

After Recording return to:

US Bank
9918 Hilbert St. 2nd Floor
San Diego CA 92131-1018

Space above for Recorder's Use

**DEED OF TRUST,
SECURITY AGREEMENT AND FIXTURE FILING**
with Assignment of Rents, Security Agreement

NOTICE TO RECORDER: THIS DOCUMENT CONSTITUTES A FIXTURE FILING IN
ACCORDANCE WITH THE UNIFORM COMMERCIAL CODE.

Dated as of March 11, 2019

in the amount of: \$54,500.00

Necia Lee Porto and Nicholas Anthony Porto

Having an address at
5536 Sturdivant Ave.

Klamath Falls, Oregon, 97603
(the "Grantor");

AmeriTitle

300 Klamath Ave.

Klamath Falls, OR 97601
(the "Trustee"); and

The address of the entity holding the lien created by the instrument is:

U.S. Bank N.A., having an office at
9918 Hibert Street, Second Floor, San Diego, CA 92131-1018;
(the "Beneficiary").

LOCATION OF PREMISES:

5536 Sturdivant Ave., Klamath Falls,
County of Klamath, State of Oregon 97603

The tax account numbers for the property subject to the lien of this instrument are: R559158.

The maximum principal amount secured by this instrument is \$54,500.00, plus all other sums which may now or hereafter be loaned to Grantor/Borrower pursuant to ORS 86.155(2)(c).

The maturity date of this Deed of Trust is March 11, 2029, as it may be extended.

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After Recording, Return to: U.S. Bank N.A., 9918 Hibert Street, Second Floor, San Diego, CA 92131-1018

"Notice to Recorder:

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

DEED OF TRUST

with Assignment of Rents, Security Agreement
and Fixture Filing

The Note, credit agreement and the other loan documents secured by this Deed of Trust contain provisions allowing for changes in the interest rate from time to time during the term of the indebtedness.

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY BENEFICIARIES CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY GRANTOR'S/BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY AN AUTHORIZED REPRESENTATIVE OF BENEFICIARY TO BE ENFORCEABLE.

The parties to this Deed of Trust, made as of **March 11, 2019**, are **Necia Lee Porto and Nicholas Anthony Porto ("Grantor")**, whose address is 5536 Sturdivant Ave., Klamath Falls, OR 97603, **AmeriTitle ("Trustee")**, whose address is 300 Klamath Ave., Klamath Falls, OR 97601, as trustee, and **U.S. Bank N.A. ("Beneficiary")**, whose address is 9918 Hibert Street, Second Floor, San Diego, CA 92131-1018, as beneficiary and secured party.

1. **Grant in Trust and Secured Obligations.**

1.1. **Grant in Trust.** For the purpose of securing payment and performance of the Secured Obligations defined and described in Section 1.2, Grantor hereby irrevocably and unconditionally grants, conveys, transfers and assigns to Trustee, in trust for the benefit of Beneficiary, with power of sale and right of entry and possession, all estate, right, title and interest which Grantor now has or may later acquire in and to the following property (all or any part of such property, or any interest in all or any part of it, as the context may require, the "**Property**")

(a) The real property located in the County of **Klamath**, State of Oregon, as

described in **Exhibit A**, together with all existing and future easements and rights affording , access to it (the "**Land**"); together with

(b) All buildings, structures and improvements now located or later to be constructed on the Land (the "**Improvements**"); together with

(c) All existing and future appurtenances, privileges, easements, franchises and tenements of the Land, including as-extracted collateral which may be in, under or produced from any part of the Land, including minerals, oil, gas, other hydrocarbons and associated substances, sulphur, nitrogen, carbon dioxide, helium and other commercially valuable substances and all products processed or obtained therefrom and the proceeds thereof, all development rights and credits, air rights, water, water rights (whether riparian, appropriative or otherwise, and whether or not appurtenant) and water stock, and any land lying in the streets, roads or avenues, open or proposed, in front of or adjoining the Land and Improvements; together with

(d) All existing and future leases, subleases, subtenancies, licenses, occupancy agreements and concessions ("**leases**") relating to the use and enjoyment of all or any part of the Land and Improvements, and any' and all guaranties, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing) and other agreements relating to or made in connection with any of such leases; together with

(e) All real property and improvements on it, and all appurtenances and other property and interests of any kind or character, whether described in Exhibit A or not, which may be reasonably necessary or desirable to promote the present and any reasonable future beneficial use and enjoyment of the Land and Improvements; together with

(f) All goods, materials, supplies, chattels, furniture, fixtures, equipment and machinery now or later to be attached to, placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of the Land and Improvements, whether stored on the Land or elsewhere; together with

(g) All general intangibles, accounts, deposit accounts and proceeds, including all claims thereto and demands therefor (whether cash or non-cash and including payment intangibles), of or arising from the voluntary or involuntary conversion of any of the Land, Improvements or the other property described above into cash or liquidated claims, including all proceeds of any insurance policies, present and future, payable because of loss sustained to all or part of any Property, whether or not such insurance policies are required by Beneficiary, and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Land, Improvements or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements, including causes of action arising in tort, contract, fraud or concealment of a material fact; together with

(h) All books and records pertaining to any and all of the property described above, including computer-readable memory and any computer hardware or software

necessary to access and process such memory ("**Books and Records**"); together with

(i) All letter-of-credit rights (whether or not the letter of credit is evidenced by a writing) that Grantor may now have or hereafter acquire relating to the properties, rights, titles and interests referred to in this Section 1.1; together with

(j) All commercial tort claims that Grantor may now have or hereafter acquire relating to the properties, rights, titles and interests referred to in this Section 1.1; together with

(k) All proceeds and products of, additions and accretions to, substitutions and replacements for, and changes in any of the property described above, together with all supporting obligations ancillary thereto or arising in any way in connection therewith.

1.2. Secured Obligations.

(a) Grantor makes the grant, conveyance, transfer and assignment set forth in Section 1.1 and grants the security interest set forth in Section 3 for the purpose of securing the following obligations (the "**Secured Obligations**") in any order of priority that Beneficiary may choose:

(i) All sums evidenced by that certain Promissory Note (hereinafter referred to as the "Note") dated of even date herewith, made by **FREMONT MILLWORK CO., an Oregon corporation, Wayne W. Alexander, Travis J. Landrum and Necia L. Porto, as borrowers**, payable to the order of the Beneficiary, as lender, in the principal face amount of **Three Million Eight Hundred Thousand dollars and 00/100 (\$3,800,000.00)**, together with interest thereon, with the final payment being due on **March 11, 2029** (unless extended as may be provided in the Note); together with any and all modifications, renewals and/or extensions of the Note. **The maximum amount that Beneficiary may collect on enforcement of this Deed of Trust shall be \$54,500.00.**

(ii) Any and all additional advances made by the Beneficiary to protect or preserve the Premises or the lien hereof on the Premises, or for taxes, assessments or insurance premiums as hereinafter provided (whether or not the original Grantor remains the owner of the Premises at the time of such advances).

(iii) Any and all other sums owed by Grantor to the Beneficiary under this Deed of Trust or under the Note, whether now existing or hereafter created, whether direct, indirect or secondary, and any and all modifications, extensions or renewals thereof, including without limitation sums owed under any other instrument evidencing, securing or in any way concerning the debt evidenced by the Note.

(iv) All of the following instruments (if applicable) which evidence, secure and/or relate to the loan evidenced by the Note and which are also considered "Secured Obligations" herein: (a) Promissory Note dated of even date herewith between **FREMONT MILLWORK CO., an Oregon corporation, Wayne W. Alexander, Travis J. Landrum and Necia L. Porto, as borrowers**, and Beneficiary, as lender; (b) Loan Agreement dated of even date herewith

between **FREMONT MILLWORK CO., an Oregon corporation, Wayne W. Alexander, Travis J. Landrum, Necia L. Porto, and Beneficiary**; (c) Limited Guaranty Agreements dated of even date herewith by **Krista M. Alexander and Nicholas A. Porto** (collectively, the "Guaranty"); (d) Security Agreement dated of even date herewith between **FREMONT MILLWORK CO., an Oregon corporation, as debtor, and Beneficiary, as secured party**; and (e) all other documents, instruments or agreements now or hereafter securing, evidencing and/or relating to the debt secured by the Note.

2. Assignment of Rents.

2.1. Assignment. Grantor hereby irrevocably, absolutely, presently and unconditionally assigns to Beneficiary all rents, royalties, issues, profits, revenue, income and proceeds of the Property, whether now due, past due or to become due, including all prepaid rents and security deposits (some or all collectively, as the context may require, "**Rents**"). This is an absolute assignment, not an assignment for security only.

2.2. Grant of License. Beneficiary hereby confers upon Grantor a license ("**License**") to collect and retain the Rents as they become due and payable, so long as no Event of Default, as defined in Section 6.2, shall exist and be continuing. If an Event of Default has occurred and is continuing, Beneficiary shall have the right, which it may choose to exercise in its sole discretion, to terminate this License without notice to or demand upon Grantor, and without regard to the adequacy of Beneficiary's security under this Deed of Trust.

2.3. Collection and Application of Rents. Subject to the License granted to Grantor under Section 2.2, Beneficiary has the right, power and authority to collect any and all Rents. Grantor hereby appoints Beneficiary its attorney-in-fact to perform any and all of the following acts, if and at the times when Beneficiary in its sole discretion may so choose:

- (a) Demand, receive and enforce payment of any and all Rents; or
- (b) Give receipts, releases and satisfactions for any and all Rents; or
- (c) Sue either in the name of Grantor or in the name of Beneficiary for any and all Rents.

Beneficiary's right to the Rents does not depend on whether or not Beneficiary takes possession of the Property as permitted under Section 6.3(c). In Beneficiary's sole discretion, Beneficiary may choose to collect Rents either with or without taking possession of the Property. Beneficiary shall apply all Rents collected by it in the manner provided under Section 6.6. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted under Section 1.1 and Section 6.3(g).

2.4. Beneficiary Not Responsible. Under no circumstances shall Beneficiary have any duty to produce Rents from the Property. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Land and Improvements, Beneficiary is not and shall not be deemed to be:

- (a) A "mortgagee in possession" for any purpose; or
- (b) Responsible for performing any of the obligations of the lessor under any lease or performing any obligation under any construction document; or
- (c) Responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any negligence in the management, upkeep, repair or control of the Property; or
- (d) Liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it.

3. Grant of Security Interest.

3.1. Security Agreement. The parties intend for this Deed of Trust to create a lien on the Property, and an absolute assignment of the Rents, all in favor of Beneficiary. The parties acknowledge that some of the Property and some or all of the Rents may be determined under applicable law to be fixtures. To the extent that any Property or Rents may be or be determined to be fixtures, Grantor as debtor hereby grants Beneficiary as secured party a security interest in all such Property and Rents, to secure payment and performance of the Secured Obligations. This Deed of Trust constitutes a security agreement under the **Oregon** Uniform Commercial Code, covering all such Property and Rents.

3.2. Authorization to File Financing Statements; Power of Attorney. Grantor hereby authorizes Beneficiary at any time and from time to time to file any initial financing statements, amendments thereto and continuation statements as authorized by applicable law, required by Beneficiary to establish or maintain the validity, perfection and priority of the security interest granted in this Deed of Trust. For purposes of such filings, Grantor agrees to furnish any information requested by Beneficiary promptly upon request by Beneficiary. Grantor also ratifies its authorization for Beneficiary to have filed any like initial financing statements, amendments thereto or continuation statements if filed prior to the date of this Deed of Trust. Grantor hereby irrevocably constitutes and appoints Beneficiary and any officer or agent of Beneficiary, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of Grantor or in Grantor's own name to execute in Grantor's name any such documents and to otherwise carry out the purposes of this Section 3.2, to the extent that Grantor's authorization above is not sufficient. To the extent permitted by law, Grantor hereby ratifies all acts said attorneys-in-fact have lawfully done in the past or shall lawfully do or cause to be done in the future by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable. As provided in Section 5.10, Grantor shall pay all fees and costs that Beneficiary may incur in filing such documents in public offices and in obtaining such record searches as Beneficiary may require.

4. Financing Statement and Fixture Filing.

This Deed of Trust shall be effective as a financing statement filed as a fixture filing with respect to all fixtures included within the Property and is to be filed for record in the real estate records of each county where any part of the Property is situated. This Deed of Trust shall also be effective as a financing statement covering as-extracted collateral (including oil and gas), accounts and general intangibles under the **Oregon** Uniform Commercial Code, as in effect from time to time, that will be financed at the wellhead or minehead of the wells or mines located on the Property. This Deed of Trust shall also be effective as a financing statement covering any other Property and may be filed in any appropriate filing or recording office. A carbon, photographic or other reproduction of this Deed of Trust or of any financing statement relating to this Deed of Trust shall be sufficient as a financing statement for any of the purposes referred to in this Section 4.

5. Rights and Duties of the Parties.

5.1. Representations and Warranties. Grantor represents and warrants that, except as previously disclosed to Beneficiary in a writing making reference to this Section 5.1:

(a) Grantor lawfully possesses and holds fee simple title to all of the Land and Improvements, unless Grantor's present interest in the Land is described in Exhibit A as a leasehold interest, in which case Grantor lawfully possesses and holds a leasehold interest in the Land as stated in Exhibit A;

(b) Grantor has or will have good title to all Property other than the Land and Improvements;

(c) Grantor has the full and unlimited power, right and authority to encumber the Property and assign the Rents;

(d) This Deed of Trust creates a first and prior lien on the Property; and

(e) The Property includes all property and rights which may be reasonably necessary or desirable to promote the present and any reasonable future beneficial use and enjoyment of the Land and Improvements.

5.2. Taxes and Assessments. Grantor shall pay prior to delinquency all taxes, levies, charges and assessments, including assessments on appurtenant water stock, imposed by any public or quasi-public authority or utility company which are (or if not paid, may become) a lien on all or part of the Property or any interest in it, or which may cause any decrease in the value of the Property or any part of it. If any such taxes, levies, charges or assessments become delinquent, Beneficiary may require Grantor to present evidence that they have been paid in full, on ten (10) days' written notice by Beneficiary to Grantor.

5.3. Performance of Secured Obligations. Grantor shall promptly pay and perform each Secured Obligation in accordance with its terms.

5.4. Liens, Charges and Encumbrances. Grantor shall immediately discharge any

lien on the Property which Beneficiary has not consented to in writing. Grantor shall pay when due each obligation secured by or reducible to a lien, charge or encumbrance which now does or later may encumber or appear to encumber all or part of the Property or any interest in it, whether the lien, charge or encumbrance is or would be senior or subordinate to this Deed of Trust.

5.5. Damages and Insurance and Condemnation Proceeds.

(a) Grantor hereby absolutely and irrevocably assigns to Beneficiary, and authorizes the payor to pay to Beneficiary, the following claims, causes of action, awards, payments and rights to payment:

(i) All awards of damages and all other compensation payable directly or indirectly because of a condemnation, proposed condemnation or taking for public or private use which affects all or part of the Property or any interest in it; and

(ii) All other awards, claims and causes of action, arising out of any warranty affecting all or any part of the Property, or for damage or injury to or decrease in value of all or part of the Property or any interest in it; and

(iii) All proceeds of any insurance policies payable because of loss sustained to all or part of the Property, whether or not such insurance policies are required by Beneficiary; and

(iv) All interest which may accrue on any of the foregoing.

(b) Grantor shall immediately notify Beneficiary in writing if:

(i) Any damage occurs or any injury or loss is sustained in the amount of Twenty-Five Thousand and no/100 Dollars (\$25,000.00) or more to all or part of the Property, or any action or proceeding relating to any such damage, injury or loss is commenced; or

(ii) Any offer is made, or any action or proceeding is commenced, which relates to any actual or proposed condemnation or taking of all or part of the Property.

(c) If Beneficiary chooses to do so, Beneficiary may in its own name appear in or prosecute any action or proceeding to enforce any cause of action based on warranty, or for damage, injury or loss to all or part of the Property, and Beneficiary may make any compromise or settlement of the action or proceeding. Beneficiary, if it so chooses, may participate in any action or proceeding relating to condemnation or taking of all or part of the Property, and may join Grantor in adjusting any loss covered by insurance.

(d) All proceeds of these assigned claims, other property and rights which Grantor may receive or be entitled to shall be paid to Beneficiary. In each instance, Beneficiary shall apply such proceeds first toward reimbursement of all of Beneficiary's costs and expenses of recovering the proceeds, including attorneys' fees. If, in any instance, each and all of the following conditions are satisfied in Beneficiary's reasonable judgment, Beneficiary shall permit Grantor to use the balance of such proceeds ("**Net Claims Proceeds**")

to pay costs of repairing or reconstructing the Property in the manner described below:

(i) The plans and specifications, cost breakdown, construction contract, construction schedule, contractor and payment and performance bond for the work of repair or reconstruction must all be acceptable to Beneficiary.

(ii) Beneficiary must receive evidence satisfactory to it that after repair or reconstruction, the Property would be at least as valuable as it was immediately before the damage or condemnation occurred.

(iii) The Net Claims Proceeds must be sufficient in Beneficiary's determination to pay for the total cost of repair or reconstruction, including all associated development costs and interest and other sums projected to be payable on the Secured Obligations until the repair or reconstruction is complete; or Grantor must provide its own funds in an amount equal to the difference between the Net Claims Proceeds and a reasonable estimate, made by Grantor and found acceptable by Beneficiary, of the total cost of repair or reconstruction.

(iv) Beneficiary must receive evidence satisfactory to it that all leases which Beneficiary may find acceptable will continue after the repair or reconstruction is complete.

(v) No Event of Default shall have occurred and be continuing.

If Beneficiary finds that such conditions have been met, Beneficiary shall hold the Net Claims Proceeds and any funds which Grantor is required to provide in a non-interest-bearing account and shall disburse them to Grantor to pay costs of repair or reconstruction upon presentation of evidence reasonably satisfactory to Beneficiary that repair or reconstruction has been completed satisfactorily and lien-free. However, if Beneficiary finds that one or more of such conditions have not been satisfied, Beneficiary may apply the Net Claims Proceeds to pay or prepay some or all of the Secured Obligations in such order and proportions as Beneficiary in its sole discretion may choose.

(f) Grantor hereby specifically, unconditionally and irrevocably waives all rights of a property owner granted under any **Oregon** Revised Statutes which may provide for allocation of condemnation proceeds between a property owner and a lienholder, and any other law or successor statute of similar import.

5.6 Maintenance and Preservation of Property.

(a) Grantor shall insure the Property in an amount equal to at least 100% of the replacement value of the Property and keep the Property in good condition and repair.

(b) Grantor shall not remove or demolish the Property or any part of it, or alter, restore or add to the Property, or initiate or allow any change in any zoning or other land use classification which affects the Property or any part of it except with Beneficiary's express prior written consent in each instance.

(c) If all or part of the Property becomes damaged or destroyed, Grantor shall promptly and completely repair and/or restore the Property in a good and workmanlike manner in accordance with sound building practices, regardless of whether or not Beneficiary agrees to disburse insurance proceeds or other sums to pay costs of the work of repair or reconstruction under Section 5.5.

(d) Grantor shall not commit or allow any act upon or use of the Property which would violate: (i) any applicable law or order of any governmental authority, whether now existing or later to be enacted and whether foreseen or unforeseen; or (ii) any public or private covenant, condition, restriction or equitable servitude affecting the Property. Grantor shall not bring or keep any article on the Property or cause or allow any condition to exist on it, if that could invalidate or would be prohibited by any insurance coverage required to be maintained by Grantor on the Property.

(e) Grantor shall not commit or allow waste of the Property.

(f) Grantor shall perform all other acts which from the character or use of the Property may be reasonably necessary to maintain and preserve its value.

5.7 Trustee's Acceptance of Trust. Trustee accepts this trust when this Deed of Trust is recorded.

5.8 Releases, Extensions, Modifications and Additional Security. From time to time, Beneficiary may perform any of the following acts without incurring any liability or giving notice to any person: (a) release any person liable for payment of the Note; (b) extend the time for payment, or otherwise alter the terms of payment, of a the Note; (c) accept additional real or personal property of any kind as security for the Note, whether evidenced by deeds of trust, mortgages, security agreements or any other instruments of security; or (d) alter, substitute or release any property securing the Note.

5.9 Reconveyance. When the Note has been paid in full, Beneficiary shall request Trustee in writing to reconvey the Property, and shall surrender this Deed of Trust and all notes and instruments evidencing the Secured Obligations to Trustee. When Trustee receives Beneficiary's written request for reconveyance and all fees and other sums owing to Trustee by Grantor under Section 5.10, Trustee shall reconvey the Property, or so much of it as is then held under this Deed of Trust, without warranty to the person or persons legally entitled to it. Such person or persons shall pay any costs of recordation. In the reconveyance, the grantee may be described as "the person or persons legally entitled thereto," and the recitals of any matters or facts shall be conclusive proof of their truthfulness. Neither Beneficiary nor Trustee shall have any duty to determine the rights of persons claiming to be rightful grantees of any reconveyance.

5.10 Compensation, Exculpation, Indemnification.

(a) Grantor agrees to pay fees in the maximum amounts legally permitted, or reasonable fees as may be charged by Beneficiary and Trustee when the law provides no maximum limit, for any services that Beneficiary or Trustee may render in connection with this Deed of Trust, including Beneficiary's providing a statement of the Secured Obligations or

Trustee's rendering of services in connection with a reconveyance. Grantor shall also pay or reimburse all of Beneficiary's and Trustee's costs and expenses which may be incurred in rendering any such services. Grantor further agrees to pay or reimburse Beneficiary for all costs, expenses and other advances which may be incurred or made by Beneficiary or Trustee in any efforts to enforce any terms of this Deed of Trust, including any rights or remedies afforded to Beneficiary or Trustee or both of them under Section 6.3, whether any lawsuit is filed or not, or in defending any action or proceeding arising under or relating to this Deed of Trust, including attorneys' fees and other legal costs, costs of any Foreclosure Sale (as defined in Section 6.3(h)) and any cost of evidence of title. If Beneficiary chooses to dispose of Property through more than one Foreclosure Sale, Grantor shall pay all costs, expenses or other advances that may be incurred or made by Trustee or Beneficiary in each of such Foreclosure Sales.

(b) Beneficiary shall not be directly or indirectly liable to Grantor or any other person as a consequence of any of the following:

(i) Beneficiary's exercise of or failure to exercise any rights, remedies or powers granted to Beneficiary in this Deed of Trust;

(ii) Beneficiary's failure or refusal to perform or discharge any obligation or liability of Grantor under any agreement related to the Property or under this Deed of Trust including, without limitation, any construction documents; or

(iii) Any loss sustained by Grantor or any third party resulting from Beneficiary's failure to lease the Property, or from any other act or omission of Beneficiary in managing the Property, after an Event of Default, unless the loss is caused by the willful misconduct and bad faith of Beneficiary.

Grantor hereby expressly waives and releases all liability of the types described above, and agrees that no such liability shall be asserted against or imposed upon Beneficiary.

(c) Grantor agrees to indemnify Trustee and Beneficiary against and hold them harmless from all losses, damages, liabilities, claims, causes of action, judgments, court costs, attorneys' fees and other legal expenses, cost of evidence of title, cost of evidence of value, and other costs and expenses which either may suffer or incur:

(i) In performing any act required or permitted by this Deed of Trust or any of the other Loan Documents or by law; or

(ii) Because of any failure of Grantor to perform any of Grantor's obligations.

This agreement by Grantor to indemnify Trustee and Beneficiary shall survive the release and cancellation of any or all of the Secured Obligations and the full or partial release and/or reconveyance of this Deed of Trust.

(d) Grantor shall pay all obligations to pay money arising under this Section 5.10 immediately upon demand by Trustee or Beneficiary.

5.11 Defense and Notice of Claims and Actions. At Grantor's sole expense, Grantor shall protect, preserve and defend the Property and title to and right of possession of the Property, and the security of this Deed of Trust and the rights and powers of Beneficiary and Trustee created under it, against all adverse claims. Grantor shall give Beneficiary and Trustee prompt notice in writing if any claim is asserted which does or could affect any of such matters, or if any action or proceeding is commenced which alleges or relates to any such claim.

5.12 Substitution of Trustee. From time to time, Beneficiary may substitute a successor to any Trustee named in or acting under this Deed of Trust in any manner now or later to be provided at law, or by a written instrument executed and acknowledged by Beneficiary and recorded in the office(s) of the recorder(s) of the county or counties where the Land and Improvements are situated. Any such instrument shall be conclusive proof of the proper substitution of the successor Trustee, who shall automatically upon recordation of the instrument succeed to all estate, title, rights, powers and duties of the predecessor Trustee, without conveyance from it.

5.13 Subrogation. Beneficiary shall be subrogated to the liens of all encumbrances, whether released of record or not, which are discharged in whole or in part by Beneficiary in accordance with this Deed of Trust or with the proceeds of any loan secured by this Deed of Trust.

5.14 Site Visits, Observation and Testing. Beneficiary and its agents and representatives ("**Beneficiary Parties**") shall have the right at any reasonable time to enter and visit the Property for the purpose of observing the Property, taking and removing soil or groundwater samples, and conducting tests on any part of the Property. The Beneficiary Parties have no duty, however, to visit or observe the Property or to conduct tests, and no site visit, observation or testing by any Indemnified Party shall impose any liability on any Indemnified Party. In no event shall any site visit, observation or testing by any Indemnified Party be a representation that Hazardous Substances are or are not present in, on or under the Property, or that there has been or shall be compliance with any law, regulation or ordinance pertaining to Hazardous Substances or any other applicable governmental law. Neither Grantor nor any other party is entitled to rely on any site visit, observation or testing by any Indemnified Party. The Beneficiary Parties owe no duty of care to protect Grantor or any other party against, or to inform Grantor or any other party of, any Hazardous Substances or any other adverse condition affecting the Property. The Beneficiary Parties may in their discretion disclose to Grantor or any other party any report or findings made as a result of, or in connection with, any site visit, observation or testing by the Beneficiary Parties. Grantor understands and agrees that the Beneficiary Parties make no representation or warranty to Grantor or any other party regarding the truth, accuracy or completeness of any such report or findings that may be disclosed. Grantor also understands that, depending on the results of any site visit, observation or testing by any Indemnified Party which are disclosed to Grantor, Grantor may have a legal obligation to notify one or more environmental agencies of the results and that such reporting requirements are site-specific and are to be evaluated by Grantor without advice or assistance from the Beneficiary Parties. Any Indemnified Party shall give Grantor reasonable notice before entering the Property. Such Indemnified Party shall make reasonable efforts to avoid interfering with Grantor's use of the Property in exercising any rights provided in this

Section.

5.15 Letter-of-Credit Rights. If at any time Grantor is or becomes a beneficiary under a letter of credit (whether or not the letter of credit is evidenced by a writing) relating to the properties, rights, titles and interests referred to in Section 1.1 of this Deed of Trust now or hereafter issued in favor of Grantor, Grantor shall promptly notify Beneficiary thereof and, at the request and option of Beneficiary, shall either (a) arrange for the issuer and any confirmer of such letter of credit to consent to an assignment to Beneficiary of the proceeds of any drawings under the letter of credit, or (b) arrange for Beneficiary to become the transferee beneficiary of the letter of credit, with Beneficiary agreeing, in each case, that the proceeds of any drawing under the letter of credit will be applied as provided in Section 6.6 of this Deed of Trust.

5.16 Status of Grantor. If Grantor is a corporation, partnership, limited liability company or other legal entity, Grantor is and will continue to be (a) duly organized, validly existing and in good standing under the laws of its state of organization, (b) authorized to do business and in good standing in each state in which the Property is located, and (c) possessed of all requisite power and authority to carry on its business and to own and operate the Property. Grantor's exact legal name is correctly set forth on the signature page of this Deed of Trust. If Grantor is a registered entity or an unregistered entity (including a general partnership), Grantor is incorporated in or organized under the laws of the State of Oregon. Grantor will not cause or permit any change to be made to its name or identity (including its trade name or names) or to its corporate, partnership or other organizational structure unless Grantor shall have notified Beneficiary in writing of such change at least 30 days prior to the effective date of such change, and shall have first taken all action required by Beneficiary for the purpose of further perfecting or protecting the lien and security interest of Beneficiary in the Property. In addition, Grantor shall not change its corporate, partnership or other organizational structure without first obtaining the prior written consent of Beneficiary. Grantor's principal place of business and chief executive office, and the place where Grantor keeps its books and records, including recorded data of any kind or nature, regardless of the medium of recording, including software, writings, plans, specifications and schematics concerning the Property, has been for the preceding four months (or, if less, the entire period of the existence of Grantor) and will continue to be the address of Grantor for notices set forth at the end of this Deed of Trust (unless Grantor notifies Beneficiary of any change in writing at least thirty (30) days prior to the date of such change). If Grantor is an individual, Grantor's principal residence has been for the preceding four months and will continue to be the address of Grantor for notices set forth at the end of this Deed of Trust (unless Grantor notifies Beneficiary of any change in writing at least thirty (30) days prior to the date of such change). Grantor's organizational identification number, if any, assigned by the state of incorporation or organization is correctly set forth on the first page of this Deed of Trust. Grantor shall promptly notify Beneficiary of any change in its organizational identification number. If Grantor does not now have an organizational identification number and later obtains one, Grantor shall promptly notify Beneficiary of such organizational identification number.

6. Default and Remedies.

6.1. Accelerating Transfers.

(a) **"Accelerating Transfer"** means any sale, contract to sell, conveyance, encumbrance, lease not expressly stated in Exhibit "B" hereto, or other transfer of all or any material part of the Property or any interest in it, whether voluntary, involuntary, by operation of law or otherwise. If Grantor is a corporation, "Accelerating Transfer" also means any transfer or transfers of shares possessing, in the aggregate, more than fifty percent (50%) of the voting power. If Grantor is a partnership, "Accelerating Transfer" also means withdrawal or removal of any general partner, dissolution of the partnership under applicable law, or any transfer or transfers of, in the aggregate, more than fifty percent (50%) of the partnership interests. If Grantor is a limited liability company, "Accelerating Transfer" also means withdrawal or removal of any managing member, termination of the limited liability company or any transfer or transfers of, in the aggregate, more than fifty percent (50%) of the voting power or, in the aggregate, more than fifty percent (50%) of the ownership interests in Grantor.

(b) Grantor agrees that Grantor shall not make any Accelerating Transfer, unless the transfer is preceded by Beneficiary's express written consent to the particular transaction and transferee. Beneficiary may withhold such consent in its sole discretion. If any Accelerating Transfer occurs, Beneficiary in its sole discretion may declare all of the Secured Obligations to be immediately due and payable, and Beneficiary and Trustee may invoke any rights and remedies provided by Section 6.3 of this Deed of Trust. Grantor acknowledges the materiality of the provisions of this Section 6.1 as a covenant of Grantor, given individual weight and consideration by Beneficiary in entering into the Secured Obligations, and that any Accelerating Transfer in violation of the prohibited transfer provisions herein set forth shall result in a material impairment of Beneficiary's interest in the Property and be deemed a breach of the foregoing covenant

6.2. Events of Default. Grantor will be in default under this Deed of Trust upon the occurrence of any one or more of the following events (some or all collectively, **"Events of Default"**; any one singly, an **"Event of Default"**):

(a) Grantor fails to perform any obligation arising under this Deed of Trust; or

(b) A default or Event of Default occurs under any of the Secured Obligations.

6.3. Remedies. At any time after an Event of Default, Beneficiary and Trustee shall be entitled to invoke any and all of the rights and remedies described below. All of such rights and remedies shall be cumulative, and the exercise of any one or more of them shall not constitute an election of remedies.

(a) Acceleration. Beneficiary may declare any or all of the Secured Obligations to be due and payable immediately.

(b) Receiver. Beneficiary may apply to any court of competent jurisdiction for, and obtain appointment of, a receiver for the Property.

(c) Entry. Beneficiary, in person, by agent or by court-appointed receiver, may enter, take possession of, manage and operate all or any part of the Property, and may also do any and all other things in connection with those actions that Beneficiary may in its sole discretion consider necessary and appropriate to protect the security of this Deed of Trust. Such other things may include: taking and possessing all of Grantor's or the then owner's Books and Records; entering into, enforcing, modifying, or canceling leases on such terms and conditions as Beneficiary may consider proper; obtaining and evicting tenants; fixing or modifying Rents; collecting and receiving any payment of money owing to Grantor; completing any unfinished construction; and/or contracting for and making repairs and alterations. If Beneficiary so requests, Grantor shall assemble all of the Property that has been removed from the Land and make all of it available to Beneficiary at the site of the Land. Grantor hereby irrevocably constitutes and appoints Beneficiary as Grantor's attorney-in-fact to perform such acts and execute such documents as Beneficiary in its sole discretion may consider to be appropriate in connection with taking these measures, including endorsement of Grantor's name on any instruments. Regardless of any provision of this Deed of Trust or any other Loan Document, Beneficiary shall not be considered to have accepted any property other than cash or immediately available funds in satisfaction of any obligation of Grantor to Beneficiary, unless Beneficiary has given express written notice of Beneficiary's election of that remedy in accordance with the Oregon Uniform Commercial Code, as it may be in effect from time to time.

(d) Cure; Protection of Security. Either Beneficiary or Trustee may cure any breach or default of Grantor, and if it chooses to do so in connection with any such cure, Beneficiary or Trustee may also enter the Property and/or do any and all other things which it may in its sole discretion consider necessary and appropriate to protect the security of this Deed of Trust. Such other things may include: appearing in and/or defending any action or proceeding which purports to affect the security of, or the rights or powers of Beneficiary or Trustee under, this Deed of Trust; paying, purchasing, contesting or compromising any encumbrance, charge, lien or claim of lien which in Beneficiary's or Trustee's sole judgment is or may be senior in priority to this Deed of Trust, such judgment of Beneficiary or Trustee to be conclusive as among the parties to this Deed of Trust; obtaining insurance and/or paying any premiums or charges for insurance required to be carried under this Deed of Trust; otherwise caring for and protecting any and all of the Property; and/or employing counsel, accountants, contractors and other appropriate persons to assist Beneficiary or Trustee. Beneficiary and Trustee may take any of the actions permitted under this Section 6.3(d) either with or without giving notice to any person.

UNLESS YOU PROVIDE BENEFICIARY WITH EVIDENCE OF THE INSURANCE COVERAGE AS REQUIRED BY THE LOAN AGREEMENT, 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 COLLATERAL BECOMES DAMAGED, THE COVERAGE BENEFICIARY PURCHASE MAY NOT PAY ANY CLAIM YOU MAKE

OR ANY CLAIM MADE AGAINST GRANTOR. GRANTOR MAY LATER CANCEL THIS COVERAGE BY PROVIDING EVIDENCE THAT IT 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 CONTRACT OR LOAN BALANCE. IF THE COST IS ADDED TO GRANTOR'S CONTRACT OR LOAN BALANCE, THE INTEREST RATE ON THE UNDERLYING CONTRACT OR LOAN WILL APPLY TO THIS ADDED AMOUNT. THE EFFECTIVE DATE OF COVERAGE MAY BE THE DATE GRANTOR'S PRIOR COVERAGE LAPSED OR THE DATE GRANTOR FAILED TO PROVIDE PROOF OF COVERAGE.

THE COVERAGE BENEFICIARY PURCHASES MAY BE CONSIDERABLY MORE EXPENSIVE THAN INSURANCE 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.

(e) Uniform Commercial Code Remedies. Beneficiary may exercise any or all of the remedies granted to a secured party under the **Oregon** Uniform Commercial Code, as in effect from time to time, or under the Uniform Commercial Code in force from time to time in any other state to the extent the same is applicable law.

(f) Judicial Action. Beneficiary may bring an action in any court of competent jurisdiction to foreclose this instrument or to obtain specific enforcement of any of the covenants or agreements of this Deed of Trust.

(g) Power of Sale. Under the power of sale hereby granted, Beneficiary shall have the discretionary right to cause some or all of the Property to be sold or otherwise disposed of in any combination and in any manner permitted by applicable law.

(h) Trustee's Sales of Property. Beneficiary may choose to dispose of some or all of the Property which consists solely of real property in any manner then permitted by applicable law. For purposes of this power of sale, a sale of real property will sometimes be referred to as a "**Trustee's Sale**."

(A) Before any Trustee's Sale, Beneficiary or Trustee shall give such notice of default and election to sell as may then be required by law. When all time periods then legally mandated have expired, and after such notice of sale as may then be legally required has been given, Trustee shall sell the property being sold at a public auction to be held at the time and place specified in the notice of sale. Neither Trustee nor Beneficiary shall have any obligation to make demand on Grantor before any Trustee's Sale. From time to time in accordance with then applicable law, Trustee may, and in any event at Beneficiary's request shall, postpone any Trustee's Sale by public announcement at the time and place noticed for that sale.

(B) At any Trustee's Sale, Trustee shall sell to the highest bidder at public auction for cash in lawful money of the United States. Trustee shall execute and deliver to the purchaser(s) a deed or deeds conveying the property being sold without any covenant or warranty whatsoever, express or implied. The recitals in any such deed of any matters or facts, including any facts bearing upon the regularity or validity of any Trustee's Sale, shall be conclusive proof of their truthfulness. Any such deed shall be

conclusive against all persons as to the facts recited in it.

(i) Single or Multiple Foreclosure Sales. If the Property consists of more than one lot, parcel or item of property, Beneficiary may:

(i) Designate the order in which the lots, parcels and/or items shall be sold or disposed of or offered for sale or disposition; and

(ii) Elect to dispose of the lots, parcels and/or items through a single consolidated sale or disposition to be held or made under the power of sale granted in Section 6.3(g), or in connection with judicial proceedings, or by virtue of a judgment and decree of foreclosure and sale; or through two or more such sales or dispositions; or in any other manner Beneficiary may deem to be in its best interests (any such sale or disposition, a "**Foreclosure Sale**"; any two or more, "**Foreclosure Sales**").

If Beneficiary chooses to have more than one Foreclosure Sale, Beneficiary at its option may cause the Foreclosure Sales to be held simultaneously or successively, on the same day, or on such different days and at such different times and in such order as Beneficiary may deem to be in its best interests. No Foreclosure Sale shall terminate or affect the lien of this Deed of Trust on any part of the Property which has not been sold, until all of the Secured Obligations have been paid and performed in full.

6.4. Credit Bids. At any Foreclosure Sale, any person, including Grantor, Trustee or Beneficiary, may bid for and acquire the Property or any part of it to the extent permitted by then applicable law. Instead of paying cash for such property, Beneficiary may settle for the purchase price by crediting the sales price of the property against the following obligations:

(a) First, the portion of the Secured Obligations attributable to the expenses of sale, costs of any action and any other sums for which Grantor is obligated to pay or reimburse Beneficiary or Trustee under Section 5.10; and

(b) Second, all other Secured Obligations in any order and proportions as Beneficiary in its sole discretion may choose.

6.5. Application of Foreclosure Sale Proceeds. Beneficiary and Trustee shall apply the proceeds of any Foreclosure Sale in the following manner:

(a) First, to pay the portion of the Secured Obligations attributable to the expenses of sale, costs of any action and any other sums for which Grantor is obligated to reimburse Beneficiary or Trustee under Section 5.10;

(b) Second, to pay the portion of the Secured Obligations attributable to any sums expended or advanced by Beneficiary or Trustee under the terms of this Deed of Trust which then remain unpaid;

(c) Third, to pay all other Secured Obligations in any order and proportions as Beneficiary in its sole discretion may choose; and

- (d) Fourth, to remit the remainder, if any, to the person or persons entitled to

6.6. Application of Rents and Other Sums. Beneficiary shall apply any and all Rents collected by it, and any and all sums other than proceeds of a Foreclosure Sale which Beneficiary may receive or collect under Section 6.3, in the following manner:

- (a) First, to pay the portion of the Secured Obligations attributable to the costs and expenses of operation and collection that may be incurred by Trustee, Beneficiary or any receiver;

- (b) Second, to pay all other Secured Obligations in any order and proportions as Beneficiary in its sole discretion may choose; and

- (c) Third, to remit the remainder, if any, to the person or persons entitled to it. Beneficiary shall have no liability for any funds which it does not actually receive.

7. Miscellaneous Provisions.

7.1. Additional Provisions. The Loan Documents fully state all of the terms and conditions of the parties' agreement regarding the matters mentioned in or incidental to this Deed of Trust.

7.2. No Waiver or Cure.

- (a) Each waiver by Beneficiary or Trustee must be in writing, and no waiver shall be construed as a continuing waiver. No waiver shall be implied from any delay or failure by Beneficiary or Trustee to take action on account of any default of Grantor. Consent by Beneficiary or Trustee to any act or omission by Grantor shall not be construed as a consent to any other or subsequent act or omission or to waive the requirement for Beneficiary's or Trustee's consent to be obtained in any future or other instance.

- (b) If any of the events described below occurs, that event alone shall not: cure or waive any breach, Event of Default or notice of default under this Deed of Trust or invalidate any act performed pursuant to any such default or notice; or nullify the effect of any notice of default or sale (unless all Secured Obligations then due have been paid and performed); or impair the security of this Deed of Trust; or prejudice Beneficiary, Trustee or any receiver in the exercise of any right or remedy afforded any of them under this Deed of Trust; or be construed as an affirmation by Beneficiary of any tenancy, lease or option, or a subordination of the lien of this Deed of Trust.

- (i) Beneficiary, its agent or a receiver takes possession of all or any part of the Property in the manner provided in Section 6.3(c).

- (ii) Beneficiary collects and applies Rents as permitted under Sections 2.3, and 6.6, either with or without taking possession of all or any part of the Property.

- (iii) Beneficiary receives and applies to any Secured Obligation any proceeds of any Property, including any proceeds of insurance policies, condemnation awards, or other claims, property or rights assigned to Beneficiary under Section 5.5.

(iv) Beneficiary makes a site visit, observes the Property and/or conducts tests as permitted under Section 5.14.

(v) Beneficiary receives any sums under this Deed of Trust or any proceeds of any collateral held for any of the Secured Obligations, and applies them to one or more Secured Obligations.

(vi) Beneficiary, Trustee or any receiver invokes any right or remedy provided under this Deed of Trust.

7.3. Powers of Beneficiary and Trustee.

(a) Trustee shall have no obligation to perform any act which it is empowered to perform under this Deed of Trust unless it is requested to do so in writing and is reasonably indemnified against loss, cost, liability and expense.

(b) If either Beneficiary or Trustee performs any act which it is empowered or authorized to perform under this Deed of Trust, including any act permitted by Section 5.8 or Section 6.3(d), that act alone shall not release or change the personal liability of any person for the payment and performance of the Secured Obligations then outstanding, or the lien of this Deed of Trust on all or the remainder of the Property for full payment and performance of all outstanding Secured Obligations. The liability of the original Grantor shall not be released or changed if Beneficiary grants any successor in interest to Grantor any extension of time for payment, or modification of the terms of payment, of any Secured Obligation. Beneficiary shall not be required to comply with any demand by the original Grantor that Beneficiary refuse to grant such an extension or modification to, or commence proceedings against, any such successor in interest.

(c) Beneficiary may take any of the actions permitted under Sections 6.3(b) and/or 6.3(c) regardless of the adequacy of the security for the Secured Obligations, or whether any or all of the Secured Obligations have been declared to be immediately due and payable, or whether notice of default and election to sell has been given under this Deed of Trust.

(d) From time to time, Beneficiary or Trustee may apply to any court of competent jurisdiction for aid and direction in executing the trust and enforcing the rights and remedies created under this Deed of Trust. Beneficiary or Trustee may from time to time obtain orders or decrees directing, confirming or approving acts in executing this trust and enforcing such rights and remedies.

7.4. Merger. No merger shall occur as a result of Beneficiary's acquiring any other estate in or any other lien on the Property unless Beneficiary consents to a merger in writing.

7.5. Joint and Several Liability. If Grantor consists of more than one person, each shall be jointly and severally liable for the faithful performance of all of Grantor's obligations under this Deed of Trust.

7.6. Applicable Law. Except as otherwise provided herein, this Deed of Trust shall be

governed by **Oregon** law (without regard to any conflict of law principles) and applicable United States federal law, except as otherwise required by mandatory provisions of law and except to the extent that remedies provided by the laws of any jurisdiction other than the State of **Oregon** are governed by the laws of such other jurisdiction.

7.7. Successors in Interest. The terms, covenants and conditions of this Deed of Trust shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties. However, this Section 7.7 does not waive the provisions of Section 6.1.

7.8. Interpretation.

(a) Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the sections of this Deed of Trust are for convenience only and do not define or limit any terms or provisions. The word "include(s)" means "include(s), without limitation," and the word "including" means "including, but not limited to."

(b) The word "obligations" is used in its broadest and most comprehensive sense, and includes all primary, secondary, direct, indirect, fixed and contingent obligations. It further includes all principal, interest, prepayment fees, late charges, loan fees and any other fees and charges accruing or assessed at any time, as well as all obligations to perform acts or satisfy conditions.

(c) No listing of specific instances, items or matters in any way limits the scope or generality of any language of this Deed of Trust. The Exhibits to this Deed of Trust are hereby incorporated in this Deed of Trust.

(d) No course of prior dealing, usage of trade, parol or extrinsic evidence of any nature shall be used to supplement, modify or vary any of the terms hereof.

(e) Any term used or defined in the Oregon Uniform Commercial Code, as in effect from time to time, and not defined in this Deed of Trust has the meaning given to that term in the **Oregon** Uniform Commercial Code, as in effect from time to time, when used in this Deed of Trust. However, if a term is defined in Division 9 of the **Oregon** Uniform Commercial Code differently than in another Division of the **Oregon** Uniform Commercial Code, the term has the meaning specified in Division 9.

7.9. Attorneys' Fees. If any action or proceeding is commenced to which action or proceeding the Beneficiary or the Trustee is made a party or in which it becomes necessary to defend or uphold the lien of this Deed, the Grantor shall, on demand, reimburse the Beneficiary and the Trustee for all (including, without limitation, reasonable attorneys' fees and appellate attorneys' fees, whether or not incurred in connection with litigation, and if incurred in connection with litigation, including such fees, expenses, and costs as are incurred at trial and on appeal or discretionary review) incurred by the Beneficiary and/or the Trustee in any such action or proceeding. In any action or proceeding to foreclose this Deed or to recover or collect all or any portion of the Indebtedness, the provisions of law relating to the recovering of costs, disbursements and allowances shall remain unaffected by this covenant.

Whenever Grantor is obligated to pay or reimburse Beneficiary or Trustee for any attorneys' fees, those fees shall include the market value of services of in-house counsel.

7.10. Waiver of Marshalling. Grantor waives all rights, legal and equitable, it may now or hereafter have to require marshalling of assets or to require upon foreclosure sales of assets in a particular order, including any rights provided by **Oregon** Revised Statutes, as such Statutes may be amended from time to time. Each successor and assign of Grantor, including any holder of a lien subordinate to this Deed of Trust, by acceptance of its interest or lien agrees that it shall be bound by the above waiver, as if it had given the waiver itself.

7.11. Waiver of Appraisalment, Valuation, Stay, Extension, Homestead and Redemption Laws. Grantor agrees to the full extent permitted by law, that in the case of a default on the part of Grantor hereunder, neither Grantor nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of any appraisalment, valuation, stay, extension, homestead, exemption or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Deed of Trust, or the absolute sale of the Property, or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereof, and Grantor, for itself and all who may at any time claim through or under it, hereby waives to the full extent that it may lawfully so do, the benefit of all such laws, and any and all right to have the assets comprised in the security intended to be created hereby marshalled upon any foreclosure of the lien hereof.

7.12. Severability. If any provision of this Deed of Trust should be held unenforceable or void, that provision shall be deemed severable from the remaining provisions and shall in no way affect the validity of this Deed of Trust, except that if such provision relates to the payment of any monetary sum, then Beneficiary may, at its option, declare all Secured Obligations immediately due and payable.

7.13. Notices. Grantor hereby requests that a copy of notice of default and notice of sale be mailed to it at the address set forth below. That address is also the mailing address of Grantor as debtor under the **Oregon** Uniform Commercial Code. Beneficiary's address given below is the address for Beneficiary as secured party under the **Oregon** Uniform Commercial Code.

7.14. Certain Legal Proceedings. Should Beneficiary or Trustee, or both, become parties to any action to enjoin foreclosure, or other legal proceedings instituted by Grantor, or by any third party, or should Grantor institute or be subject to any bankruptcy, reorganization, receivership or other proceeding in relation to creditors, then all attorneys' fees and costs incurred by Beneficiary or Trustee, or both, in any of those proceedings, shall be secured by this Deed of Trust and shall be paid by Grantor upon demand, and if not paid, shall be recovered from the Property.

7.15. Disclaimed Loan Collateral. U.S. Bank hereby disclaims and releases any security interest granted in this Deed of Trust which covers any of Trustor's equipment, inventory or other tangible personal property (except building materials and supplies to be used for construction, alteration or repair of any building located or to be located on

the Property and except personal property classified under the UCC as fixtures, as-extracted collateral such as oil, gas or other minerals, or timber to be cut) located on or within the Property (the “**Disclaimed Loan Collateral**”). U.S. Bank acknowledges that it no longer claims the security interest granted in this Deed of Trust which covers the Disclaimed Loan Collateral (the “**Security Interest**”) and that it cannot and will not seek to enforce any rights it previously held in the personal property solely by virtue of the Security Interest. This disclaimer and release of the Security Interest relates only to the Security Interest that was granted in this Deed of Trust. **All security interests granted to U.S. Bank in any security agreement or loan document other than this Deed of Trust, even if such security interests attach to property included in the Security Interest, will remain attached to the personal property subject to those other documents and will remain fully enforceable.**

8. State-Specific Provisions.

8.1 PRINCIPLES OF CONSTRUCTION. In the event of any inconsistencies between the terms and conditions of this Article 8 and the other terms and conditions of this Security Instrument, the terms and conditions of this Article 8 will control and be binding.

8.2 NONRESIDENTIAL TRUST DEED. Grantor warrants that this Deed of Trust is not and will at all times continue not to be a residential trust deed (as that term is defined in ORS 86.705(6)).

8.3 EXPENSES DURING REDEMPTION PERIOD. If this Deed of Trust is foreclosed as a mortgage and the Property sold at a foreclosure sale, the purchaser may during any redemption period allowed, make such repairs or alterations on the Property as may be reasonably necessary for the proper operation, care, preservation, protection and insuring thereof. Any sums so paid together with interest thereon from the time of such expenditure at the lesser of the Default Rate or the maximum rate permitted by law, will be added to and become a part of the amount required to be paid for redemption from such sale.

8.4 FORECLOSURE SUBJECT TO TENANCIES. Beneficiary will have the right at its option to foreclose, or cause the nonjudicial foreclosure of, this Deed of Trust subject to the rights of any tenant or tenants of the Property.

8.5 BENEFICIARY’S AND TRUSTEE’S EXPENSES. Grantor will 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, legal fees and disbursements, foreclosure costs, title charges, and expenses incurred in any bankruptcy, reorganization, liquidation, receivership or similar proceeding. All such sums, with interest thereon, will be additional indebtedness of Grantor secured by this Deed of Trust. Such sums will be immediately due and payable and will bear interest from the date of disbursement at the lesser of the Default Rate or the maximum rate permitted by law.

8.6 SUCCESSOR TRUSTEE. In accordance with applicable law, Beneficiary may from time to time appoint a successor trustee to any Trustee appointed hereunder. Without

conveyance of the Property, the successor trustee will succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

8.7 BENEFICIARY'S POWERS. Without affecting the liability of any person for payment or performance of the Secured Obligations or any of Beneficiary's rights or remedies, Beneficiary, at its option, may extend the time for payment of the Secured Obligations or any part thereof, reduce payment thereon, release anyone liable thereon, accept a renewal note or notes therefor, modify the terms and time of payment thereof, release the lien of this Deed of Trust on any part of the Property, take or release other or additional security, release or reconvey or cause to be released or reconveyed all or any part of the Property, or consent and/or cause Trustee to consent to the making of any map or plat of the Property, consent or cause Trustee to consent to the granting of any easement or creating any restriction on the Property, or join or cause Trustee to join in any subordination or other agreement affecting this Deed of Trust or the lien or charge hereof. Grantor will pay Beneficiary a reasonable service charge, together with such title insurance premiums and attorneys' fees as may be incurred at Beneficiary's option, for any such action if taken at Grantor's request.

8.8 SUBDIVISION. Grantor hereby consents to a subdivision of the Property, if Beneficiary, in its sole discretion, determines that a subdivision of the Property is necessary or desirable to preserve the lien of this Deed of Trust, or to permit Beneficiary to foreclose on only a portion of the Property.

8.9 AGENTS. 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.

8.10 PROTECTION OF BENEFICIARY'S SECURITY. Grantor will give notice to Beneficiary of and will appear in and defend any action or proceeding that may affect the Property, the interests of Beneficiary or Trustee therein, or the rights or remedies of Beneficiary or Trustee under the Loan Documents. If any such action or proceeding is commenced and there is an uncured Event of Default, or Grantor fails to perform any of the Secured Obligations, Beneficiary or Trustee may, at their option, make any appearances, disburse any sums, pay or settle any claims that have resulted in or may result in a lien of any portion of the property, make any entries upon the Property and take any actions as may be necessary or desirable to (i) protect or enforce the security of this Deed of Trust, (ii) remedy Grantor's failure to perform the Secured Obligations (without waiving such default by Borrower), or (iii) otherwise protect Beneficiary's or Trustee's interests. Grantor will pay all losses, damages, fees, costs and expenses incurred by Beneficiary and Trustee in taking such actions; including, without limitation, reasonable legal fees.

8.11 REIMBURSEMENT OF BENEFICIARY'S AND TRUSTEE'S EXPENSES. All amounts disbursed by Beneficiary and Trustee pursuant to any provision of this Deed of Trust or the other Loan Documents, with interest thereon at the Default Rate from the date of disbursement until repaid, will constitute Secured Obligations secured by this Deed of Trust. All such amounts will be immediately due and payable and bear interest from the date of disbursement at the lesser of the Default Rate or the maximum rate permitted by law.

8.12 NOTICE PURSUANT TO ORS 746.201. Unless Grantor provides Beneficiary with evidence of the insurance coverage as required by this Deed of Trust or any loan or credit agreement between Grantor and Beneficiary, 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 collateral becomes damaged, the coverage 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 the loan balance. If the cost is added to the loan balance, the interest rate on the underlying loan will apply to this added amount. 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 Beneficiary purchases may be considerably more expensive than insurance 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.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

9. Small Business Administration.

The Loan secured by this lien was made under a United States Small Business Administration (SBA) nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulations:

- a. When SBA is the holder of the Note, this document and all documents evidencing or securing the loan will be construed in accordance with federal law.
- b. Beneficiary or SBA may use local or state procedures for purposes such as filing

papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No borrower may claim or assert against SBA any local or state law to deny any obligation of a borrower, or defeat any claim of SBA with respect to the loan.

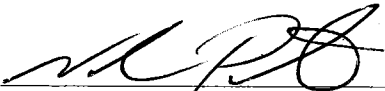
Any clause in this document requiring arbitration is not enforceable when SBA is the holder of the promissory note secured by this instrument.

[SIGNATURE AND ACKNOWLEDGEMENT ON FOLLOWING PAGE]

GRANTOR:

Necia Lee Porto and Nicholas Anthony Porto


Necia Lee Porto


Nicholas Anthony Porto

ACKNOWLEDGMENT

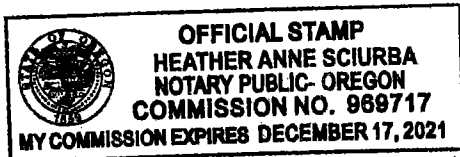
STATE OF OREGON

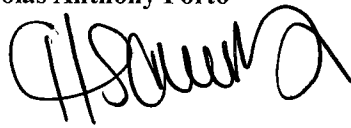
COUNTY OF

Klamath ss.

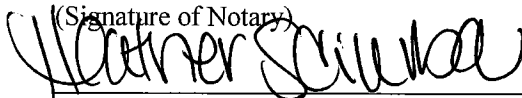
This record was acknowledged before me on 3.11.19, 2019.

Name of Individual: Necia Lee Porto and Nicholas Anthony Porto





(Signature of Notary)



(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State of Oregon,
residing at: Klamath Falls, OR

My appointment expires: Dec 17 2021

Address where notices to Grantor are to be sent:

Necia Lee Porto and Nicholas Anthony Porto

5536 Sturdivant Ave.
Klamath Falls, OR 97603

Address where notices to Beneficiary are to be sent:

U.S. Bank N.A.

9918 Hibert Street, Second Floor
San Diego, CA 92131-1018

EXHIBIT "A"

Legal Description

Lot 7 in Block 15 of Tract No. 1072, THIRD ADDITION TO CYPRESS VILLA, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon

EXHIBIT "B"

Permitted Leases.

None.