

**2018-015394**

**Klamath County, Oregon**

12/27/2018 11:54:01 AM

Fee: \$142.00

WHEN RECORDED RETURN TO:

Chris Hatfield  
400 SW Bluff Dr. Ste 240  
Bend, OR 97702

### TRUST DEED

THIS TRUST DEED (this "Trust Deed") is made on January 1, 2018, by Oregon Resource Management, LLC, whose address P.O. Box 6269, Bend, OR 97708 ("Grantor"), First American Title Company, having its office at 395 SW Bluff Dr., Ste. 100, Bend, OR 97702 ("Trustee"), for the benefit of L.J. Levesque, whose address is 19623 Sunshine Way, Bend, OR 97702 ("Beneficiary").

WHEREAS, Beneficiary has made a loan to Grantor in the sum of \$100,420.00, which loan is to be evidenced by a Promissory Note dated even with this Trust Deed. The loan, if not sooner paid, is due and payable in full on January 1, 2027. (The Promissory Note, as it may be modified, extended, or replaced from time to time, is referred to herein as the "Note");

WHEREAS, as a condition to the making of the loan to Grantor, Beneficiary required Grantor to provide a Trust Deed to secure the Note.

NOW, THEREFORE, for valuable consideration, receipt of which is hereby acknowledged, and for the purpose of securing the Obligations described in Section 1.01 below, Grantor hereby irrevocably grants, bargains, sells, conveys, assigns, and transfers to Trustee in trust for the benefit and security of Beneficiary, with power of sale, all of Grantor's right, title, and interest in and to the real property located in Klamath County, state of Oregon, and more particularly described as follows:

**Parcel 1:** Lot 3 of Section 18, Township 23 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon. SAVING AND EXCEPTING THEREFROM that portion of said Lot 3 conveyed to the State of Oregon by and through its State Highway Commission by Deed recorded August 4, 1952, in Volume 256, Page 119, Deed Records of Klamath County, Oregon; and that portion of the NE1/4SW1/4 of Section 18 lying Northwest of U.S. Highway 97 as conveyed to the State of Oregon by and through its State Highway Commission by Deed recorded August 4, 1952, in Volume 256, Page 119, Deed Records of Klamath County, Oregon.

Tax Account No.: 2310 018C0 00200, Key No.: 134928, Code No.:051

**RESERVING THEREFROM** a roadway easement twenty (20) feet in width along the Northerly boundary of the above described property for the benefit of the real property owned by Grantor lying Westerly of the above described property.

together with (1) all dwellings and other improvements now or hereafter located thereon, (2) all easements, tenements, hereditaments, and appurtenances relating thereto, and (3) all awards for any taking of all or any portion thereof (collectively, the "Trust Property").

TO HAVE AND TO HOLD the Trust Property to Trustee and its successors and assigns for the benefit of Beneficiary and its successors and assigns, forever.

PROVIDED ALWAYS, that if all the Obligations shall be paid, performed, and satisfied in full, then the lien and estate hereby granted shall be reconveyed.

This Trust Deed, the Note, and all other agreements executed at any time in connection therewith, as they may be amended or supplemented from time to time, are sometimes collectively referred to as the "Loan Documents."

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

**ARTICLE 1**  
**PARTICULAR COVENANTS AND WARRANTIES OF GRANTOR**

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

(1) The payment of all indebtedness, including but not limited to principal and interest, and the performance of all covenants and obligations of Grantor, under the Note, whether such payment and performance is now due or becomes due in the future;

(2) The payment and performance of all covenants and obligations in this Trust Deed, in the other Loan Documents, and in all other security agreements, notes, agreements, and undertakings now existing or hereafter executed by Grantor with or for the benefit of Beneficiary; and

(3) The payment and performance of any and all other indebtedness and obligations of Grantor to Beneficiary of any nature whatsoever, whether direct or indirect, primary or secondary, joint or several, liquidated or unliquidated, whenever and however arising, and whether or not reflected in a written agreement or instrument.

**1.2 Payment of Indebtedness and Performance of Covenants.** Grantor will duly and punctually pay and perform all the Obligations.

**1.3 Property.** Grantor warrants that it holds good and merchantable title to the Property and the Improvements, free and clear of all liens, encumbrances, reservations, restrictions, easements, and adverse claims. Grantor covenants that it will forever defend Beneficiary's and Trustee's rights under this Trust Deed against the adverse claims and demands of all persons.

**1.4 Further Assurances, Filing, Refiling, Etc.**

(1) Grantor will execute, acknowledge, and deliver, from time to time, any further instruments that Beneficiary or Trustee may require to accomplish the purposes of this Trust Deed.

(2) Immediately on the execution and delivery of this Trust Deed, and thereafter from time to time, Grantor will cause this Trust Deed, any supplemental security agreement, mortgage, or deed of trust, and each instrument of further assurance to be recorded and rerecorded in the manner and in the places that may be required by any present or future law to perfect, and continue perfected, the lien and estate of this Trust Deed.

(3) Grantor will pay all filing and recording fees, and all expenses incident to the execution, filing, recording, and acknowledgment of this Trust Deed or any security agreement, mortgage, or deed of trust supplemental to this Trust Deed and any instrument of further assurance; and all federal, state, county, and municipal taxes, assessments, and charges arising out of or in connection with the execution, delivery, filing, and recording of this Trust Deed, any supplemental security agreement, mortgage, or deed of trust, and any instrument of further assurance.

**1.5 Compliance with Laws.** Grantor further represents, warrants, and covenants that:

(1) The Property, if developed, has been developed, and all Improvements, if any, have been constructed and maintained, in full compliance with all applicable laws, statutes, ordinances, regulations, and codes of all federal, state, and local governments (collectively, "Laws"), and all private covenants, conditions, easements, and restrictions affecting the Property (collectively, "Covenants"); and

(2) Grantor will cause the Property and its operations on the Property to comply at all times hereafter, in all material respects, with all applicable Laws and Covenants.

**1.6 Definitions, Environmental Covenants, Warranties, and Compliance.**

(1) For purposes of this section, "Environmental Law" means any federal, state, or local law, statute, ordinance, or regulation pertaining to Hazardous Substances (as defined below), health, industrial hygiene, or environmental conditions, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), as amended (42 USC §§ 9601-9675), and the Resource Conservation and Recovery Act of 1976 (RCRA), as amended (42 USC §§ 6901-6992k).

(2) For purposes of this section, "Hazardous Substance" includes without limitation any material, substance, or waste that is or becomes regulated or that is or becomes classified as hazardous, dangerous, or toxic under any federal, state, or local statute, ordinance, rule, regulation, or law.

(3) Grantor will not use, generate, manufacture, produce, store, release, discharge, or dispose of on, under, or about the Property or the Property's groundwater, or transport to or from the Property, any Hazardous

Substance and will not permit any other person to do so, except for any Hazardous Substances that may be used in the ordinary course of Grantor's business and in compliance with all Environmental Laws, including but not limited to those relating to licensure, notice, and recordkeeping.

(4) Grantor will keep and maintain the Property in compliance with all Environmental Laws, and will not cause or permit all or any portion of the Property, including groundwater, to be in violation of any Environmental Law.

(5) Grantor will give prompt written notice to Beneficiary of:

(a) Any proceeding, inquiry, or notice by or from any governmental authority with respect to any alleged violation of any Environmental Law or the presence of any Hazardous Substance on the Property or the migration of any Hazardous Substance from or to other premises;

(b) All known claims made or threatened by any person against Grantor or with respect to the Property or Improvements relating to any loss or injury resulting from any Hazardous Substance or the violation of any Environmental Law;

(c) The existence of any Hazardous Substance on or about all or any portion of the Property; or

(d) Grantor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could in Grantor's judgment cause any restrictions on the ownership, occupancy, transferability, or use of the Property under any Environmental Law.

(6) Grantor will promptly provide to Beneficiary copies of all reports, documents, and notices provided to or received from any agency administering any Environmental Laws. Beneficiary will have the rights to join and participate, in its own name if it so elects, in any legal proceeding or action initiated with respect to the Property or Improvements in connection with any Environmental Law and to have its attorney fees in connection with such an action paid by Grantor, if Beneficiary determines that such participation is reasonably necessary to protect its interest in the Trust Property.

(7) If at any time Beneficiary has reason to believe that any release, discharge, or disposal of any Hazardous Substance affecting the Property or Improvements has occurred or is threatened, or if Beneficiary has reason to believe that a violation of an Environmental Law has occurred or may occur with respect to the Property or Improvements, Beneficiary may require Grantor to obtain or may itself obtain, at Grantor's expense, an environmental assessment of that condition or threatened condition by a qualified environmental consultant. Grantor will promptly provide to Beneficiary a complete copy of any environmental assessment obtained by Grantor.

(8) If any investigation, site monitoring, containment, cleanup, removal, restoration, or other remedial work of any kind or nature (the "Remedial Work") is required under any applicable Environmental Law, by any judicial order, or by any governmental agency or person because of, or in connection with, the current or future presence, suspected presence, release, or suspected release of a Hazardous Substance on, under, or about all or any portion of the Property, or the contamination (whether currently existing or occurring after the date of this Trust Deed) of the buildings, facilities, soil, groundwater, surface water, air, or other elements on or under any other property as a result of Hazardous Substances emanating from the Property, Grantor will, within 30 days after written demand by Beneficiary for Grantor's performance under this provision (or shorter period of time as required under any applicable law, regulation, order, or agreement), commence and thereafter diligently prosecute to completion the Remedial Work. Grantor will pay all costs and expenses of that Remedial Work, including without limitation Beneficiary's reasonable attorney fees and costs incurred in connection with monitoring or reviewing the legal aspects of the Remedial Work. If Grantor fails to timely commence, or cause to be commenced, the Remedial Work, Beneficiary may, but will not be required to, cause the Remedial Work to be performed. In that event, all costs and expenses incurred in connection with the Remedial Work will become part of the Obligations secured by this Trust Deed and will bear interest until paid at the rate provided in the Note.

(9) Grantor represents and warrants to Beneficiary that:

(a) Neither the Property nor Grantor is in violation of or subject to any existing, pending, or threatened investigation by any governmental authority under any Environmental Law.

(b) Grantor has not obtained and is not required by any Environmental Law to obtain any permit or license other than those that it has obtained to construct or use the Improvements.

(c) To the best of Grantor's knowledge, no Hazardous Substance has ever been used, generated, manufactured, produced, stored, released, discharged, or disposed of on, under, or about the Property in violation of any Environmental Law.

(d) Grantor will hold Beneficiary and its directors, officers, employees, agents, successors, and assigns harmless from, will indemnify them for, and will defend them against any and all losses, damages, liens, costs, expenses, and liabilities directly or indirectly arising out of or attributable to any violation of any Environmental law, any breach of Grantor's warranties in this section 1.6, or the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal, or presence of a Hazardous Substance on, under, or about the Property, including without limitation the costs of any required repair, cleanup, containment, or detoxification of the Property, the preparation and implementation of any closure, remedial, or other required plans, attorney fees and costs (including but not limited to those incurred in any proceeding and in any review or appeal), fees, penalties, and fines.

**1.7 Maintenance and Improvements.** Grantor will not permit all or any part of the Improvements to be removed, demolished, or materially altered without Beneficiary's prior written consent, except for those Improvements that become obsolete in the usual conduct of Grantor's business and as long as the removal or material alteration of the obsolete Improvements does not materially detract from the operation of Grantor's business and as long as all obsolete Improvements that are demolished or removed are promptly replaced with Improvements of like value and quality. Grantor will maintain every portion of the Property and Improvements in good repair, working order, and condition, and will at Beneficiary's election restore, replace, or rebuild all or any part of the Improvements now or hereafter damaged or destroyed by any casualty (whether or not insured against or insurable) or affected by any Condemnation (as defined in section 1.16 below). Grantor will not commit, permit, or suffer any waste, strip, or deterioration of the Trust Property.

**1.8 Liens.** Grantor will pay when due all claims for labor, materials, or supplies that if unpaid might become a lien on all or any portion of the Trust Property. Grantor will not create or permit to be created, any mortgage, deed of trust, lien, security interest, charge, or encumbrance on the Trust Property prior to, on a parity with, or subordinate to the lien of this Trust Deed, except as specifically provided in Exhibit B.

**1.9 Impositions.**

(1) Grantor will pay or cause to be paid, when due and before any fine, penalty, interest, or cost attaches, all taxes, assessments, fees, levies, and other governmental and nongovernmental charges of every nature now or hereafter assessed or levied against any part of the Trust Property (including without limitation levies or charges resulting from Covenants), or on the lien or estate of Beneficiary or Trustee (collectively, the "Impositions"). But if by law any Imposition may be paid in installments, whether or not interest will accrue on the unpaid balance, Grantor may pay the same in installments, together with accrued interest on the unpaid balance, as they become due, before any fine, penalty, interest, or cost attaches.

(2) Grantor may, at its expense and after prior notice to Beneficiary, contest by appropriate legal, administrative, or other proceedings conducted in good faith and with due diligence the amount, validity, or application, in whole or in part, of any Imposition or lien on the Trust Property or any claim of any laborer, materialman, supplier, or vendor or lienholder, and may withhold payment pending completion of the proceedings if permitted by law, provided that (a) the proceedings will suspend enforcement against the Trust Property; (b) no part of or interest in the Trust Property will be sold, forfeited, or lost if Grantor pays the amount or satisfies the condition being contested, and Grantor would have the opportunity to do so if Grantor failed to prevail in the contest; (c) neither Beneficiary nor Trustee will, by virtue of the permitted contest, be exposed to any risk of liability for which Grantor has not furnished additional security as provided in clause (d) below; and (d) Grantor furnishes to Beneficiary cash, corporate surety bond, or other additional security in respect of the claim being contested or the loss or damage that may result from Grantor's failure to prevail in the contest in an amount sufficient to discharge the Imposition and all interest, costs, attorney fees, and other charges that may accrue in connection with the Imposition. Grantor will promptly satisfy any final judgment.

(3) Grantor will furnish to Beneficiary, promptly on request, satisfactory evidence of the payment of all Impositions. Beneficiary is hereby authorized to request and receive from the responsible governmental and nongovernmental personnel written statements with respect to the accrual and payment of all Impositions.

**1.10 Books and Records and Inspection of the Property.** Grantor will keep complete and accurate records and books of account with respect to the Trust Property and its operation in accordance with generally accepted accounting principles consistently applied. Grantor will permit Trustee, Beneficiary, and their authorized representatives to enter and inspect and appraise the Property and the Improvements, and to examine and make

copies or extracts of Grantor's records and books of account with respect to the Property and the Improvements, all at any reasonable times that Beneficiary or Trustee may choose.

**1.11 Limitations on Use.** Grantor will not initiate, join in, or consent to any rezoning, partitioning, subdividing, property-line readjustment, or replatting of the Property or any change in any covenant or other public or private restrictions limiting or defining the uses that may be made of all or any part of the Property and the Improvements without the prior written consent of Beneficiary.

**1.12 Insurance.**

(1) *Property and Other Insurance.* Grantor will obtain and maintain in full force and effect during the term of this Trust Deed: (a) Special Form property insurance together with endorsements for replacement-cost, inflation-adjustment, and malicious-mischief coverages, all in amounts not less than the full replacement cost of all Improvements, without reduction for coinsurance; (b) commercial general liability insurance, including liabilities assumed under contract, with limits, coverages, and risks insured acceptable to Beneficiary, and in no event less than \$1,000,000 combined single-limit coverage; and (c) unless Beneficiary otherwise agrees in writing, rent-loss or business-interruption insurance in an amount no less than the total annual rents provided for in all leases for the Trust Property. In addition, Grantor will obtain and maintain all other insurance coverages designated by Beneficiary that at the time are commonly carried for similar property, in any amounts that Beneficiary may require.

(2) *Insurance Companies and Policies.* All insurance must (a) be written by a company or companies reasonably acceptable to Beneficiary with a rating of A-, VIII, or better as provided in *Best's Key Rating Guide—Property/Casualty*; (b) contain a long-form mortgagee clause in favor of Beneficiary with loss proceeds under any policy payable to Beneficiary; (c) require 30 days' prior written notice to Beneficiary of cancellation or reduction in coverage; (d) contain waivers of subrogation and endorsements that no act or negligence of Grantor or any occupant, and no occupancy or use of the Property for purposes more hazardous than permitted by the terms of the policy, will affect the validity or enforceability of the insurance as against Beneficiary; (e) be in full force and effect on the date of this Trust Deed; and (f) be accompanied by proof of premiums paid for the current policy period. Beneficiary must be named as an additional insured on all liability policies. Grantor will forward to Beneficiary, on request, certificates executed by the insurer or its agent evidencing the coverages required under this Trust Deed and copies of all policies. If a blanket policy is issued, a certified copy of the policy must be furnished together with a certificate indicating that the Trust Property and Beneficiary are insured under that policy in the proper designated amount.

(3) *Assignments of Policies on Foreclosure.* In the event of foreclosure of the lien of this Trust Deed or other transfer of title, or assignment of the Trust Property in whole or in part, all right, title, and interest of Grantor in and to all policies of insurance procured under section 1.12 will inure to the benefit of and pass to the successors in interest of Grantor or the purchaser or grantee of all or any part of the Trust Property.

(4) *Notice and Proof of Loss.* After the occurrence of any casualty to the Property, whether or not required to be insured against as provided in this Trust Deed, Grantor will give prompt written notice of the casualty to Beneficiary, specifically describing the nature and cause of the casualty and the extent of the damage to or destruction of the Trust Property. Beneficiary may make proof of loss if it is not made promptly and to Beneficiary's satisfaction by Grantor.

(5) *Restoration and Use of Proceeds.* Grantor assigns to Beneficiary all insurance proceeds that Grantor may be entitled to receive with respect to any casualty. Beneficiary may, at its sole option, apply the insurance proceeds to the reduction of the Obligations in any order that Beneficiary may determine, whether or not the Obligations are then due, or allow all or any portion of the insurance proceeds to be applied by Grantor to the cost of restoring and rebuilding the portion of the Trust Property that was damaged or destroyed. If Beneficiary elects to apply the insurance proceeds to rebuilding and restoration, Beneficiary will be entitled to hold the proceeds, and the proceeds will be released only on the terms and conditions that Beneficiary may require in its sole discretion, including but not limited to prior approval of plans and release or waiver of construction liens. No proceeds will be released if Grantor is in default under this Trust Deed.

**1.13 Actions to Protect Trust Property; Reserves.**

(1) If Grantor fails to obtain the insurance required by section 1.12, fails to make the payments required by section 1.9 (other than payments that Grantor is contesting in accordance with section 1.9(2)), or fails to perform or observe any of its other covenants or agreements under this Trust Deed, Beneficiary may, without obligation to do so, obtain or pay them or take other action that it deems appropriate to remedy the failure. All sums,

including reasonable attorney fees, so expended or expended to maintain the lien or estate of this Trust Deed or its priority, or to protect or enforce any of Beneficiary's rights, or to recover any indebtedness secured by this Trust Deed, will be a lien on the Trust Property, will be secured by this Trust Deed, and will be paid by Grantor on demand, together with interest at the rate provided in the Note. No payment or other action by Beneficiary under this section will impair any other right or remedy available to Beneficiary or constitute a waiver of any default. The following notice is provided in accordance with ORS 746.201(1):

**WARNING:**

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

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

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

(2) If Grantor fails to promptly perform any of its Obligations under section 1.9 or 1.12 of this Trust Deed, Beneficiary may require Grantor thereafter to pay and maintain with Beneficiary reserves for payment of the Obligations. In that event, Grantor will pay to Beneficiary each month a sum estimated by Beneficiary to be sufficient to produce, at least 20 days before due, an amount equal to the Impositions and/or insurance premiums. If the sums so paid are insufficient to satisfy any Imposition or insurance premium when due, Grantor will pay any deficiency to Beneficiary on demand. The reserves may be commingled with Beneficiary's other funds, and Beneficiary will not be required to pay interest to Grantor on those reserves. Beneficiary will not hold the reserve in trust for Grantor, and Beneficiary will not be the agent of Grantor for payment of the taxes and assessments required to be paid by Grantor.

**1.14 Estoppel Certificates.** Within 15 days of Beneficiary's request, Grantor will give Trustee and Beneficiary a written statement, duly acknowledged, of the amount of the Obligations secured by this Trust Deed and whether any offsets or defenses exist against the Obligations. If Grantor fails to provide this statement within the time allowed, Beneficiary will be authorized, as Grantor's attorney-in-fact, to execute and deliver the statement. Upon request, Grantor will also use its best efforts to obtain and deliver to Beneficiary a written certificate from each lessee of all or any portion of the Property that its lease is in effect, that there are no defaults by the lessor under the lease, and that rent is not paid more than 30 days in advance.

**1.15 Condemnation.**

(1) If any part of or interest in the Trust Property is taken or damaged by reason of any public-improvement, eminent-domain, or condemnation proceeding, or in any similar manner (a "Condemnation"), or if Grantor receives any notice or other information regarding such an action, Grantor will give immediate notice of the action to Beneficiary.

(2) Beneficiary will be entitled to all compensation, awards, and other payments or relief ("Condemnation Proceeds") up to the full amount of the Obligations, and will be entitled, at its option, to commence, appear in, and prosecute any Condemnation proceeding in its own or Grantor's name and make any compromise or settlement in connection with the Condemnation. If the Trust Property is taken in its entirety by Condemnation, all Obligations secured by this Trust Deed, at Beneficiary's election, will become immediately due and collectible.

(3) Beneficiary may, at its sole option, apply the Condemnation Proceeds to the reduction of the Obligations in any order that Beneficiary may determine, or allow all or any portion of the Condemnation Proceeds to be applied by Grantor to the cost of restoring the remaining Trust Property. If Beneficiary elects to apply the Condemnation Proceeds to restoration, the proceeds will be held by Beneficiary and will be released only on any terms and conditions that Beneficiary may require in its sole discretion, including but not limited to prior approval of

plans and release or waiver of liens. No Condemnation Proceeds will be released if Grantor is in default under this Trust Deed. Any Condemnation Proceeds remaining after restoration of the Improvements will be applied to reduce the Obligations in the order that Beneficiary determines.

## ARTICLE 2 ASSIGNMENT OF LEASES, RENTS, ISSUES, AND PROFITS

**2.1 Assignment.** Grantor assigns and transfers to Beneficiary (1) all leases, subleases, licenses, rental contracts, and other agreements, whether now existing or hereafter arising, and relating to the occupancy or use of all or any portion of the Trust Property, including all modifications, extensions, and renewals of them (the "Leases"), and (2) all rents, revenues, issues, profits, income, proceeds, and benefits derived from the Trust Property and the lease, rental, or license of all or any portion of the Trust Property, including but not limited to lease and security deposits (collectively, the "Rents"). This assignment is intended by Grantor and Beneficiary to create a present and unconditional assignment to Beneficiary, subject only to the license set forth in section 2.4 below.

**2.2 Rights of Beneficiary.** Subject to the provisions of section 2.4 below giving Grantor a revocable, limited license, Beneficiary has the right, power, and authority to:

- (1) Notify any and all tenants, renters, licensees, and other obligors under any of the Leases that the Leases have been assigned to Beneficiary and that all Rents are to be paid directly to Beneficiary, whether or not Beneficiary has foreclosed or commenced foreclosure proceedings against the Trust Property, and whether or not Beneficiary has taken possession of the Trust Property;
- (2) Discount, settle, compromise, release, or extend the time for payment of any amounts owing under any of the Leases and any Rents, in whole or in part, on terms acceptable to Beneficiary;
- (3) Collect and enforce payment of Rents and all provisions of the Leases, and prosecute any action or proceeding, in the name of Grantor or Beneficiary, with respect to any and all Leases and Rents; and
- (4) Exercise any and all other rights and remedies of the lessor in connection with any of the Leases and Rents.

**2.3 Application of Receipts.** Beneficiary has the right, power, and authority to use and apply any Rents received under this Trust Deed (1) for the payment of any and all costs and expenses incurred in connection with enforcing or defending the terms of this assignment or the rights of Beneficiary, and in collecting any Rents, and (2) for the operation and maintenance of the Trust Property and the payment of all costs and expenses in connection with it, including but not limited to the payment of utilities, taxes, assessments, governmental charges, and insurance. After the payment of all such costs and expenses, and after Beneficiary has set up any reserves that it deems necessary in its sole discretion for the proper management of the Trust Property, Beneficiary will apply all remaining Rents collected and received by it to the reduction of the Obligations in any order that Beneficiary may determine. Beneficiary's exercise of or failure to exercise any of the rights or powers granted in this assignment will not constitute a waiver of default by Grantor under this Trust Deed, the Note, or any of the other Loan Documents.

**2.4 License.** Beneficiary hereby grants to Grantor a revocable license to collect and receive the Rents. This license may be revoked by Beneficiary, without notice to Grantor, on the occurrence of any event of default under this Trust Deed, including any default by Grantor of its covenants in this Article II. Unless and until the license is revoked, Grantor agrees to apply the proceeds of Rents to the payment of the Obligations and to the payment of taxes, assessments, governmental charges, insurance premiums, and other obligations in connection with the Trust Property, and to the maintenance of the Trust Property, before using the proceeds for any other purpose.

**2.5 Covenants Regarding Leases.** Grantor agrees (1) to observe and perform every obligation of Grantor under the Leases; (2) to enforce or secure at its expense the performance of every obligation to be performed by any lessee or other party under the Leases; (3) to promptly give notice to Beneficiary of any default by a lessee or other party under any of the Leases, and promptly provide Beneficiary with a copy of any notice of default given to the lessee or other party; (4) not to collect any Rents more than 30 days in advance of the time when they become due, or anticipate any other payments under the Leases, except for bona fide security deposits not in excess of an amount equal to two months' rent; (5) not to further assign or hypothecate any of the Leases or Rents; (6) except with Beneficiary's prior written consent, not to waive, release, or in any other manner discharge any lessee or other party from any of its obligations under any of the Leases; (7) except with Beneficiary's prior written consent, not to modify or amend any of the Leases; (8) except with Beneficiary's prior written consent, not to cancel, terminate, or

accept surrender of any of the Leases unless Grantor has entered into a Lease for the space to be vacated on terms at least as favorable to Grantor, commencing within 30 days after the cancellation, termination, or surrender; (9) except with Beneficiary's prior written approval, not to enter into any future Lease or any modifications of any present or future Lease; (10) to deliver copies of all present and future Leases to Beneficiary promptly; and (11) to appear in and defend, at Grantor's sole cost and expense, any action or proceeding arising out of or in connection with the Leases or the Rents.

**2.6 Tenant's Bankruptcy.** If any Lease is rejected in any proceeding under the federal Bankruptcy Code or any other federal, state, or local statute, no damage settlement may be made without the prior written consent of Beneficiary. Grantor will request that any check in payment of damages for rejection or termination of such a Lease will be made payable to both Grantor and Beneficiary. Grantor hereby assigns any such payment to Beneficiary.

**2.7 Limitation of Beneficiary's Obligations.** Notwithstanding the assignment provided for in this Article 2, Beneficiary is not obligated to perform or discharge, and Beneficiary does not undertake to perform or discharge, any obligation or liability with respect to the Leases or the Rents. This assignment does not operate to place responsibility for the control, care, maintenance, or repair of the Trust Property on Beneficiary, or to make Beneficiary responsible for any condition of the Property. Beneficiary is accountable to Grantor only for the sums actually collected and received by Beneficiary under this assignment. Grantor will hold Beneficiary fully harmless from, indemnify Beneficiary for, and defend Beneficiary against any and all claims, demands, liabilities, losses, damages, and expenses, including attorney fees, arising out of any of the Leases, with respect to any of the Rents, or in connection with any claim that may be asserted against Beneficiary on account of this assignment or any obligation or undertaking alleged to arise from it.

**2.8 Termination.** The assignment provided for in this Article 2 will continue in full force and effect until all the Obligations have been fully paid and satisfied. At that time, this assignment and the authority and powers herein granted by Grantor to Beneficiary will cease and terminate.

**2.9 Attorney-in-Fact.** Grantor irrevocably constitutes and appoints Beneficiary, and each of its officers, as its true and lawful attorney-in-fact, with power of substitution, to undertake and execute any and all of the rights, powers, and authorities described in this Article II with the same force and effect as if undertaken or performed by Grantor, and Grantor ratifies and confirms any and all such actions that may be taken or omitted to be taken by Beneficiary and its employees, agents, and lawyers.

### ARTICLE 3

#### SECURITY AGREEMENT AND FIXTURE FILING

To secure payment and performance of the Obligations, Grantor grants to Beneficiary a security interest in the following: (1) the Trust Property to the extent that it is not encumbered by this Trust Deed as a first-priority real estate lien; (2) all personal property that is used or will be used in the construction of any Improvements on the Trust Property; (3) all personal property that is now or will hereafter be placed on or in the Trust Property or Improvements; (4) all personal property that is derived from or used in connection with the use, occupancy, or enjoyment of the Trust Property; (5) all property defined in Oregon's version of the Uniform Commercial Code as accounts, equipment, fixtures, inventory, and general intangibles, to the extent that they are used at, or arise in connection with the ownership, maintenance, or operation of, the Trust Property; (6) all causes of action, claims, security deposits, advance rental payments, utility deposits, refunds of fees or deposits paid to any governmental authority, refunds of taxes, and refunds of insurance premiums relating to the Trust Property; (7) all options, agreements, and contracts for the purchase or sale of all or any part of the Trust Property or interests in the Trust Property; and (8) all present and future attachments, accessions, amendments, replacements, additions, products, and proceeds of every nature of the foregoing. This Trust Deed constitutes a security agreement and a "fixture filing" under Oregon's version of the Uniform Commercial Code regarding secured transactions. The mailing address of Grantor and the address of Beneficiary from which information may be obtained are set forth in the cover sheet of this Trust Deed. Grantor authorizes Beneficiary to file with all applicable governmental entities financing statements and continuation statements evidencing the security interest granted in this Trust Deed.

### ARTICLE 4



## EVENTS OF DEFAULT AND REMEDIES

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

- (1) *Nonpayment.* Grantor's failure to pay any of the Obligations when payment is due.
- (2) *Breach of Trust Deed Covenants.* Except for nonpayment as described in Section 4.1(1), Grantor's failure to perform or abide by any covenant Grantor's failure to perform or abide by any other covenant in this Trust Deed within 20 days after notice of the failure by Beneficiary to Grantor; if the failure cannot be reasonably cured during the 20-day period, however, then Grantor may have an additional period, not to exceed 90 days from the notice of the failure, in which to cure the failure.
- (3) *Misinformation.* Falsity when made in any material respect of any representation, warranty, or information furnished by Grantor or its agents to Beneficiary in or in connection with any of the Obligations, including the breach of any representation or warranty in this Trust Deed.
- (4) *Other Indebtedness, Secondary Financing.* Grantor's default beyond any applicable grace periods in the payment of any other indebtedness owed by Grantor to any person, if the indebtedness is secured by all or any portion of the Trust Property.
- (5) *Bankruptcy.* The occurrence of any of the following with respect to Grantor, any guarantor of the Obligations, or the then-owner of the Trust Property: (a) the appointment of a receiver, liquidator, or trustee for such a party or any of its properties; (b) adjudication as a bankrupt or insolvent; (c) the filing of any petition by or against such a party under any state or federal bankruptcy, reorganization, moratorium, or insolvency law; (d) the institution of any proceeding for dissolution or liquidation; (e) the inability to pay debts when due; (f) any general assignment for the benefit of creditors; or (g) abandonment of the Trust Property.
- (6) *Transfer; Due-on-Sale; Due-on-Encumbrance.* Any sale, gift, conveyance, contract for conveyance, transfer, assignment, mortgage, encumbrance, pledge, or grant of a security interest in all or any part of the Trust Property, or any interest in it, voluntarily, involuntarily, or by the operation of law (a "Transfer"), without Beneficiary's prior written consent. The occurrence at any time of any sale, conveyance, assignment, or other transfer of, or the grant of a pledge of or security interest in, any equity or other beneficial interest in Grantor, including without limitation any shares of capital stock, limited liability membership interest, or partnership interest in Grantor, is a Transfer under this subsection (6). The provisions of this subsection (6) apply to each and every Transfer, regardless of whether or not Beneficiary has consented to or waived its rights in connection with any previous Transfer. Beneficiary may attach any conditions to its consent under this subsection (6) that Beneficiary may determine in its sole discretion, including without limitation an increase in the interest rate on the Note or the payment of transfer or assumption fees, and the payment of administrative and legal fees and costs incurred by Beneficiary.

**4.2 Remedies in Case of Default.** If an event of default occurs, Beneficiary or Trustee may exercise any one or more of the following rights and remedies, in addition to any other remedies that may be available by law, in equity, or otherwise:

- (1) *Acceleration.* Beneficiary may declare all or any portion of the Obligations immediately due and payable.
- (2) *Receiver.* Beneficiary may have a receiver appointed for the Trust Property. Beneficiary is entitled to the appointment of a receiver as a matter of right whether or not the apparent value of the Trust Property exceeds the amount of the indebtedness secured by this Trust Deed. Employment by Trustee or Beneficiary does not disqualify a person from serving as a receiver. Grantor consents to the appointment of a receiver at Beneficiary's option and waives any and all defenses to such an appointment.
- (3) *Possession.* Beneficiary may, either through a receiver or as Lenders-in-possession, enter and take possession of all or any part of the Trust Property and use, operate, manage, and control the Trust Property as Beneficiary deems appropriate in its sole discretion. Upon request after an event of default, Grantor will peacefully relinquish possession and control of the Trust Property to Beneficiary or any receiver appointed under this Trust Deed.
- (4) *Rents.* Beneficiary may revoke Grantor's license to collect the Rents, and may, either itself or through a receiver, collect the Rents. Beneficiary will not be deemed to be in possession of the Property solely by reason of its exercise of the rights contained in this subsection (4). If Beneficiary collects the Rents under this subsection, Grantor hereby irrevocably appoints Beneficiary as Grantor's attorney-in-fact, with power of substitution,

to endorse instruments received in payment of the Rents in the name of Grantor and to negotiate those instruments and collect their proceeds. After payment of all Obligations, any remaining amounts will be paid to Grantor and this power will terminate.

(5) *Power of Sale.* Beneficiary may direct Trustee, and Trustee will be empowered, to foreclose this Trust Deed by advertisement and sale under the Oregon Trust Deed Act.

(6) *Foreclosure.* Beneficiary may judicially foreclose this Trust Deed and obtain a judgment foreclosing Grantor's interest in all or any part of the Property and awarding Beneficiary a judgment lien in the amount of any deficiency remaining under the Obligations after sale of the Trust Property by the county sheriff and application of the sale proceeds to the expenses of sale and the Obligations.

(7) *Fixtures and Personal Property.* With respect to any Improvements and other personal property subject to a security interest in favor of Beneficiary, Beneficiary may exercise any and all of the rights and remedies of a secured party under Oregon's version of the Uniform Commercial Code.

(8) *Abandonment.* Beneficiary may abandon all or any portion of the Trust Property by written notice to Grantor.

**4.3 Sale.** In any sale under this Trust Deed or in accordance with any judgment, the Trust Property, to the extent permitted by law, may be sold as an entirety or in one or more parcels and in any order that Beneficiary may choose, without regard to the right of Grantor, any person claiming under Grantor, or any guarantor or surety to the marshaling of assets. Trustee will convey the Trust Property to the purchaser at such a sale, and the purchaser will take title to the Trust Property or the part of it so sold, free and clear of Grantor's estate, the purchaser being hereby discharged from all liability to see to the application of the purchase money. The recitals in the deed from Trustee will be conclusive in favor of a purchaser for value in good faith relying on them. Any person, including Beneficiary and its officers, agents, and employees, may purchase at such a sale, other than the Trustee.

**4.4 Cumulative Remedies.** All remedies under this Trust Deed are cumulative and not exclusive. Any election to pursue one remedy does not preclude the exercise of any other remedy. An election by Beneficiary to cure under section 1.13 does not constitute a waiver of the default or of any of the remedies provided in this Trust Deed. No delay or omission in exercising any right or remedy impairs the full exercise of that or any other right or remedy or constitute a waiver of the default.

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

(1) *Management.* Use, operate, manage, control, and conduct business with the Trust Property and make expenditures for any purpose and for any maintenance and improvements that it deems reasonably necessary.

(2) *Rents and Revenues.* Collect all Rents, revenues, income, issues, and profits from the Trust Property and apply those sums to the reasonable expenses of use, operation, management, maintenance, and Improvements.

(3) *Construction.* At its option, complete any construction in progress on the Property and, in that connection, pay bills, borrow funds, employ contractors, and make any changes in plans and specifications as it deems appropriate.

(4) *Additional Indebtedness.* If the revenues produced by the Trust Property are insufficient to pay expenses, borrow or advance sums on any terms that it deems reasonably necessary for the purposes stated in this section. All advances will bear interest, unless otherwise provided, at the rate set forth in the Note, and repayment of those sums will be secured by this Trust Deed.

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

(1) *Costs and Expenses.* To pay all costs of exercising the rights and remedies, including the costs of maintaining and preserving the Trust Property, the costs and expenses of any receiver or Lenders-in-possession, the costs of any sale, and the costs and expenses provided for in section 5.7 below.

(2) *Indebtedness.* To pay all Obligations, in any order that Beneficiary may determine in its sole discretion.

(3) *Surplus.* The surplus, if any, remaining after satisfaction of all the Obligations to pay the clerk of the court in the case of a judicial foreclosure proceeding, and otherwise to pay the person or persons legally entitled to the surplus.

**4.7 Deficiency.** No sale or other disposition of all or any part of the Trust Property under section 4.2(6) may be deemed to relieve Grantor of any of the Obligations, except to the extent that the proceeds are applied to the payment of the Obligations. If the proceeds of a sale, a collection, or other realization of or on the Trust Property are insufficient to cover the costs and expenses of the realization and the payment in full of the Obligations, Grantor will remain liable for any deficiency to the fullest extent permitted by law.

**4.8 Waiver of Stay, Extension, Moratorium, and Valuation Laws.** To the fullest extent permitted by law, Grantor waives the benefit of any existing or future stay, extension, or moratorium law that may affect observance or performance of the provisions of this Trust Deed and any existing or future law providing for the valuation or appraisal of the Trust Property before any sale.

## ARTICLE 5 GENERAL PROVISIONS

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

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

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

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

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

**5.6 Indemnity.** Grantor will defend and indemnify Beneficiary and Trustee and their respective directors, officers, employees, agents, and attorneys and hold them harmless from and against any and all claims, demands, damages, liabilities, and expenses, including but not limited to attorney fees and court costs, arising out of or in connection with Trustee's or Beneficiary's interest under this Trust Deed, except that Grantor is not required to defend and indemnify Beneficiary and Trustee and hold them harmless for their own gross negligence, willful misconduct, or acts in violation of applicable law.

**5.7 Expenses and Attorney Fees.** If Beneficiary refers any of the Obligations to an attorney for collection or seeks legal advice after a default, if Beneficiary is the prevailing party in any litigation instituted in connection with any of the Obligations, or if Beneficiary or any other person initiates any judicial or nonjudicial action, suit, or proceeding in connection with any of the Obligations or the Trust Property (including but not limited to proceedings under federal bankruptcy law, eminent domain, or probate proceedings, or in connection with any state or federal tax lien), and Beneficiary employs an attorney to appear in such an action, suit, or proceeding, or to reclaim, sequester, protect, preserve, or enforce Beneficiary's interests, or to seek relief from a judicial or statutory stay, then in such an event Grantor must pay reasonable attorney fees, costs, and expenses incurred by Beneficiary or its attorney in connection with the above-mentioned events or any appeals related to them, including but not limited to costs incurred in searching records, the cost of title reports, and the cost of surveyors' reports. Those

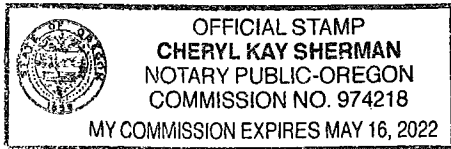


STATE OF OREGON

County of Deschutes

)  
) ss.  
)

The foregoing instrument was acknowledged before me on this 26<sup>th</sup> day of September, 2018,  
by J.W. Levesque as a Member of Oregon Resource Management, LLC.



Cheryl Sherman  
Notary Public for Oregon