other assignments, transfers, pledges or encumbrances of any Leases or Rents; and (f) neither Grantor nor the lessees and tenants are in default under the Leases.

15.2. **Grantor's Agreements.** Grantor shall (a) fulfill or perform each and every term, covenant and provision of the Leases to be fulfilled or performed by the lessor thereunder; (b) give prompt notice to Lender of any notice received by Grantor of default under any such Lease or of any alleged default or failure of performance that could become a default thereunder, together with a complete copy of any such notice and (c) enforce, short of termination thereof, the performance or observance of each and every term, covenant and provision of the Leases to be performed or observed by the lessees and tenants thereunder. Grantor, without the prior written consent of Lender, shall not: (i) cancel, modify, alter or accept the surrender of, any Leases; (ii) assign, transfer, pledge or encumber the whole or any part of the Leases and Rents to anyone other than Lender; (iii) accept any Rents more than one month in advance of the accrual thereof; (iv) do or permit anything to be done or omit or refrain from doing anything, that could be a breach or default under the terms of any Leases or a basis for termination thereof; or (v) enter into any Leases except for any Lease permitted by the Loan Agreement.

15.3. **Lender Not Liable.** Lender does not assume and shall not be liable for any obligation of the lessor under any of the Leases and all such obligations shall continue to rest upon Grantor as though this assignment had not been made. Neither the assignment of the Leases and Rents nor the exercise by Lender of any of its rights or remedies hereunder or in connection herewith, prior to Lender obtaining actual possession of the Property, shall constitute Lender a "mortgagee in possession" or otherwise make Lender responsible or liable in any manner with respect to the Property or the occupancy, operation or use thereof.

15.4. **Lender's Rights to Collect Rents.** In addition to the other remedies available to Lender, Lender shall have the right at any time, if an Event of Default has occurred, to collect and receive the Rents for so long as such Event of Default is continuing and uncured. Lender's right to collect Rents under this Section 15.4 shall terminate upon cure of the Event Default that resulted in Lender exercising its rights hereunder, provided that the foregoing shall not be interpreted as precluding Lender from exercising its right to collect Rents in the event of any subsequent Event of Default. For this purpose, Lender is hereby given and granted all rights, powers and authority to (a) send notices to any and all tenants of the Property advising them of the assignment and directing all Rents to be paid directly to Lender or Lender's agent; (b) enter

upon and take possession of the Property; demand, collect and receive from the tenants or from any other Persons liable therefor, all of the Rents; institute and carry on all legal proceedings necessary for the protection of the Property, including such proceedings as may be necessary to recover possession of the Property; and collect the Rents and remove any tenant or tenants or other Persons from the Property; (c) enter upon the Property to maintain the Property and keep the same in repair; to pay the costs thereof and of all services of all employees, including their equipment, and of all continuing costs and expenses of maintaining the Property in proper repair and condition, and also to pay all taxes, assessments and water utilities, and the premiums on fire and other insurance effected by Lender on the Property; (d) do any and all things to execute and comply with applicable state laws and all other laws, rules, orders, ordinances and requirements of all other governmental agencies affecting the Property; (e) rent or lease the whole or any part of the Property for such term or terms and on such conditions as Lender may deem appropriate; (f) engage such agent or agents as Lender may deem appropriate, either in Lender's name or in Grantor's name, to rent and manage the Property, including the collection and application of Rents; and (g) do all such other things and acts with respect to the Property as Lender may deem appropriate and may act exclusively and solely in the place and stead of Grantor and to have all of the powers of Grantor for the purposes stated above. Lender shall not be required to do any of the foregoing acts or things, and the fact that Lender shall have performed one or more of the foregoing acts or things shall not require Lender to do any other specific act or thing.

**15.5. Application of Rents.** All costs and expenses incurred by Lender in connection with the exercise of Lender's rights pursuant to Section 15.4, shall be for Grantor's account and Lender may pay such costs and expenses from the Rents. Lender, in its sole discretion, shall determine the application of any and all Rents received by it; however, any such Rents received by Lender which are not applied to such costs and expenses shall be applied to the Indebtedness. All expenditures made by Lender and not reimbursed from the Rents shall become a part of the Indebtedness secured by this Deed of Trust, and shall be payable on demand, with interest accruing at the highest rate of interest then applicable to a Note from date of expenditure until paid.

**16. FURTHER ASSURANCES; ATTORNEY-IN-FACT.**

**16.1. Further Assurances.** At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates and other documents as may, in the reasonable opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue or preserve (a) the obligations of Grantor under the Note, this Deed of Trust and the Loan Documents and (b) the liens and security interests created by this Deed of Trust on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or agreed to the contrary by Lender in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this Section 16.1.

16.2. **Attorney-in-Fact.** If Grantor fails to do any of the things referred to in Section 16.1, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in Section 16.1. This power of attorney is irrevocable and is coupled with an interest.

17. **FULL PERFORMANCE.** If Grantor pays all the Indebtedness when due, terminates the availability of advances, and Grantor otherwise performs all the obligations imposed upon Grantor under this Deed of Trust, Lender shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Grantor shall pay Lender a reasonable reconveyance fee for said reconveyance. The grantee in any such reconveyance may be described as the "person or persons legally entitled thereto."

18. **RIGHTS AND REMEDIES ON DEFAULT.** Upon the occurrence of any Event of Default and at any time during the continuation thereof, Trustee or Lender, at either party's option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

18.1. **Foreclosure.** With respect to all or any part of the Real Property, or any of Grantor's interest in the Real Property, the Trustee and Lender shall have the right to foreclose by notice and sale or advertisement and sale, and to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law. If this Deed of Trust is foreclosed (whether by judicial foreclosure or otherwise), Lender will, to the fullest extent permitted by applicable law, be entitled to a judgment which will provide that, if the foreclosure sale proceeds are insufficient to satisfy the judgment, execution may issue for the amount of the unpaid balance of the judgment.

18.2. **UCC Remedies.** With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code, including, without limitation, the right to recover any deficiency in the manner and to the full extent provided by applicable law.

18.3. **Collect Rents.** Lender shall have the right, without notice to Grantor, to take possession of and manage the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. This power of attorney is irrevocable and is coupled with an interest. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this Section 18.3 either in person, by agent or through a receiver.

18.4. **Appoint Receiver.** Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a Person from serving as a receiver.

18.5. **Tenancy at Sufferance.** If Lender becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender and shall, at Lender's option, either (a) pay a reasonable rental for the use of the Property or (b) vacate the Property immediately upon the demand of Lender.

18.6. **Other Remedies.** Trustee or Lender shall have any other right or remedy provided in this Deed of Trust, the Note, the other Loan Documents, or by law, including, without limitation, the right to take possession of the Property and to take any and all actions necessary to complete construction of the Improvements being constructed with the proceeds of the Note.

18.7. **Sale of the Property.** To the extent permitted by applicable law, Grantor hereby waives any and all rights to have the Property marshalled. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

18.8. **Waiver; Election of Remedies.** A waiver by any party of a breach of a provision of this Deed of Trust shall not constitute a waiver of or prejudice the party's rights otherwise to demand strict compliance with that provision or any other provision. Election by Lender to pursue any remedy provided in this Deed of Trust, the Note, in any Loan Document or provided by law shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Deed of Trust after failure of Grantor to perform shall not affect Lender's right to declare a default and to exercise any of its remedies.

18.9. **Attorney Fees; Expenses.** Whether or not any court action is involved, all reasonable expenses incurred by Lender which in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the highest rate of interest then applicable to a Note from the date of expenditure until repaid. Expenses covered by this Section 18.9 include, without limitation, however subject to any limits under applicable law, Lender's reasonable attorney fees whether or not there is a lawsuit, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, appraisal fees, title insurance and fees for the Trustee, to the extent permitted by applicable law. Without limiting the foregoing, if any suit or action is commenced to construe or to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sums as the court may adjudge reasonable as attorney fees.

18.10. **Rights of Trustee.** Trustee shall have all of the rights and duties of Lender as set forth in this Section 18.

19. **POWERS AND OBLIGATIONS OF TRUSTEE.**

19.1. **Powers of Trustee.** In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the written request of Lender and Grantor: (a) to join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) to join in granting any easement or creating any restriction on the Real Property; and (c) to join in any subordination or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

19.2. **Obligation to Notify.** Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Lender or Trustee shall be a party, unless the action or proceeding is brought by Trustee.

19.3. **Trustee.** Trustee shall meet all qualifications required for Trustee under applicable law. In addition to the rights and remedies set forth above, with respect to all or any part of the Property, Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

19.4. **Successor Trustee.** Lender, at Lender's option, may from time to time appoint a successor trustee to any Trustee appointed hereunder in accordance with the requirements of applicable law. The successor trustee, without conveyance of the Property, shall succeed to all the title, power and duties conferred upon the Trustee in this Deed of Trust and by applicable law.

20. **NOTICES TO GRANTOR AND OTHER PARTIES.** Any notice under this Deed of Trust shall be in writing and shall be effective when actually delivered or, if mailed, shall be deemed effective when deposited in the United States mail first class, certified or registered mail, postage prepaid, directed to the addresses shown on Exhibit B hereto. Any party may change its address for notices under this Deed of Trust by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address.

21. **ANTI-DEFICIENCY WAIVERS.** To the fullest extent permitted by applicable law, Grantor waives all rights or defenses arising by reason of any "one action" or "anti-deficiency" law, or any other law which may prevent Lender from bringing any action against Grantor, including a claim for deficiency to the extent Lender is otherwise entitled to a claim for deficiency, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale.

22. **MISCELLANEOUS PROVISIONS.**

22.1. **Amendments.** This Deed of Trust, together with any Loan Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration of or amendment to this Deed of Trust shall be effective unless



given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

22.2. **Subrogation.** If, and to the extent that, the proceeds of the Note are used to pay, satisfy or discharge any existing lien on the Property, Lender shall be subrogated to the rights, including the lien priority, of the holder of such existing lien, whether or not such existing lien is released.

22.3. **Applicable Law.** This Deed of Trust shall be governed by, construed and enforced in accordance with the laws of the State of Oregon. The loan transaction which is evidenced by the Note and this Deed of Trust (which secures the Note) has been applied for, considered, approved and made in the State of Oregon. **IF THERE IS A LAWSUIT, GRANTOR, AT LENDER'S OPTION, AGREES TO SUBMIT TO THE JURISDICTION OF ANY FEDERAL OR STATE COURT LOCATED IN OR HAVING JURISDICTION OVER KLAMATH COUNTY, OREGON, AND GRANTOR AND LENDER (BY ITS ACCEPTANCE HEREOF) AGREE THAT ANY ACTION, SUIT OR PROCEEDING TO ENFORCE THIS DEED OF TRUST SHALL BE BROUGHT IN SUCH FEDERAL OR STATE COURT. Nothing contained herein should be deemed to affect the parties' right to remove to any United States Federal District Court within the District of Oregon.**

22.4. **Waiver of Jury Trial.** **TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, GRANTOR HEREBY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO ANY OF THE LOAN DOCUMENTS, THE OBLIGATIONS THEREUNDER, ANY COLLATERAL SECURING THE INDEBTEDNESS, OR ANY TRANSACTION ARISING THEREFROM OR CONNECTED THERETO. GRANTOR ACKNOWLEDGES AND AGREES THAT THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY GIVEN.**

22.5. **Caption Headings.** Caption headings in this Deed of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

22.6. **Assignments and Participations.** Lender may at any time sell, assign, transfer, negotiate, grant participations in or otherwise dispose of, to any one or more other lenders all or any part of the Indebtedness of Grantor at any time outstanding under the Note, this Deed of Trust or any of the Loan Documents and in connection therewith disclose any information Lender may have concerning Grantor.

22.7. **Merger.** There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

22.8. **Severability.** If a court of competent jurisdiction finds any provision of this Deed of Trust to be invalid or unenforceable as to any Person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other Persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be

stricken and all other provisions of this Deed of Trust in all other respects shall remain valid and enforceable.

**22.9. Successors and Assigns.** Subject to the limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a Person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Deed of Trust and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Deed of Trust or liability under the Indebtedness.

**22.10. Time Is of the Essence.** Time is of the essence in the performance of this Deed of Trust.

**22.11. Waivers and Consents.** Lender shall not be deemed to have waived any rights under this Deed of Trust (or under the Loan Documents) unless such waiver is in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by any party of a provision of this Deed of Trust shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or any of Grantor's obligations as to any future transactions. Whenever consent by Lender is required in this Deed of Trust, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required.

**22.12. Continuing Representations and Warranties.** All representations and warranties made by Grantor in this Deed of Trust or any of the other Loan Documents shall survive the execution and delivery of this Deed of Trust and the other Loan Documents, and shall remain in full force and effect and shall be deemed made continuously until payment and performance in full of all obligations of Grantor under the Loan Documents.

**23. COMMERCIAL PROPERTY.** The Property is used exclusively for business or commercial purposes. This Deed of Trust is not a residential trust deed.

***[Remainder of Page Intentionally Left Blank]***

***[Signature and Notary Page Follows]***

**GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST, AND GRANTOR AGREES TO ITS TERMS.**

**REACH, INC.,**

an Oregon nonprofit corporation

By:

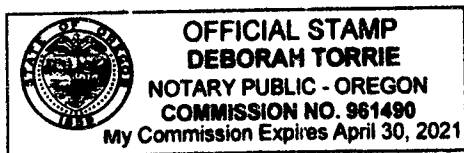
Ronald Laurence Moe

Name: Ronald Laurence Moe

Title: Authorized Representative

STATE OF Oregon )  
 ) ss.  
COUNTY OF Klamath )

This instrument was acknowledged before me on this 4<sup>th</sup> day of August, 2017, by Ronald Laurence Moe, as Auth Representative of REACH, INC., an Oregon nonprofit corporation.



Deborah Torrie

Notary Public for the State of Oregon

My commission expires: April 30th 2021

## EXHIBIT A

### Legal Description

#### 2350 MAYWOOD DRIVE, KLAMATH FALLS, OR 97603:

##### PARCEL I:

A TRACT OF LAND SITUATED IN THE EAST 1/2 SECTION 4, TOWNSHIP 39 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, INCLUDING A PORTION OF LOT 2, BLOCK 2 TRACT NO. 1080, WASHBURN PARK, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WESTERLY LINE OF AN EXISTING 10-FOOT SOUTH SUBURBAN SANITARY DISTRICT SEWER EASEMENT, FROM WHICH THE SOUTHWEST CORNER OF LOT 2, BLOCK 2, SAID TRACT 1080, BEARS NORTH 08°08'39" EAST A DISTANCE OF 270.55 FEET AND THE EAST QUARTER CORNER OF SAID SECTION 4 BEARS NORTH 77°03'46" EAST A DISTANCE OF 562.46 FEET; THENCE NORTH 00°06'43" WEST ALONG THE SAID WEST EASEMENT LINE 973.79 FEET TO A POINT WHICH IS 230.00 FEET FROM, MEASURED AT RIGHT ANGLES TO, THE SOUTHERLY RIGHT OF WAY LINE OF THE O. C. & E. RAILROAD; THENCE NORTH 66°51'15" WEST PARALLEL TO AND 230.00 FEET FROM THE SAID SOUTHERLY RIGHT OF WAY LINE 973.79 FEET; THENCE SOUTH 00°06'43" EAST PARALLEL TO SAID SEWER EASEMENT 973.79 FEET; THENCE SOUTH 66°51'15" EAST PARALLEL TO SAID SOUTHERLY RAILROAD RIGHT OF WAY LINE 973.79 FEET TO THE POINT OF BEGINNING, WITH BEARINGS BASED ON SAID TRACT NO. 1080, WASHBURN PARK.

##### PARCEL II:

A NON-EXCLUSIVE RIGHT OF WAY FOR INGRESS TO EXIT FROM THE ABOVE DESCRIBED REAL PROPERTY ALONG AND UPON A 60 FOOT WIDE STRIP OF LAND, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF BLOCK 2, TRACT 1080, WASHBURN PARK; THENCE ALONG THE ARC OF A CURVE TO THE RIGHT (RADIUS POINT BEARS NORTH 00°04'50" WEST 27.14 FEET, CENTRAL ANGLE = 84°48'27") 42.54 FEET TO THE EASTERLY RIGHT OF WAY LINE OF A SEWER EASEMENT; THENCE NORTH 00°06'43" WEST ALONG SAID EASEMENT 255.37 FEET; THENCE SOUTH 89°53'17" WEST 10.00 FEET TO A 5/8 INCH IRON PIN; THENCE NORTH 66°51'15" WEST 54.42 FEET; THENCE SOUTH 00°06'43" EAST 363.71 FEET; THENCE SOUTH 89°55'10" EAST 86.85 FEET TO THE NORTHWEST CORNER OF BLOCK 6, TRACT 1080; THENCE NORTH 00°04'50" EAST 60.00 FEET TO THE POINT OF BEGINNING, WITH BEARINGS BASED ON SAID TRACT 1080.

#### 1613 WASHBURN WAY, KLAMATH FALLS, OR 97603:

##### PARCEL I:

A PARCEL OF LAND LOCATED IN THE SOUTHWEST ONE-QUARTER OF SECTION 34, TOWNSHIP 38 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A BRASS CAP MARKING THE SOUTHWEST CORNER OF SECTION 34 AND RUNNING NORTH 00° 28' 30" WEST 168.83 FEET; THENCE NORTH 89° 31' 30" EAST 55.00 FEET TO A POINT ON THE EASTERLY RIGHT OF WAY LINE OF WASHBURN WAY AND THE POINT OF BEGINNING; THENCE LEAVING SAID RIGHT OF WAY, RUNNING 38.10 FEET ALONG A 35.00 FOOT RADIUS CURVE RIGHT, THE LONG CHORD OF WHICH BEARS NORTH 58° 20' 54" EAST 36.24 FEET; THENCE NORTH 89° 31' 53" EAST 172.03 FEET; THENCE SOUTH 00° 28' 07" EAST 159.15 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF SHASTA WAY; THENCE ALONG SAID RIGHT OF WAY SOUTH

89° 52' 25" WEST 192.87 FEET; THENCE NORTH 48° 08' 20" WEST 13.74 FEET TO THE EASTERLY RIGHT OF WAY LINE OF WASHBURN WAY; THENCE ALONG SAID RIGHT OF WAY NORTH 00° 28' 30" WEST 129.98 FEET TO THE POINT OF BEGINNING.

PARCEL II:

ACCESS EASEMENTS AS SHOWN BY INSTRUMENT RECORDED MARCH 15, 1993 IN VOLUME M93 PAGE 5282 AND SUPPLEMENTED BY DECLARATION RECORDED JANUARY 31, 1997 IN VOLUME M 97 PAGE 3079.

**EXHIBIT B**  
**Notice Addresses**

Grantor:

REACH, INC.  
2350 Maywood Drive  
Klamath Falls, OR 97603  
Attention: Ron Moe, Executive Director  
Facsimile: (541) 883-5265

With copies to:

Butler Snow LLP  
1801 California Street, Suite 5100  
Denver, CO 80202  
Attention: Alan Pasternack  
Facsimile: (720) 330-2301

Lender:

Craft3  
42 7th Street, Suite 100  
Astoria, OR 97103  
Attention: Walt Postlewait  
Facsimile: (360) 455-4879

With copies to:

Coblentz Patch Duffy & Bass LLP  
One Montgomery Street, Suite 3000  
San Francisco, CA 94104  
Attention: Julie Treppa  
Facsimile: (415) 989-1663