

After recording return to:

CD DG Klamath Falls, LLC
4336 Marsh Ridge Road
Carrollton, TX 75010

DEED OF TRUST

BETWEEN: 5 Star OR, LLC, a California limited liability company ("Grantor")
345 N. Yosemite Street #8
Stockton, CA 95203

and

Cross Development, LLC, a Texas limited liability company ("Beneficiary")
4336 Marsh Ridge Road
Carrollton, TX 75010

and

AmeriTitle ("Trustee")
300 Klamath Avenue
Klamath Falls, OR 97601

The following provisions represent the terms and conditions of Beneficiary's security interest in the Property for repayment of \$200,000.00, and is executed to secure repayment of Beneficiary's Earnest Money and Additional Deposit (as defined in the Contract (defined below)):

1. Conveyance and Grant. For valuable consideration, Grantor conveys to Trustee for the benefit of Beneficiary, all Grantor's right, title, and interest in and to the real property legally described on Exhibit "A" attached hereto and made a part hereof by this reference, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights, irrigation rights; and all other rights, royalties, and profits relating to the Property, including without limitation all minerals, oil, gas, geothermal and similar matters.

2. Definitions: The following words shall have the following meanings when used in this Deed of Trust. Terms not otherwise defined in this Deed of Trust shall have the meanings attributed to them in Oregon's trust deed law and the Uniform Commercial Code.

Beneficiary. Beneficiary herein named.

Contract. That certain Real Estate Purchase Contract between Beneficiary, as Buyer, and Grantor, as Seller, with an effective date of February 1, 2017, as amended and/or assigned from time to time.

Deed of Trust. The words "Deed of Trust" means this Deed of Trust and includes, without limitation, all assignment and security interest provisions relating to all rents and profits therefrom.

Grantor. Grantor herein named, together with any subsequent owner of the Property or any part thereof or interest therein.

Property. The word "Property" shall, where applicable, collectively mean the property identified in Section 1 above together with all associated fixtures and, where applicable, all personal property.

Trustee. The word "Trustee" means the above-identified Trustee, and any substitute or successor Trustee.

THIS DEED OF TRUST IS GIVEN TO SECURE (1) PERFORMANCE OF ANY AND ALL OBLIGATIONS OF GRANTOR UNDER THE CONTRACT; AND (2) PERFORMANCE OF ANY AND ALL OBLIGATIONS OF GRANTOR UNDER THIS DEED OF TRUST. THIS DEED OF TRUST IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

3. **Prohibition Against Encumbering Property.** Excepting only unpaid property taxes or assessments not yet due, Grantor shall not allow the Property to be encumbered by any liens as long as any sums remain due to Beneficiary under this Deed of Trust. In the event a contractor's lien is filed against the Property, if Grantor executes a bond or deposits cash pursuant to ORS 86.076, Grantor shall have the right to contest the same without it constituting an Event of Default as more fully described in Section 8, below.

4. **Maintenance; Alterations.**

- a. **Maintenance.** Grantor shall keep all buildings, other improvements, and landscape now existing, or that shall be placed on the Property, in good condition and repair as of the date Grantor is entitled to possession, and shall not permit any waste, damage, or removal of improvements, nor make any substantial improvements or alterations to the Property that would reduce the value of Beneficiary's security interest therein.
- b. **Prohibited Activities.** Grantor shall not use or permit the use of all or any of the Property for conduct or activity that constitutes a violation of any federal, state or local laws or ordinances or the Contract. Grantor's use of the Property for any purpose that is legal under Oregon law but prohibited under federal law or the shall

not constitute a violation of this Deed of Trust, unless such use, or intended use, would reduce the value of Beneficiary's security interest in the Property or violate the terms of the Contract.

- c. Hazardous Substances. Grantor shall comply fully with all laws pertaining to the protection of human health and the environment, and shall not store, handle or dispose of any hazardous substances at the Property. Grantor shall indemnify, defend and hold harmless Beneficiary from and against all claims, causes of action, losses, damages, costs, response costs and expenses, liabilities, and other expenses caused by, arising out of, or in connection with the generation, release, handling, storage, discharge, transportation, deposit or disposal in, on, under or about the Property by Grantor or any agents, representatives or contractors of Grantor of the following: Hazardous materials, hazardous substances, ultrahazardous materials, toxic wastes, toxic substances, pollutants, radioactive materials, petroleum products, underground tanks, oils, pollution, asbestos, PCBs, materials, or contaminants, as those terms are commonly used or as defined by any present or future federal, state, and/or local law or regulation related to protection of health or the environment.
- d. Right of Entry. Beneficiary is hereby authorized to enter the Property, including the interior of any structures, at reasonable times and after reasonable notice, for the purpose of inspecting the Property to determine Grantor's compliance with this Section.

5. **Representations, Warranties, and Covenants.**

- a. Covenants of Title. Grantor warrants that Grantor is the owner of insurable title to the Property, and that the same is free of all liens and encumbrances excepting only those Exceptions contained in the latest Preliminary Title Report issued by AmeriTitle, dated February 21, 2018 with File No. 152586AM.
- b. Authority. Grantor represents that Grantor is a limited liability company duly organized and existing in the State of California and has all requisite authorization for the execution and delivery of this Deed of Trust.

6. **Deed of Reconveyance**. If Grantor closes on the transaction contemplated in the Contract, Beneficiary shall execute and deliver to Trustee a request for full reconveyance, which shall execute and record a Deed of Reconveyance in the public records of the county in which the Property is located. Any reconveyance fee required by the Trustee shall be paid by Beneficiary.

7. **Events of Default**. Time is of the essence of this Deed of Trust. An Event of Default shall occur under any of the following circumstances:

- a. If Grantor fails to perform any covenant, agreement, or obligation contained in this Deed of Trust or the Contract, within seven (7) days after written notice from Beneficiary.
- b. The commencement by Grantor of a voluntary case under the federal bankruptcy laws or under other federal or state law relating to insolvency or debtor's relief; the entry of a decree or order for relief against Grantor in an involuntary case under the federal bankruptcy laws or under any other applicable federal or state law relating to insolvency or debtor's relief; the appointment or the consent by Grantor to the appointment of a receiver, trustee, or custodian of Grantor or of any of Grantor's property; an assignment for the benefit of creditors by Grantor or Grantor's failure generally to pay debts as such debts become due.
- c. Grantor's breach of Section 10 below shall constitute an immediate Event of Default hereunder.

Grantor shall pay all of Beneficiary's and Trustee's expenses incurred in any efforts to enforce any terms of this Deed of Trust, whether or not any suit is filed, including, without limitation, attorneys' fees and disbursements, foreclosure costs, title charges, and expenses incurred in any bankruptcy, reorganization, liquidation, receivership or similar proceeding. All such sums shall be additional indebtedness of Grantor secured by this Deed of Trust and shall be immediately due and payable.

8. **Remedies of Default.** In the event of a default, Beneficiary may take any one or more of the following steps:

- a. Declare the entire balance of the principal and accrued interest, together with all other remaining sums under this Deed of Trust immediately due and payable.
- b. With respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, or by judicial foreclosure; in either case in accordance with and to the full extent provided by Oregon law.
- c. Cause any or all of the Property to be sold under the power of sale granted by this Deed of Trust in any manner permitted by applicable law.
- d. Notwithstanding the preceding, Beneficiary may exercise any and all remedies available under Oregon law and the Contract.

9. **Waiver.** Failure of either party at any time to require performance of any provision of this Deed of Trust shall not limit the party's right to enforce the provision, nor shall any waiver of any breach of any provision constitute a waiver of any succeeding breach of that provision or a waiver of this provision itself.

10. **Successor Interests.** This Deed of Trust shall be binding upon and inure to the benefit of the parties, their respective heirs, devisees, legatees, administrators, executors, successors, and assigns. However, no interest of Grantor in this Deed of Trust or the Property shall be assigned, subcontracted, or otherwise transferred (whether for security purposes or otherwise), voluntarily or involuntarily, without the prior written consent of Beneficiary, which may be granted or withheld at Beneficiary's sole discretion. Consent by Beneficiary to one transfer shall not constitute consent to subsequent transfers or a waiver of this section. Any attempted assignment, sale, or transfer by Grantor in violation of this Section 10, shall be void and of no effect with respect to Beneficiary and shall constitute an immediate default under this Deed of. In exercising any rights hereunder or taking actions provided for herein, Beneficiary and Trustee may act through their respective employees, agents or independent contractors as authorized by Beneficiary and Trustee.

11. **Prior Agreements.** Except as otherwise provided herein, this Deed of Trust and the Contract are the entire, final, and complete agreement(s) of the parties pertaining to the sale and purchase of the Property and supersede and replace all prior or existing written and oral agreements between the parties relating to the Property.

12. **Notice.** Any notice under this Deed of Trust shall be in writing and transmitted to the party at the address stated herein, or such other address as either party may designate by written notice to the other.

13. **Applicable Law; Severability; Captions.** This Deed of Trust has/have been entered into in the state of Oregon, and the parties agree that the laws of Oregon shall be applied in construing and enforcing them. If any provision or clause of this Deed of Trust conflicts with applicable law, such conflicts shall not affect other provisions or clauses hereof which can be given effect without the conflicting provision, and to this end the provisions hereof are declared to be severable. The captions and headings of the paragraphs and Sections of this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.

14. **Costs and Attorney Fees.** Subject to Grantor's rights under Oregon trust deed law, if any litigation or arbitration is brought to enforce or interpret any of the terms of this Deed of Trust, or if suit or action is instituted in a Bankruptcy Court for a United States District Court to seek relief from an automatic stay, to obtain adequate protection, or to otherwise assert the interest of Beneficiary in a bankruptcy proceeding, the party not prevailing shall pay the prevailing party's attorney fees, costs and disbursements upon hearing, trial, and any appeal therefrom.

15. **Survival of Covenants.** Any covenants, the full performance of which are not required before Closing (as defined in the Contract), shall survive the Closing and shall be fully enforceable thereafter in accordance with their terms.

16. **Acknowledgment.** Grantor hereby acknowledges that: (a) It was given an opportunity review this Deed of Trust and/or to have it reviewed by one or more attorneys of its choice, and (b) this Deed of Trust shall not be construed more strictly against either of Grantor or Beneficiary.

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IN WITNESS WHEREOF, Grantor has executed this Deed of Trust as of the date first above written.

GRANTOR:

5 STAR OR, LLC,
a California limited liability company

By: 

Name: Terry McDonald

Title: Managing Member

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

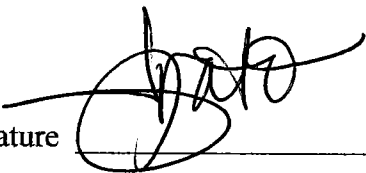
State of California
County of

On Feb 27, 2018 before me, DJ Prato, Notary Public, personally appeared Terry McDonald, the Managing Member of 5 Star OR, LLC, a California limited liability company, on behalf of the company, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature



(Seal)

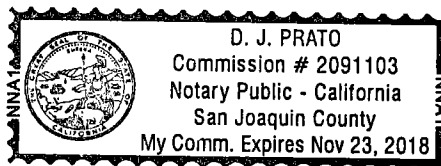


EXHIBIT "A"

A portion of land situated in the Southeast Quarter of Section 7, Township 39 South, Range 9 West, Willamette Meridian, in the City of Klamath Falls, Klamath County, Oregon, and being more particularly described as follows:

COMMENCING at a found 5/8-inch rebar State Highway Department Cap as shown on Survey No. 1939, "Map of Survey of SE ¼ Sec 7", filed by the Klamath County Surveyor's Office on February 8, 1974, Official Records of Klamath County, Oregon;

THENCE, North 89°13'23" West, a distance of 1104.92 feet along the southerly boundary as shown on said Survey No. 1939; THENCE, North 00°52'46" West, a distance of 1471.24 feet along said westerly boundary; THENCE, North 78°38'21" East, a distance of 15.29 feet along said northerly boundary; to the **POINT OF BEGINNING**;

THENCE, North 78°38'21" East, a distance of 66.60 feet along said northerly boundary;

THENCE, South 87°57'51" East, a distance of 215.77 feet along said northerly boundary;

THENCE, South 01°19'12" West, a distance of 307.14 feet;

THENCE North 88°40'48" West a distance of 280.73 feet;

THENCE North 01°19'12" East a distance of 295.22 which is the **POINT OF BEGINNING**.

Containing 1.98 acres of land, more or less.

BASIS OF BEARING:

North was established with GPS observations using the Oregon State Plane Coordinate System (North Zone, NAD 83).

Being a part of the following real property:

PARCEL 1

All that portion of the NW1/4 of the SE1/4 of Section 7, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, described as follows:

Beginning at a point in the Southeasterly line of the right-of-way of the State Highway a distance of 1198.8 feet Northeasterly from its intersection with the West line of the said subdivisions; thence South 225.2 feet; thence East 169.8 feet; thence North 263.5 feet, more or less to the Southeasterly line of the State Highway right-of-way; thence South 76° 48' West along the said line of the State Highway 174.0 feet to the place of beginning.

PARCEL 2

The North 15 acres of the SW1/4 SE1/4 and all that portion of the NW1/4 SE1/4 lying South of the South right-of-way line of the Green Springs Highway, (State Highway No. 66, sometimes known as the Ashland- Klamath Falls Highway), and all of the E1/2 SE1/4 lying South of the Green Springs Highway (State Highway No. 66) and West of the County Road and The Dalles-California Highway (U.S. Highway 97); all in Section 7, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

EXCEPT any portion thereof lying East of the right of way of U.S. Highway 97;

AND ALSO EXCEPTING THEREFROM Parcel 1 first above described.

TOGETHER with that portion of vacated Rhodes Rd. by Final Order 2012-014 Recorded September 29, 2011 in 2011-010894.

Klamath County Tax Map No. R-3909-00700-01700-000 and R-3909-00700-01800-000