

Recording Requested by and  
When Recorded Return to:

Michelle Bilderback  
Network for Oregon Affordable Housing  
1020 SW Taylor, Suite 585  
Portland, OR 97205

**2019-004450**  
Klamath County, Oregon  
04/26/2019 01:13:02 PM  
Fee: \$212.00



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

THIS LEASEHOLD DEED OF TRUST WITH ABSOLUTE ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT, AND FIXTURE FILING ("Deed of Trust") is made this 26 day of April 2019, among SKY MEADOWS, LLC, an Oregon limited liability company, whose address is c/o Luckenbill-Drayton & Associates, 1007 NW Rimrock Dr., Redmond, OR 97756 ("Grantor" or "Borrower"), CHICAGO TITLE INSURANCE COMPANY, whose address is 1211 SW Fifth Ave., Suite 2130, Portland, OR 97204 ("Trustee"), and the NETWORK FOR OREGON AFFORDABLE HOUSING, an Oregon nonprofit public benefit corporation, whose address is 1020 SW Taylor, Suite 585, Portland, Oregon 97205 ("Beneficiary").

**WITNESSETH:**

That Grantor does hereby irrevocably ASSIGN, GRANT, BARGAIN, SELL, CONVEY, and WARRANT TO TRUSTEE IN TRUST, WITH POWER OF SALE, all right, title, and interest in and to Grantor's leasehold interest in those certain properties in Klamath County, State of Oregon, described in Exhibit A attached hereto and by this reference incorporated herein (collectively, the "Property"), pursuant to that certain (i) Ground Lease dated as of September 29, 2017 between Grantor as tenant and Klamath Housing Authority ("Ground Lessor") as landlord, with respect to the real property commonly known as 5145 Homedale Rd., Klamath Falls, Oregon (including all Riders thereto, the "Ground Lease"), a Memorandum of which was recorded September 29, 2017 as document No. 2017-011095 records of Klamath County, Oregon, described in Exhibit A attached hereto and by this reference incorporated herein, which is herein collectively called the "Property";

TOGETHER WITH all right, title, interest, and estate of Grantor in and to any and all buildings, structures, and improvements now or hereafter erected thereon, including without limitation the fixtures, attachments, appliances, equipment, machinery, and other articles attached to such buildings, structures, and improvements (the "Improvements");

TOGETHER WITH all leases, subleases, and rental agreements, whether written or oral, covering the Property or any portion thereof, and all right, title, and interest of Grantor under such leases, subleases or rental agreements, including without limitation all cash or security deposits, advance rentals, and deposits or payments of similar nature;

TOGETHER WITH any and all guaranties of tenants' performance under the Leases (as defined in Section 2.1 below;

TOGETHER WITH all right, title, and interest of Grantor in and to all options to purchase or lease the Property or any portion thereof or interest therein, and any greater estate in the Property owned or hereafter acquired;

TOGETHER WITH all interests, estate, or other claims, both in law and in equity, that Grantor now has or may hereafter acquire in the Property;

TOGETHER WITH all easements, rights-of-way, and rights used in connection therewith or as a means of access thereto, and all tenements, privileges, reversions, remainders, hereditaments, and appurtenances thereof and thereto, and all water rights, oil and gas rights, royalties, minerals and mineral rights, and shares of stock evidencing the same;

TOGETHER WITH all right, title, and interest, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Property; and any and all sidewalks, alleys, and strips and gores of land adjacent to or used in connection with the Property;

TOGETHER WITH all rents, issues, profits, royalties, income, and other benefits derived from the Property, subject to the right, power, and authority hereinafter given to Grantor to collect and apply such rents;

TOGETHER WITH all right, title, and interest of Grantor in and to all Collateral described in Article 3 of this Deed of Trust, including all proceeds thereof;

TOGETHER WITH all right, title, and interest of Grantor in the funds deposited pursuant to Section 1.5 and Section 1.8

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hereof and Sections 4.4 and 4.6 of the Term Loan Agreement between Grantor and Beneficiary;

TOGETHER WITH all the estate, interest, right, title, or other claim or demand, including claims or demands with respect to the proceeds of insurance in effect with respect thereto, that Grantor now has or may hereafter acquire in the Property, and any and all awards, compensation, and settlements made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of the Trust Estate, including without limitation any awards resulting from a change of grade of streets and awards for severance damages or taking of access;

TOGETHER WITH all insurance policies covering all or any portion of the Trust Estate, all accounts, accounts receivable, contracts, contract rights (including without limitation any unpaid capital contributions of Grantor's members), trade names, trademarks and service marks, and general intangibles of Grantor pertaining to the Trust Estate, and all right, title, and interest of Grantor in and to all present and future licenses, permits, entitlements, approvals, and agreements with or from any governmental or quasi-governmental entity;

TOGETHER WITH all proceeds of the conversion, voluntary and involuntary, of any of the foregoing into cash or liquidated claims, all other proceeds of any of the foregoing, and all replacements, renewals, additions, and accessions;

TOGETHER WITH all books, records, and files relating to any of the foregoing.

The entire foregoing estate, property, and interests hereby conveyed to Trustee is referred to herein as the "Trust Estate."

THIS DEED OF TRUST IS GIVEN FOR THE PURPOSE OF SECURING:

1. Payment of indebtedness in the total principal amount of \$430,000.00 with interest thereon (the "Loan"), evidenced by that certain Promissory Note of even date herewith (the "Note") with a maturity date of May 1, 2039 executed by Grantor, which has been delivered to, and is payable to the order of, Beneficiary and which, by this reference, is made a part hereof, and any and all modifications, extensions, and renewals thereof. The interest rate, payment terms, or the balance due on the Note and the indebtedness evidenced thereby may be indexed, adjusted, renewed, or renegotiated without affecting the priority of this Deed of Trust;
2. Payment of all sums that may become due from Grantor or advances by Beneficiary or its successor, with interest thereon at the rate set forth herein, which include without limitation (a) fire and other hazard insurance premiums and taxes upon the real property herein described, according to the terms of this Deed of Trust, (b) payment by Grantor of all attorney fees and costs incurred by Trustee or Beneficiary in foreclosing this Deed of Trust or realizing upon any of the collateral for the obligations that this Deed of Trust secures, (c) payment by Grantor of all attorney fees and costs owed pursuant to Section 1.7(a), (d) payment by Grantor of all sums advanced by Beneficiary to or on behalf of Grantor for the purpose of clearing encumbrances or defects from the title to the Property described in this Deed of Trust where Beneficiary, in good faith, believes such encumbrances to be superior to the lien of the Deed of Trust, including without limitation payment of ad valorem taxes and mechanics' or materialmen's liens that may have gained priority over the lien of this Deed of Trust, and (e) payment by Grantor of all attorney fees and costs incurred by Trustee or Beneficiary in any bankruptcy proceedings or any reorganization or arrangement proceeding under the Bankruptcy Act affecting Grantor or this Deed of Trust, and payment of all other sums advanced by Beneficiary to protect the Trust Estate, with interest thereon at the rate set forth herein;
3. Payment of all other sums, with interest thereon, that may hereafter be loaned to Grantor, its successors or assigns, by Beneficiary, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust;
4. Payment and performance of all of the obligations and liability of Grantor under a Term Loan Agreement between Grantor and Beneficiary (the "Loan Agreement"), a Pledge and Security Agreement between Grantor and Beneficiary (the "Pledge Agreement"), and all other documents, instruments, and agreements between Grantor and Beneficiary executed in connection with the Note, excluding, however, that certain Certificate and Indemnity Regarding Hazardous Substances of even date herewith given by Grantor in favor of Beneficiary (the "Hazardous Substances Certificate"), which is not secured by this Deed of Trust; and
5. Performance of all of the obligations and liability of Grantor and/or Grantor's Managing Member under certain agreements affecting the Property or the use or development thereof, as set forth in Exhibit C to the Loan Agreement (collectively, the "Project Agreements");

(collectively, the "Secured Obligations").

This Deed of Trust, the Note, the Loan Agreement, the Pledge Agreement, and any other instrument given to evidence or further secure the payment and performance of any obligation secured hereby may hereafter be referred to as the "Loan Documents."

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

**ARTICLE 1  
COVENANTS AND AGREEMENTS OF GRANTOR**

Grantor hereby covenants and agrees:

- 1.1 **Warranties of Title and Authority.** Grantor hereby represents and warrants that it is lawfully seized of the leasehold interest in and to the Property; that it has the authority and right to execute and deliver this Deed of Trust; that it shall defend the title to the Property against all claims and demands whatsoever; that the Property is free and clear of any and all liens, claims, encumbrances, restrictions, encroachments, and interests whatsoever in favor of any third party except as may be described in Beneficiary's title insurance policy, the Priority and Subordination dated September 29, 2017 and recorded October 3, 2017 in the records of Klamath County under recording number 2017-011203 or as approved by Beneficiary in writing; and that any and all obligations it may have incurred in connection with the Property are current and without default. In the event any Grantor hereunder is a partnership, joint venture, or a corporation, each person executing this instrument on behalf of such entity individually and personally

represents and warrants that this Deed of Trust and each other instrument signed in the name of such entity and delivered to evidence or further secure the obligations secured hereby is, in all respects, binding upon such entity as an act and obligation of such entity.

1.2 Payment of Secured Obligations. Grantor covenants and agrees to pay when due the principal of, and the interest on, the indebtedness evidenced by the Note, all charges, fees, and other sums as provided in the Loan Documents, and the principal of, and interest on, any future advances secured by this Deed of Trust.

1.3 Maintenance, Repair, Alterations. Grantor covenants and agrees to keep the Trust Estate in good condition and repair, not to remove, demolish, or substantially alter (except such alterations as may be required by laws, ordinances, or regulations) any of the Improvements, to complete promptly and in a good and workmanlike manner any building or other improvement that may be constructed on the Property and promptly restore in like manner any Improvement that may be damaged or destroyed thereon, to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws, ordinances, regulations, covenants, conditions, and restrictions now or hereafter affecting the Trust Estate or any part thereof or requiring any alterations or improvements, not to commit or permit any waste or deterioration of the Trust Estate, to keep and maintain abutting grounds, sidewalks, roads, parking, and landscape areas in good and neat order and repair, to comply with the provisions of any Lease, not to commit, suffer, or permit any act to be done in or upon the Trust Estate in violation of any law, ordinance, or regulation, to promptly commence and diligently pursue to completion any and all obligations of Grantor or Grantor's Managing Member contained in the Loan Documents and the Project Agreements.

1.4 Required Insurance. Grantor agrees at all times to provide, maintain, and keep in force, or cause to be provided, maintained, and kept in force, the following policies of insurance:

a. Insurance against loss or damage to the Improvements by fire and any of the risks covered by the type of insurance now known as "all perils" or "Special Form" in an amount not less than the greater of (i) the original amount of the Note, (ii) one hundred percent (100%) of the full replacement cost of the Improvements and contents (exclusive of the cost of excavations, foundations, and footings below the lowest basement floor), or (iii) an amount sufficient to prevent Grantor and/or Beneficiary from becoming a co-insurer within the terms of the applicable policies, and with not more than Five Thousand and no/100 Dollars (\$5,000.00) deductible from the loss payable for any casualty. The policies of insurance carried in accordance with this subparagraph a. shall contain the "Replacement Cost Endorsement";

b. Insurance against loss or damage to the Collateral by fire and other risks covered by the type of insurance now known as "all perils" or "Special Form"; and

c. Such other insurance and policy endorsements, and in such amounts, as may from time to time be reasonably required by Beneficiary against the same or other hazards, including without limitation flood insurance, rent loss insurance in an amount equal to twelve months rent, commercial general liability insurance in a minimum amount of \$1,000,000.00/per occurrence- \$2,000,000.00 aggregate, and endorsements for increased cost of construction, demolition, and contingent operation of building laws; and

d. Boiler and machinery coverage for the major components of central heating, air conditioning and ventilating systems, boilers, other pressure vessels, high pressure piping and machinery, elevators or other similar equipment installed in the Project improvements at full replacement value.

All policies of insurance required by the terms of this Deed of Trust shall contain an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act or negligence of Grantor that might otherwise result in forfeiture of such insurance and the further agreement of the insurers waiving all rights of setoff, counterclaim, or deductions against Grantor (Non-Contributory Standard Mortgage Clause and Lender's Loss Payable Endorsement -- Form 438 BFU NS or CP 1218 -- or their equivalent).

1.5 Delivery of Policies; Payment of Premiums.

a. All policies of insurance shall be issued by companies and in amounts in each company satisfactory to Beneficiary. All policies of insurance shall have attached thereto a lender's loss payable endorsement for the benefit of Beneficiary in form satisfactory to Beneficiary. Grantor shall furnish Beneficiary with a binder or certificate, or if requested by Beneficiary an original or certified copy of all policies of required insurance. If Beneficiary consents to Grantor's providing any of the required insurance through blanket policies carried by Grantor and covering more than one (1) location, then Grantor shall furnish Beneficiary with a certificate of insurance for each such policy setting forth the coverage, the limits of liability, the name of the carrier, the policy number, and the expiration date.

b. At least thirty (30) days prior to the expiration of each such policy, Grantor shall furnish Beneficiary with evidence satisfactory to Beneficiary of the payment of premium and the reissuance of a policy continuing insurance in force as required by this Deed of Trust. All such policies shall contain a provision that such policies will not be canceled or materially amended, which term shall include any reduction in the scope or limits of coverage, without at least thirty (30) days prior written notice by registered mail to Beneficiary. In the event Grantor fails to provide, maintain, keep in force, or deliver and furnish to Beneficiary the policies of insurance required by this Section, Beneficiary may procure such insurance or single-interest insurance for such risks covering Beneficiary's interest, and Grantor will pay all premiums thereon promptly upon demand by Beneficiary and, until such payment is made by Grantor, the amount of all such premiums shall be secured by this Deed of Trust.

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**WARNING TO GRANTOR**

Unless you provide Beneficiary with evidence of the insurance coverage as required by this Deed of Trust, Beneficiary may purchase insurance at your expense to protect Beneficiary's interest. This insurance may, but need not, also protect your interest. If the Trust Estate becomes damaged, the insurance coverage purchased by Beneficiary may not pay any claim you make or any claim made against you. You may later cancel the insurance coverage purchased by Beneficiary by providing evidence that you

have obtained the insurance coverage required by this Deed of Trust elsewhere.

You are responsible for the cost of any insurance purchased by Beneficiary. The cost of this insurance may be added to the balance of the Loan. If the cost is added to the Loan balance, the interest rate on the Loan will apply to this added amount. The effective date of coverage may be the date your prior coverage lapsed or the date you failed to provide proof of required coverage.

The coverage purchased by Beneficiary may be considerably more expensive than insurance you can obtain on your own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

c. Grantor shall deposit with Beneficiary, on the day monthly installments of principal and interest are payable under the Note and until the Note is paid in full, an amount equal to one-twelfth (1/12) of the estimated aggregate annual insurance premiums on all policies of insurance required by this Deed of Trust. Grantor further agrees to cause all bills, statements, or other documents relating to the foregoing insurance premiums to be sent or mailed directly to Beneficiary. Upon receipt of such bills, statements, or other documents, and providing Grantor has deposited sufficient funds with Beneficiary pursuant to this Section 1.5, Beneficiary shall pay such amounts as may be due thereunder out of the funds so deposited with Beneficiary. If at any time and for any reason the funds deposited with Beneficiary are or will be insufficient to pay such amounts as may then or subsequently be due, Beneficiary shall notify Grantor and Grantor shall, within ten (10) days, deposit with Beneficiary an amount equal to such deficiency. Notwithstanding the foregoing, nothing contained herein shall cause Beneficiary to be deemed a trustee of such funds or to be obligated to pay any amounts in excess of the amount of funds deposited with Beneficiary pursuant to this Section 1.5. Beneficiary may commingle such reserve with its own funds and Grantor shall be entitled to no interest thereon.

d. In the event of loss, Grantor shall immediately notify Beneficiary, who may make proof of loss if it is not made promptly by Grantor. Proceeds shall be paid directly to Beneficiary, who may compromise with any insurance company and make a final settlement that shall be binding upon Grantor. Beneficiary shall have the option, in its sole and absolute discretion, to apply all such proceeds, after deducting therefrom all costs and expenses (regardless of the particular nature thereof and whether incurred with or without suit), including reasonable attorney fees, incurred by it in connection with such proceeds, upon any indebtedness secured hereby and in such order as Beneficiary may determine, or to apply all such proceeds, after such deductions, to the repair or restoration of the Trust Estate upon such conditions as Beneficiary may determine. Notwithstanding any of the foregoing, such proceeds, less any legal costs and fees incurred by Beneficiary, shall be used to reimburse Grantor for the cost of restoration of the Improvements, provided that restoration is economically and legally feasible in the reasonable judgment of Beneficiary and provided further that Grantor is not in default under any of the Loan Documents or Project Agreements or the Ground Lease. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

1.6 Assignment of Policies Upon Foreclosure. In the event of foreclosure of this Deed of Trust or other transfer of title or assignment of the Trust Estate in extinguishment, in whole or in part, of the debt secured hereby, all right, title, and interest of Grantor in and to all policies of insurance required by Section 1.4 shall inure to the benefit of and pass to the successor in interest to Grantor or the purchaser or grantee of the Trust Estate.

1.7 Indemnification; Subrogation; Waiver of Offset.

a. If Beneficiary is made a party defendant to any litigation concerning this Deed of Trust or the Trust Estate or any part thereof or interest therein, or the occupancy thereof by Grantor, then Grantor shall indemnify, defend, and hold Beneficiary harmless from all liability, loss, cost, or damage by reason of such litigation, including reasonable attorney fees and expenses incurred by Beneficiary in any such litigation, whether or not any such litigation is prosecuted to judgment. Subject to ORS 20.096, if Beneficiary commences an action against Grantor to enforce any of the terms hereof or because of the breach by Grantor of any of the terms hereof or for the recovery of any sum secured hereby, Grantor shall pay to Beneficiary reasonable attorney fees and expenses, and such fees and expenses shall be deemed to have accrued on the commencement of such action, and shall be enforceable whether or not such action is prosecuted to judgment. Subject to ORS 20.096, if Grantor breaches any term of this Deed of Trust, Beneficiary may employ an attorney or attorneys to protect its rights hereunder and, in the event of such employment following any breach by Grantor, Grantor shall pay Beneficiary reasonable attorney fees at trial and on appeal and expenses incurred by Beneficiary, whether or not an action is actually commenced against Grantor by reason of breach.

b. Grantor waives any and all right to claim or recover against Beneficiary, its officers, employees, agents, and representatives, for loss of or damage to Grantor, the Trust Estate, Grantor's property, or the property of others under Grantor's control from any cause insured against or required to be insured against by the provisions of this Deed of Trust.

c. All sums payable by Grantor hereunder shall be paid without notice, demand, counterclaim, setoff, deduction, or defense, and without abatement, suspension, deferment, diminution, or reduction, and the obligations and liabilities of Grantor hereunder shall in no way be released, discharged, or otherwise affected (except as expressly provided herein) by reason of (i) any damage to or destruction of or any condemnation or similar taking of the Trust Estate or any part thereof, (ii) any restriction or prevention of or interference with any use of the Trust Estate or any part thereof, (iii) any title defect or encumbrance or any eviction from the Property or the Improvements or any part thereof by title paramount or otherwise, (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation, or other like proceeding relating to Beneficiary, or any action taken with respect to this Deed of Trust by any trustee or receiver of Beneficiary, or by any court, in any such proceeding, (v) any claim that Grantor has or might have against Beneficiary, (vi) any default or failure on the part of Beneficiary to perform or comply with any of the terms hereof or of any other agreement with Grantor, or (vii) any other occurrence whatsoever, whether similar or dissimilar to the foregoing and whether or not Grantor shall have notice or knowledge of any of the foregoing. Except as expressly provided herein, Grantor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution, or reduction of any sum secured hereby and payable by Grantor.

1.8 Taxes and Impositions.

a. Grantor agrees to pay or cause to be paid, at least ten (10) days before due, all real property taxes and assessments, general and special, and all other liens, levies, taxes, and assessments of any kind or nature whatsoever, including without limitation nongovernmental levies or charges resulting from covenants, conditions, and restrictions affecting the Trust Estate, that are assessed or imposed upon the Trust Estate or become due and payable, and that create, may create, or appear to create a lien upon the Trust Estate or any part thereof or upon any personal property, equipment, or other facility used in the operation or maintenance thereof (all of which taxes, assessments, and other governmental and nongovernmental charges of like nature are hereinafter referred to as "Impositions").

b. If, at any time after the date hereof, there shall be assessed or imposed (i) a tax or assessment on the Trust Estate in lieu of or in addition to the Impositions payable by Grantor pursuant to subparagraph a. hereof, or (ii) a license fee, tax, or assessment imposed on Beneficiary and measured by or based in whole or in part upon the amount of the outstanding obligations secured hereby, then all such taxes, assessments, or fees shall be deemed to be included within the term "Impositions" as defined in subparagraph a. hereof; and Grantor shall pay and discharge or cause to be paid and discharged the same as herein provided with respect to the payment of Impositions if Grantor may lawfully make such payment or, at the option of Beneficiary, all obligations secured hereby, together with all accrued interest thereon, shall immediately become due and payable. Anything to the contrary herein notwithstanding, Grantor shall have no obligation to pay any franchise, estate, inheritance, income, excess profits, or similar tax levied on Beneficiary or on the obligations secured hereby.

c. Subject to the provisions of subparagraph d. of this Section 1.8, Grantor covenants to furnish to Beneficiary, within forty-five (45) days after the date upon which any such Imposition is due and payable by Grantor, official receipts of the appropriate taxing authority or other proof satisfactory to Beneficiary evidencing the payments thereof. Grantor shall not be required to furnish such proof to Beneficiary if Beneficiary has caused such Imposition to be paid pursuant to subparagraph e. of this Section 1.8.

d. Grantor shall have the right, before any delinquency occurs, to contest or object to the amount or validity of any such Imposition by appropriate legal proceedings, but this shall not be deemed or construed in any way as relieving, modifying, or extending Grantor's covenant to pay or cause to be paid any such Imposition at the time and in the manner provided in this Section 1.8, unless Grantor has given prior written notice to Beneficiary of Grantor's intent to so contest or object to an Imposition, and unless, at Beneficiary's sole option (i) Grantor shall demonstrate to Beneficiary's satisfaction that the legal proceedings shall conclusively operate to prevent the sale of the Trust Estate or any part thereof to satisfy such Imposition prior to final determination of such Proceedings, or (ii) Grantor shall furnish a good and sufficient bond or surety as requested by and satisfactory to Beneficiary, or (iii) Grantor shall have provided a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of such proceedings.

e. Grantor shall deposit with Beneficiary, on the day monthly installments of principal and interest are payable under the Note and until the Note is paid in full, an amount equal to one-twelfth (1/12) of the annual Impositions reasonably estimated by Beneficiary to pay the installment of Impositions next due on the Trust Estate. In such event, Grantor further agrees to cause all bills, statements, or other documents relating to Impositions to be sent or mailed directly to Beneficiary. Upon receipt of such bills, statements, or other documents, and providing Grantor has deposited sufficient funds with Beneficiary pursuant to this Section 1.8, Beneficiary shall pay such amounts as may be due thereunder out of the funds so deposited with Beneficiary. If, at any time and for any reason, the funds deposited with Beneficiary are or will be insufficient to pay such amounts as may then or subsequently be due, Beneficiary shall notify Grantor and Grantor shall, within ten (10) days, deposit with Beneficiary an amount equal to such deficiency. Notwithstanding the foregoing, nothing contained herein shall cause Beneficiary to be deemed a trustee of such funds or to be obligated to pay any amounts in excess of the amount of funds deposited with Beneficiary pursuant to this Section 1.8. Beneficiary may commingle such deposit with its own funds. Beneficiary shall not be obligated to pay or allow any interest on any sums held by Beneficiary pending disbursement or application hereunder, and Beneficiary may impound or reserve for future payment of Impositions such portion of such payments as Beneficiary may in its absolute discretion deem proper, applying the balance on the principal of or interest on the obligations secured hereby. Should Grantor fail to deposit with Beneficiary (exclusive of that portion of such payments that has been applied by Beneficiary on the principal of or interest on the indebtedness secured by the Loan Documents) sums sufficient to fully pay such Impositions at least thirty (30) days before delinquency thereof, Beneficiary may, at Beneficiary's election, but without any obligation so to do, advance any amounts required to make up the deficiency, which advances, if any, shall be secured hereby and shall be repayable to Beneficiary as herein elsewhere provided or, at the option of Beneficiary, the latter may, without making any advance whatever, apply any sums held by it upon any obligation of Grantor secured hereby. Should any default occur or exist on the part of Grantor and/or any guarantor in the payment or performance of any of Grantor's and/or any guarantor's obligations under the terms of the Loan Documents, Beneficiary may, at any time at Beneficiary's option, apply any sums or amounts in its hands received pursuant hereto, or pursuant to Section 1.5 hereof or as rents or income of the Trust Estate or otherwise, upon any indebtedness or obligation of Grantor secured hereby in such manner and order as Beneficiary may elect. The receipt, use, or application of any such sums paid by Grantor to Beneficiary hereunder shall not be construed to affect the maturity of any indebtedness secured by this Deed of Trust or any of the rights or powers of Beneficiary or Grantor under the terms of the Loan Documents or any of the obligations of Grantor and/or any guarantor under this Deed of Trust.

f. Grantor covenants and agrees not to suffer, permit, or initiate the joint assessment of the real and personal property, or any other procedure whereby the lien of the real property taxes and the lien of the personal property taxes shall be assessed, levied, or charged to the Trust Estate as a single lien.

g. If requested by Beneficiary, Grantor shall cause to be furnished to Beneficiary a tax reporting service covering the Trust Estate of the type, duration, and with a company satisfactory to Beneficiary.

1.9 Utilities. Grantor agrees to pay or cause to be paid when due all utility charges that are incurred by Grantor for the benefit of the Trust Estate or that may become a charge or lien against the Trust Estate for gas, electricity, water, or sewer services furnished to the Trust Estate and all other assessments or charges of a similar nature, whether public or private, affecting the Trust Estate or any portion thereof, whether or not such taxes, assessments, or charges are liens thereon.

1.10 Ground Lease.

a. Obligations of Grantor. Grantor agrees to pay when due all rents and other payments due under the Ground Lease and to timely perform all its covenants and agreements contained in the Ground Lease. Grantor further agrees not to surrender, assign, or sublease the Ground Lease, or take any action that would effect or permit the termination of the Ground Lease. Grantor further agrees that the Ground Lease shall not be amended without Beneficiary's prior written consent, which consent shall not be unreasonably withheld. If requested by Beneficiary, Grantor covenants to furnish to Beneficiary, within thirty (30) days after the date upon which rents or other payments are due and payable by Grantor under the Ground Lease, receipts or other evidence satisfactory to Beneficiary evidencing the payment thereof.

b. Beneficiary's Right to Notice and Cure. Grantor shall give written notice to Beneficiary of any default or alleged default by Ground Lessor under the Ground Lease, and shall cause Ground Lessor to give written notice to Beneficiary of any default or alleged default by Grantor under the Ground Lease. Such notice shall be given to Beneficiary within ten (10) days of the occurrence of the default or alleged default and shall specify, with as much particularity as feasible, the nature of the default or alleged default and the actions or steps required to cure. Beneficiary shall have sixty (60) days from the date of such notice to cure the default or alleged default or, if the default or alleged default cannot reasonably be cured within sixty (60) days through the exercise of prompt and diligent efforts, such longer period as may be reasonably required to perfect the required cure, provided that Beneficiary has promptly commenced and is diligently pursuing such cure. Any performance or compliance by Beneficiary of any obligation under the Ground Lease shall not constitute an assumption by Beneficiary of any liability under the Ground Lease. Nothing in this Section 1.10 shall obligate Beneficiary to cure or attempt to cure any default or alleged default under the Ground Lease.

c. Subordination of Fee Interest. Ground Lessor hereby subordinates all of its right, title, and interest in and to the Property and the Trust Estate to the lien of this Deed of Trust and agrees that this Deed of Trust will continue to be a lien on the Property and the Trust Estate prior and superior in right to any right, title, and interest of the Ground Lessor in and to the Property and the Trust Estate; provided, however, that Ground Lessor will not be personally liable for the payment or the performance of any of the Secured Obligations.

1.11 Actions Affecting Trust Estate. Grantor agrees to appear in and contest any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee and to pay all costs and expenses, including cost of evidence of title and reasonable attorney fees, in any such action or proceeding in which Beneficiary or Trustee may appear.

1.12 Actions by Trustee and/or Beneficiary to Preserve Trust Estate. Should Grantor fail to make or cause to be made any payment, or fail to do or cause to be done any act, as and in the manner provided in any of the Loan Documents or Project Agreements, Beneficiary and/or Trustee, each in its own discretion, without obligation so to do and after ten (10) days written notice to Grantor, and without releasing Grantor from any obligation, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. In connection therewith (without limiting their general powers), Beneficiary and/or Trustee shall have and are hereby given the right, but not the obligation (i) to enter upon and take possession of the Trust Estate, (ii) to make additions, alterations, repairs, and improvements to the Trust Estate that they or either of them may consider necessary or proper to keep the Trust Estate in good condition and repair, (iii) to appear and participate in any action or proceeding affecting or that may affect the security hereof or the rights or powers of Beneficiary or Trustee, (iv) to pay, purchase, contest, or compromise any encumbrance, claim, charge, lien, or debt that in the judgment of either may affect or appears to affect the security of this Deed of Trust or be prior or superior hereto, and (v) in exercising such powers, to pay necessary expenses, including employment of counsel or other necessary or desirable consultants. Grantor hereby agrees to pay on demand, with interest at the rate set forth herein, all of Beneficiary's costs, charges, and expenses incurred by Beneficiary in connection with the exercise by Beneficiary of the foregoing rights, including without limitation costs of evidence of title, court costs, appraisals, surveys, and reasonable attorney fees. All costs, charges, and expenses so incurred, together with interest thereon as aforesaid, shall be secured by the lien of this Deed of Trust.

1.13 Additional Security. In the event Beneficiary at any time holds additional security for any of the obligations secured hereby, it may enforce the sale thereof or otherwise realize upon the same, at its option, either before or concurrently herewith or after a sale is made hereunder.

1.14 Appointment of Successor Trustee. In the event of dissolution or resignation of Trustee, Beneficiary may substitute a trustee or trustees to execute the trust hereby created, and when such substitution has been filed for record in the Office of the Auditor or Recorder, as the case may be, of the County in which the Trust Estate is located, it shall be conclusive evidence of the appointment of such trustee or trustees, and such new trustee or trustees shall succeed to all of the powers and duties of the trustee or trustees named herein.

1.15 Successors and Assigns. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term "Beneficiary" shall mean the owner and holder of the Note, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

1.16 Inspections. Upon reasonable notice, Beneficiary, or its agents, representatives, or workers, are authorized to enter at any reasonable time upon or in any part of the Trust Estate for the purpose of inspecting the same and for the purpose of performing any of the acts it is authorized to perform under the terms of any of the Loan Documents.

1.17 Liens. Grantor covenants and agrees to pay and promptly discharge or cause to be paid and promptly discharged, at Grantor's cost and expense, all liens, encumbrances, and charges upon the Trust Estate, or any part thereof or interest therein that have priority over this Deed of Trust, provided that the existence of any mechanic's, laborer's, materialman's, supplier's, or vendor's lien or right thereto shall not constitute a violation of this Section if payment is not yet due under the contract that is the foundation thereof and if such contract does not postpone payment for more than seventy-five (75) days after the performance thereof. Grantor shall have the right to contest in good faith the validity of any such lien, encumbrance, or charge, provided Grantor shall first deposit with Beneficiary a bond or other security satisfactory to Beneficiary in such amounts as Beneficiary shall reasonably require, but not more than one and one-half (150%) of the amount of the claim, and provided further that Grantor shall thereafter diligently proceed to cause such lien, encumbrance, or charge to be removed and discharged. If Grantor shall fail to discharge any such lien, encumbrance, or



charge, then, in addition to any other right or remedy of Beneficiary, Beneficiary may, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due, or by procuring the discharge of such lien by depositing in court a bond or the amount claimed or otherwise giving security for such claim, or in such manner as is or may be prescribed by law.

1.18 Trustee's Powers. At any time, or from time to time, without liability therefor and after ten (10) days written notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note secured hereby for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby or the effect of this Deed of Trust upon the remainder of such Trust Estate, Trustee may (i) reconvey any part of such Trust Estate, (ii) consent in writing to the making of any map or plat thereof, (iii) join in granting any easement thereon, or (iv) join in any extension agreement or any agreement subordinating the lien or charge hereof.

1.19 Beneficiary's Powers. Without affecting the liability of any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Deed of Trust upon any portion of the Trust Estate not then or theretofore released as security for the full amount of all unpaid obligations, Beneficiary may, from time to time (i) release any person so liable, (ii) extend the maturity or alter any of the terms of any such obligation, (iii) grant other indulgences, (iv) release or reconvey, or cause to be released or reconveyed, at any time at Beneficiary's option any parcel or portion of the Trust Estate so long as the release or reconveyance does not materially affect the security value of the Trust Estate, (v) take or release any other or additional security for any obligation herein mentioned, or (vi) make compositions or other arrangements with debtors in relation thereto. By accepting payment of any obligation herein mentioned after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other obligations herein mentioned or to declare default for failure so to pay.

1.20 Accounting. Grantor will keep and maintain or will cause to be kept and maintained in accordance with sound accounting practice, accurate and proper books of record and account relating to the Property. Grantor shall permit Beneficiary to examine the books of account and other records of Grantor, to discuss the affairs, finances, and accounts of Grantor, and to be informed as to the same by Grantor, all at such reasonable times and intervals as Beneficiary may desire. Throughout the term of the Loan, Grantor shall furnish to Beneficiary (a) annual CPA-prepared financial statements for Grantor, Grantor's managing member and Luckenbill-Drayton & Associates, LLC delivered to Beneficiary within ninety (90) days of the end of such entity's fiscal year, and CPA-prepared financial statements for Klamath Housing Authority delivered to Beneficiary within two hundred seventy-five days (275) days of the end of such entity's fiscal year (b) if requested by Beneficiary or if Grantor's or Grantor's Managing Member's or Luckenbill-Drayton & Associates, LLC or Klamath Housing Authority's CPA-prepared financial statements are not audited or reviewed, annual tax returns, complete with all schedules, including, K-1 statements for any partnership or S-Corporation in which Grantor or Grantor's Managing Member, Luckenbill-Drayton & Associates, LLC or Klamath Housing Authority has an interest and (c) annual schedule of real estate owned. During the first year of the Loan, Grantor shall furnish to Beneficiary quarterly operating statements and rent rolls relating to the Trust Estate, delivered to Beneficiary within thirty (30) days of the end of each calendar quarter. Thereafter, throughout the term of the Loan, Grantor shall furnish to Beneficiary annual operating statements and rent rolls relating to the Trust Estate, delivered to Beneficiary within ninety (90) days of the end of each calendar year. Operating statements shall set forth the rental income and expenditures relating to the Trust Estate; rent rolls shall be in reasonable detail and in form and substance satisfactory to Beneficiary and shall contain, without limitation, a listing of each tenant, the space occupied, amount of rent, and the expiration of the lease. Beneficiary reserves the right to require more frequent operating and financial statements if it deems such reporting necessary or advisable. At Beneficiary's option, Beneficiary also may require that the Grantor and/or the property manager certify that the rent rolls and operating statements provided are complete and accurate in all respects. All financial statements, rent rolls, and operating statements shall be (i) prepared in accordance with generally accepted accounting principles, and (ii) in form and substance satisfactory to Beneficiary. All financial statements shall be certified as true and correct by the entity or person to which they pertain. In the event Grantor fails to furnish any of the financial statements hereinabove required, Beneficiary may cause an audit to be made, at Grantor's sole cost and expense, of the respective books and records.

1.21 Trade Names. At the request of Beneficiary, Grantor shall execute a certificate in form satisfactory to Beneficiary listing the trade names under which Grantor intends to operate the Trust Estate, and representing and warranting that Grantor does business under no other trade names with respect to the Trust Estate. Grantor shall promptly notify Beneficiary in writing of any change in such trade names, and will, upon request of Beneficiary, execute any additional financing statements and other certificates revised to reflect the change in trade name.

1.22 Eminent Domain. Should the Trust Estate, or any part thereof or interest therein, be taken or damaged by reason of any public improvement or condemnation proceeding or in any other manner ("Condemnation"), or should Grantor receive any notice or other information regarding such proceeding, Grantor shall give prompt written notice thereof to Beneficiary.

a. Beneficiary shall be entitled to all compensation, awards, and other payments or relief therefor, and shall be entitled at its option to commence, appear in, and prosecute in its own name any action or proceedings. Beneficiary shall also be entitled to make any compromise or settlement in connection with such taking or damage. All such compensation, awards, damages, rights of action, and proceeds awarded to Grantor (the "Proceeds") are hereby assigned to Beneficiary, and Grantor agrees to execute such further assignments of the Proceeds as Beneficiary or Trustee may require.

b. In the event any portion of the Trust Estate is so taken or damaged, Beneficiary shall have the option, in its sole and absolute discretion, to apply all the Proceeds, after deducting therefrom all costs and expenses (regardless of the particular nature thereof and whether incurred with or without suit), including reasonable attorney fees, incurred by it in connection with the Proceeds, upon any indebtedness secured hereby and in such order as Beneficiary may determine, or to apply all the Proceeds, after such deductions, to the restoration of the Trust Estate upon such conditions as Beneficiary may determine. Notwithstanding any of the foregoing, the Proceeds, less any administrative and legal costs and fees incurred by Beneficiary, shall be used to reimburse Grantor for the cost of restoration of the Improvements, provided that restoration is economically and legally feasible in the reasonable judgment of Beneficiary and provided further that Grantor is not in default under any of the Loan Documents or Project Agreements or the Ground Lease. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

1.23 Repayment of Advances. Upon receipt of notice, Grantor shall repay promptly all sums expended or advanced hereunder by or on behalf of Beneficiary or Trustee, with interest from the date of such advance or expenditure at the Note rate, and the repayment thereof shall be secured hereby. Failure to repay such expenditure or advance and interest thereon within ten (10) days

of such notice will, at Beneficiary's option, constitute an Event of Default hereunder, or Beneficiary may, at its option, commence an action against Grantor for the recovery of such expenditure or advance and interest thereon, and in such event Grantor agrees to pay, in addition to the amount of such expenditure or advance, all costs and expenses incurred in such action, together with a reasonable attorney fee.

1.24 Hazardous Waste. Without limiting any provision of the Hazardous Substances Certificate:

a. Grantor represents and warrants to Beneficiary that, based on the Phase I Environmental Site Assessment report prepared by Adkins Consulting Engineering, LLC dated February 28, 2017 (the "Report"), no Hazardous Substances (as defined in the Hazardous Substances Certificate) are being stored on the Property or, except as disclosed in the Report, on any adjacent property, nor have any such Hazardous Substances been stored or used on the Property or, except as disclosed in the Report, on any adjacent property prior to Grantor's ownership, possession, or control of the Property. Grantor agrees to provide written notice to Beneficiary promptly upon Grantor becoming aware that the Property or any adjacent property is being or has been contaminated with hazardous or toxic waste or substances. Grantor will not cause or permit any activities on the Property that directly or indirectly could result in the Property or any other property becoming contaminated with any Hazardous Substance.

b. Grantor will indemnify and hold Beneficiary harmless from and against any and all claims, demands, damages, costs, expenses, losses, liens, liabilities, penalties, fines, lawsuits, and other proceedings (including reasonable attorney fees) arising directly or indirectly from or out of, or in any way connected with (i) the inaccuracy of the certifications contained herein or in any other document executed by Grantor in connection with the loan evidenced by the Note, (ii) any activities on the Property during Grantor's ownership, possession, or control of the Property that directly or indirectly result in the Property or any other property becoming contaminated with hazardous or toxic waste or substances, (iii) the discovery of Hazardous Substances on the Property, or (iv) the clean-up of Hazardous Substances from the Property or any other property required as a result of activities on the Property, all in accordance with the Hazardous Substances Certificate. Grantor acknowledges that it will be solely responsible for all costs and expenses relating to the clean-up of Hazardous Substances from the Property or from any other properties that become contaminated with hazardous or toxic waste or substances as a result of the contamination of or activities on the Property, provided that nothing herein shall be construed to limit any right of Grantor to seek contribution or indemnity from any party other than Beneficiary.

c. Beneficiary reserves the right to inspect and investigate the Property and its operations at any time and from time to time, and Grantor shall cooperate fully with Beneficiary in such inspection and investigations. If Beneficiary at any time has reason to believe that Grantor is not complying with all applicable Environmental Laws (as defined in the Hazardous Substances Certificate) or that a material spill, release or disposal of Hazardous Substances has occurred on or under the Property, Beneficiary may require Grantor to furnish Beneficiary at Grantor's expense an environmental audit or site assessment with respect to the matters of concern to Beneficiary. Such audit or assessment shall be performed by a qualified consultant approved by Beneficiary.

d. Grantor acknowledges and agrees that Grantor's obligations under the Hazardous Substances Certificate are unconditional and shall not be limited by any nonrecourse or other limitations of liability provided for in any of the Loan Documents. The representations, warranties, and covenants of Grantor set forth in the Hazardous Substances Certificate (including without limitation the indemnity provisions therein) shall continue in effect and, to the extent permitted by law, shall survive the transfer of the Trust Estate pursuant to foreclosure proceedings (whether judicial or nonjudicial), by deed in lieu of foreclosure, or otherwise. Grantor acknowledges and agrees that its covenants and obligations under the Hazardous Substances Certificate are separate and distinct from its obligations under this Deed of Trust and the other Loan Documents.

## ARTICLE 2 ASSIGNMENT OF LEASES AND RENTS

2.1 Assignment. Grantor hereby irrevocably assigns to Beneficiary all of Grantor's right, title, and interest in, to, and under: (a) all leases of the Trust Estate or any portion thereof, and all other agreements of any kind relating to the use or occupancy of the Trust Estate or any portion thereof, whether now existing or entered into after the date hereof, excluding the Ground Lease (the "Leases"), and (b) all rents, issues, profits, royalties, income, and other benefits derived from the Trust Estate, including without limitation all amounts payable and all rights and benefits accruing to Grantor under the Leases (collectively, the "Rents"). The term "Leases" shall also include all guarantees of and security for the lessees' performance thereunder, and all amendments, extensions, renewals, or modifications thereto which are permitted hereunder. This is a present and absolute assignment, not an assignment for security purposes only, and Beneficiary's right to the Leases and Rents is not contingent upon, and may be exercised without possession of, the Trust Estate.

2.2 Grant of License. Beneficiary confers upon Grantor a license (the "License") to collect and retain the Rents as they become due and payable, until the occurrence of an Event of Default (as such term is defined in Section 4.1 below). Upon an Event of Default, the License shall be automatically revoked and Beneficiary may collect and apply the Rents pursuant to Section 4.2 without notice and without taking possession of the Trust Estate. Grantor hereby irrevocably authorizes and directs the lessees under the Leases to rely upon and comply with any notice or demand by Beneficiary for the payment to Beneficiary of any rental or other sums which may at any time become due under the Leases, or for the performance of any of the lessees' undertakings under the Leases, and the lessees shall have no right or duty to inquire as to whether any Event of Default has actually occurred or is then existing hereunder. Grantor hereby relieves the lessees from any liability to Grantor by reason of relying upon and complying with any such notice or demand by Beneficiary.

2.3 Effect of Assignment. The foregoing irrevocable assignment shall not cause Beneficiary to be: (a) a mortgagee in possession, (b) responsible or liable for the control, care, management, or repair of the Trust Estate or for performing any of the terms, agreements, undertakings, obligations, representations, warranties, covenants, and conditions of the Leases, or (c) responsible or liable for any waste committed on the Trust Estate by the lessees under any of the Leases or any other parties; for any dangerous or defective condition of the Trust Estate, or for any negligence in the management, upkeep, repair, or control of the Trust Estate resulting in loss or injury or death to any lessee, licensee, employee, invitee, or other person. Beneficiary and Trustee shall not directly or indirectly be liable to Grantor or any other person as a consequence of: (i) the exercise or failure to exercise by Beneficiary or Trustee, or any of their respective employees, agents, contractors, or subcontractors, any of the rights, remedies, or powers granted to Beneficiary or Trustee hereunder, or (ii) the failure or refusal of Beneficiary to perform or discharge any obligation, duty, or liability of Grantor arising under the Leases.



2.4 Representations and Warranties. Grantor represents and warrants that: (a) all existing Leases are in full force and effect and are enforceable in accordance with their respective terms, and no breach or default, or event which would constitute a breach or default after notice or the passage of time, or both, exists under any existing Leases on the part of any party, (b) no rent or other payment under any existing Lease has been paid by any lessee for more than one (1) month in advance (except for the collection of first and last month's rent, plus a security deposit not to exceed one month's rent), and (c) none of the lessor's interests under any of the Leases has been transferred or assigned.

2.5 Covenants. Grantor covenants and agrees at Grantor's sole cost and expense to: (a) perform the obligations of lessor contained in the Leases and enforce by all available remedies performance by the lessees of the obligations of the lessees contained in the Leases, (b) give Beneficiary prompt written notice of any default that occurs with respect to any Lease in excess of one year, whether the default be that of the lessee or of the lessor, (c) deliver to Beneficiary fully executed, counterpart original(s) of each and every Lease if requested to do so by Beneficiary, and (d) execute and record such additional assignments of any Lease or specific subordinations (or subordination, attornment, and non-disturbance agreements executed by the lessor and lessee) of any Lease to this Deed of Trust, in form and substance acceptable to Beneficiary, as Beneficiary may request. Grantor shall not, without Beneficiary's prior written consent or as otherwise permitted by any provision of the Loan Documents: (i) except in the ordinary course of business, enter into any Leases after the date hereof; (ii) execute any other assignment relating to any of the Leases, (iii) discount any rent or other sums due under the Leases or collect the same in advance, other than to collect rentals one (1) month in advance of the time when it becomes due (and in addition Grantor may collect a first and last month's rental from each tenant, plus a security deposit not to exceed one month's rental, (vi) terminate, modify, or amend any of the terms of the Leases or in any manner release or discharge the lessees from any obligations thereunder, (v) consent to any assignment or subletting by any lessee, or (vi) subordinate or agree to subordinate any of the Leases to any other deed of trust or encumbrance. Any such attempted action in violation of the provisions of this Section 2.5 shall be null and void. Without in any way limiting the requirement of Beneficiary's consent hereunder, any sums received by Grantor in consideration of any termination (or the release or discharge of any lessee) modification or amendment of any Lease shall be applied to reduce the outstanding Secured Obligations and any such sums received by Grantor shall be held in trust by Grantor for such purpose.

2.6 Estoppel Certificates. Within thirty (30) days after written request by Beneficiary, Grantor shall deliver to Beneficiary and to any party designated by Beneficiary estoppel certificates executed by Grantor and by each of the lessees, in recordable form, certifying (if such be the case): (a) that the foregoing assignment and the Leases are in full force and effect, (b) the date of each lessee's most recent payment of rent, (c) that there are no defenses or offsets outstanding, or stating those claimed by Grantor or lessees under the foregoing assignment or the Leases, as the case may be, and (d) any other information reasonably requested by Beneficiary.

2.7 Power of Attorney. Grantor hereby constitutes and appoints Beneficiary as Grantor's attorney-in-fact (such agency being coupled with an interest) and as such attorney-in-fact Beneficiary may, without the obligation to do so, in the name, place, and stead of Grantor, subordinate at any time and from time to time, any Leases affecting the Trust Estate or any part thereof to the lien of this Deed of Trust or any other mortgage of any kind encumbering the Trust Estate, and to request or require such subordination where such option or authority was reserved to Grantor under any Lease or in any case where Grantor otherwise would have the right, power, or privilege so to do. This appointment is to be irrevocable and continuing and these rights, powers, and privileges shall be exclusive in Beneficiary, its successors and assigns, as long as any part of the indebtedness secured by this Deed of Trust remains unpaid.

2.8 Indemnification. Grantor hereby agrees to indemnify, defend, and hold Beneficiary harmless from any and all liability, loss, damage, or expense that Beneficiary may incur under or by reason of this Article 2 or for any action taken by Beneficiary hereunder, or by reason or in defense of any and all claims and demands whatsoever that may be asserted against Beneficiary arising out of the Leases, including but not limited to any claims by any tenants of credit for rental for any period under any Lease more than one (1) month in advance of the due date thereof and security deposits paid to and received by Grantor but not delivered to Beneficiary. Should Beneficiary incur any such liability, loss, damage, or expense, the amount thereof (including reasonable attorney fees) with interest thereon at the then-applicable rate set forth in the Note shall be payable by Grantor immediately without demand, and shall be secured by this Deed of Trust. Nothing in this Section 2.8 shall preclude Grantor from collecting a first and last month's rental from each tenant, plus a security deposit not to exceed one month's rental.

2.9 Records. Until the indebtedness secured by this Deed of Trust shall have been paid in full, Grantor shall retain, and upon reasonable notice make available for inspection and copying by Beneficiary at reasonable times, executed copies of all then current Leases upon all or any part of the Trust Estate, and will transfer and assign future Leases upon the same terms and conditions as herein contained. Grantor hereby covenants and agrees to make available for inspection and copying by Beneficiary at reasonable times, any and all assignments and other records and instruments, including but not limited to rent rolls, tenant financial statements, and books of account sufficient for the purpose that Beneficiary may deem to be advisable for carrying out the purposes and intent of this Article 2.

2.10 No Waiver. The failure of Beneficiary to avail itself of any of the terms, covenants, and conditions of this Article 2 for any period of time or at any time shall not be construed or deemed to be a waiver of any such right, and nothing contained in this Article 2, nor anything done or omitted to be done by Beneficiary pursuant to this Article 2, shall be deemed a waiver by Beneficiary of any of its rights and remedies under the Note and this Deed of Trust, or of the benefit of the laws of the State of Oregon. The rights of Beneficiary to collect the indebtedness secured by this Deed of Trust, to enforce any other security for such indebtedness, or to enforce any other right or remedy under this Deed of Trust may be exercised by Beneficiary either prior to, simultaneously with, or subsequent to any such other action described in this Article 2, and shall not be deemed an election of remedies.

2.11 Additional Rights and Remedies. In addition to, but not in lieu of, any other rights under this Article 2, Beneficiary shall have the right to institute suit and obtain a protective or mandatory injunction to prevent a breach or default of, or to enforce the observation by Grantor of, the agreements, covenants, terms, and conditions contained in this Article 2, and shall have the right to reasonable attorney fees, costs, expenses, and damages occasioned by any such breach or default by Grantor.

2.12 Creation of Security Interest; Security Agreement. Without in any way limiting any provision of this Article 2, Grantor hereby grants to Beneficiary a security interest in all Leases and Rents and all proceeds thereof for the purpose of securing all liability and obligations of Grantor contained in any of the Loan Documents or the Project Agreements. This Deed of Trust constitutes

a security agreement as that term is used in the Uniform Commercial Code of Oregon, as the same may be amended or recodified from time to time (the "UCC"). Grantor agrees that Beneficiary is authorized to file financing statements in the name of Grantor to perfect the security interest granted herein, and that Grantor will pay the cost of filing the same in all public offices wherever filing is deemed by Beneficiary to be necessary or desirable.

### ARTICLE 3

#### SECURITY AGREEMENT AND FIXTURE FILING

3.1 Creation of Security Interest. For the purpose of securing all liability and obligations of Grantor contained in any of the Loan Documents or the Project Agreements, Grantor hereby grants to Beneficiary a security interest in all of Grantor's interest, now or hereafter acquired, in any of the following (collectively, the "Collateral"):

All goods, building and other materials, supplies, work in process, equipment, machinery, fixtures, furniture, furnishings, signs, and other personal property and embedded software included therein, wherever situated, that are or are to be incorporated into, used in connection with, or appropriated for use on the Trust Estate, together with any and all rents (to the extent, if any, that they are not real property), all inventory, accounts, cash receipts, deposit accounts, accounts receivable, contract rights (including without limitation any unpaid capital contributions of Grantor's members or other owners), licenses, agreements, general intangibles, chattel paper (whether electronic or tangible), instruments, documents, promissory notes, drafts, letters of credit, letter of credit rights, supporting obligations, investment property, commercial tort claims, insurance policies, insurance and condemnation awards and proceeds, any other rights to the payment of money, trade names, trademarks and service marks arising from or related to the ownership, management, leasing, or operation of the Trust Estate or any business now or hereafter conducted thereon by Grantor, all permits, consents, approvals, licenses, authorizations, and other rights granted by, given by, or obtained from, any governmental entity with respect to the Trust Estate, all deposits or other security now or hereafter made with or given to utility companies by Grantor with respect to the Trust Estate, all advance payments of insurance premiums made by Grantor with respect to the Trust Estate, all plans, drawings, and specifications relating to the Trust Estate, all loan funds held by Beneficiary, whether or not disbursed, all funds deposited with Beneficiary pursuant to any loan agreement or this Deed of Trust, all reserves, deferred payments, deposits, accounts, refunds, cost savings, and payments of any kind related to the Trust Estate or any portion thereof, together with all replacements and proceeds of, and additions and accessions to, any of the foregoing, together with all books, records, and files relating to any of the foregoing.

All terms used in the foregoing definition of Collateral shall be as defined in the UCC, as the same may be amended or recodified from time to time.

3.2 Creation of Security Interest by Ground Lessor. To the extent, if any, that Ground Lessor has or may acquire rights of any kind in the Collateral, Ground Lessor hereby grants Beneficiary a security interest in the Collateral for the purpose of securing all liability and obligations of Grantor contained in any of the Loan Documents or the Project Agreements.

3.3 Warranties, Representations, and Covenants of Grantor. Grantor hereby warrants, represents, and covenants as follows:

a. Except for the security interest granted hereby, Grantor is, and as to portions of the Collateral to be acquired after the date hereof will be, the sole owner of the Collateral, free from any adverse lien, security interest, encumbrance, or adverse claims thereon of any kind whatsoever. Grantor will notify Beneficiary of, and will defend the Collateral against, all claims and demands of all persons at any time claiming the same or any interest therein.

b. Grantor will not lease, sell, convey, or in any manner transfer the Collateral without the prior written consent of Beneficiary.

c. The Collateral is not used or bought for personal, family, or household purposes.

d. All tangible Collateral will be kept on or at the Property, and Grantor will not remove any tangible Collateral from the Property without the prior written consent of Beneficiary, except such portions or items of tangible Collateral that are consumed or worn out in ordinary usage, all of which shall be promptly replaced by Grantor with an article of equal suitability owned by Grantor free and clear of any lien or security interest except such as may be approved in writing by Beneficiary.

e. Grantor's principal place of business is located at the address shown in Section 5.5 of this Deed of Trust (entitled "Notices"), Grantor's legal name is exactly as set forth on the first page of this Deed of Trust, and all of Grantor's organizational documents or agreements provided to Beneficiary are complete and accurate in every respect.

f. Grantor agrees (i) to execute and deliver such documents as Beneficiary deems necessary to create, perfect, and continue the security interests contemplated in this Deed of Trust, (ii) not to change its name or, as applicable, its chief executive office, its principal residence, or the jurisdiction in which it is organized without prior written notice to Beneficiary, (iii) to cooperate with Beneficiary in perfecting all security interests granted in this Article 3, and in obtaining such agreements from third parties as Beneficiary deems necessary, proper, or convenient in connection with the preservation, perfection, or enforcement of any of Beneficiary's rights under this Article 3, and (iv) that Beneficiary is authorized to file financing statements in the name of Grantor to perfect Beneficiary's security interest in the Collateral, and that Grantor will pay the cost of filing the same in all public offices wherever filing is deemed by Beneficiary to be necessary or desirable.

g. Grantor agrees to cooperate with Beneficiary in obtaining control with respect to any Collateral consisting of deposit accounts or other property as to which, under the UCC, a secured party perfects its security interest by means of control.

h. Grantor agrees to execute such further documents and to take such further actions as are reasonably requested by Beneficiary in order to evidence or perfect the security interests granted in this Article 3, to maintain the first priority of the security interests, and/or to effectuate the rights granted to Beneficiary in Article 3.

- i. All covenants and obligations of Grantor contained herein relating to the Trust Estate shall be deemed to apply to the Collateral whether or not expressly referred to herein.
- j. Grantor, any member of Grantor, or any principal of Grantor is not currently debarred, suspended, excluded or disqualified by the Department of Treasury or any other Federal department or agency.

3.4 Warranties, Representations, and Covenants of Ground Lessor. Ground Lessor hereby warrants, represents, and covenants as follows:

- a. Ground Lessor will not remove any tangible Collateral from the Trust Estate without the prior written consent of Beneficiary.
- b. Ground Lessor's principal place of business is located at the address shown in Section 4.10 of this Deed of Trust, Ground Lessor's legal name is exactly as set forth in Section 4.10, and all of Ground Lessor's organizational documents or agreements provided to Beneficiary are complete and accurate in every respect.
- c. Ground Lessor agrees (i) to execute and deliver such documents as Beneficiary deems necessary to create, perfect, and continue the security interest contemplated in Section 3.2, (ii) not to change its name or, as applicable, its chief executive office, its principal residence, or the jurisdiction in which it is organized without prior written notice to Beneficiary, (iii) to cooperate with Beneficiary in perfecting the security interests granted in Section 3.2, and in obtaining such agreements from third parties as Beneficiary deems necessary, proper, or convenient in connection with the preservation, perfection, or enforcement of any of Beneficiary's rights under Section 3.2, and (iv) that Beneficiary is authorized to file financing statements in the name of Ground Lessor to perfect Beneficiary's security interest in the Collateral pursuant to Section 3.2 in all public offices where filing is deemed by Beneficiary to be necessary or desirable, the cost of which filing shall be paid by Grantor.
- d. Ground Lessor agrees to cooperate with Beneficiary in obtaining control with respect to any Collateral consisting of deposit accounts or other property as to which, under the UCC, a secured party perfects its security interest by means of control.
- e. Ground Lessor agrees to execute such further documents and to take such further actions as are reasonably requested by Beneficiary in order to evidence or perfect the security interest granted in Section 3.2, to maintain the first priority of the security interest, and/or to effectuate the rights granted to Beneficiary in Section 3.2.

3.5 Rights of Beneficiary. In addition to Beneficiary's rights as a "Secured Party" under the UCC, Beneficiary may, but shall not be obligated to, at any time without notice to and at the expense of Grantor (i) give notice to any person of Beneficiary's rights hereunder and enforce such rights at law or in equity, (ii) insure, protect, defend, and preserve the Collateral or any rights or interests of Beneficiary therein, (iii) inspect the Collateral, and (iv) endorse, collect, and receive any right to payment of money owing to Grantor under or from the Collateral. Notwithstanding the foregoing, in no event shall Beneficiary be deemed to have accepted any property other than cash in satisfaction of any obligation of Grantor to Beneficiary unless Beneficiary makes an express written election of such remedy under the UCC or other applicable law.

3.6 Security Agreement. This Deed of Trust constitutes a security agreement as that term is used in the UCC.

3.7 Fixture Filing. As to any or all of the Collateral that is or hereafter becomes a "fixture" under applicable law, this Deed of Trust constitutes a fixture filing under the UCC.

#### ARTICLE 4 REMEDIES UPON DEFAULT

4.1 Events of Default. Any of the following events shall be deemed an event of default ("Event of Default") hereunder:

- a. Grantor fails to pay any installment of principal or interest on the Note or any other sum secured by this Deed of Trust when due, subject to any applicable grace period contained in the Note or the other Loan Documents; or
- b. Grantor fails to perform or comply with any other covenant or condition to be performed or satisfied by Grantor under this Deed of Trust or the other Loan Documents or the Project Agreements or the Ground Lease within thirty (30) days after written notice from Beneficiary to perform or satisfy the covenant or condition or, if such performance or compliance cannot be completed within such 30-day period through the exercise of reasonable diligence, the failure by Grantor to commence the required performance or compliance within such 30-day period and thereafter to continue such performance or compliance with diligence to completion; or
- c. Grantor fails to show evidence of full or substantial compliance with any requirement of any governmental authority having jurisdiction over the Property within thirty (30) days after notice in writing of such requirement shall have been given to Grantor by Beneficiary or, if such compliance cannot be completed within such 30-day period through the exercise of reasonable diligence, the failure by Grantor to commence the required compliance within such 30-day period and thereafter to continue such compliance with diligence to completion; or
- d. Grantor otherwise materially breaches any term, covenant, condition, provision, representation, or warranty of Grantor under this Deed of Trust or the other Loan Documents or the Project Agreements or the Ground Lease and fails to cure such breach within thirty (30) days after notice in writing of such breach shall have been given to Grantor by Beneficiary or, if such breach cannot be cured within such 30-day period through the exercise of reasonable diligence, the failure by Grantor to commence the required cure within such 30-day period and thereafter to continue such cure with diligence to completion; or
- e. Any representation or warranty of Grantor in any of the Loan Documents or the Project Agreements or in any certificate, agreement, instrument, or other document made or delivered pursuant to or in connection with any of the Loan Documents or the Project Agreements or the Ground Lease proves to have been incorrect in any material respect when made; or

f. All or any material portion of the Property is condemned, seized, or appropriated by any governmental agency subject to the provisions contained in Section 6.1 (Ins. & Condemnation) of the Priority and Subordination Agreement described in Section 1.1 above, which provisions and conditions shall control; or

g. There shall occur a material adverse change in the financial condition of Grantor or Grantor's Managing Member from the financial condition of such entity as of the date hereof and Grantor shall fail to present evidence satisfactory to Beneficiary that such condition has been remedied within thirty (30) days after written notice by Beneficiary to Grantor; or

h. The occurrence of an event of default which has not been cured within any applicable cure period under any lien instrument securing financing subordinate to the loan evidenced by the Note, regardless of whether Beneficiary has given its written consent to such lien; or

i. The occurrence of an event of default which has not been cured within any applicable cure period as defined in any of the other Loan Documents or the Project Agreements or the Ground Lease; or

j. Grantor, Grantor's Managing Member or any guarantor: (i) files a voluntary petition in bankruptcy, or such petition is filed against such person or entity and is not dismissed within 60 days after filing, (ii) files any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief for itself under any present or future federal, state, or other statute, law, or regulation relating to bankruptcy, insolvency, or other relief for debtors, or (iii) seeks or consents to or acquiesces in the appointment of any trustee, receiver, or liquidator of Grantor or of all or any part of the Trust Estate, or of any or all of the royalties, revenues, rents, issues, or profits thereof, or makes any general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due; or

k. A court of competent jurisdiction enters an order, judgment, or decree approving a petition filed against Grantor or Grantor's Managing Member or any guarantor, seeking any reorganization, dissolution, or similar relief under any present or future federal, state, or other statute, law, or regulation relating to bankruptcy, insolvency, or other relief for debtors, and such order, judgment, or decree remains unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive) from the first date of entry thereof, or any trustee, receiver, or liquidator of Grantor or of all or any part of the Trust Estate, or of any or all of the royalties, revenues, rents, issues, or profits thereof, is appointed without the consent or acquiescence of Grantor and such appointment remains unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive); or

l. A writ of execution or attachment or any similar process is issued or levied against all or any part of or interest in the Trust Estate, or any judgment involving monetary damages is entered against Grantor or Grantor's Managing Member that becomes a lien on the Trust Estate or any portion thereof or interest therein, and such execution, attachment, or similar process or judgment is not released, bonded, satisfied, vacated, or stayed within sixty (60) days after its entry or levy; or

m. Any transfer of all or any part of the Trust Estate, or any transfer of the capital stock or partnership or joint venture interest in Grantor, as provided in Section 4.8 below, excluding transfers permitted pursuant to Section 4.8..

4.2 Acceleration Upon Default; Additional Remedies. In the event of any Event of Default, Beneficiary may declare all indebtedness secured hereby to be due and payable and the same shall thereupon become due and payable without any presentment, demand, protest, or notice of any kind. In addition, Beneficiary may exercise one or more of the following rights and remedies, in addition to any other remedies that may be available at law, in equity, or otherwise:

a. Beneficiary may, either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Trust Estate, or any part thereof, in its own name or in the name of Trustee, and do any acts that it deems necessary or desirable to preserve the value, marketability, or rentability of the Trust Estate, or part thereof or interest therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Trust Estate, sue for or otherwise collect the rents, issues, and profits thereof, including those past due and unpaid, and apply the same upon any indebtedness secured hereby, less costs and expenses of operation and collection, including attorney fees, all in such order as Beneficiary may determine. The entering upon and taking possession of the Trust Estate, the collection of such rents, issues, and profits, and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Trust Estate or the collection, receipt, and application of rents, issues, or profits, Trustee or Beneficiary shall be entitled to exercise every right provided for in any of the Loan Documents or by law upon occurrence of any Event of Default, including the right to exercise the power of sale.

b. Beneficiary may commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof.

c. Beneficiary shall be entitled to the appointment of a receiver as a matter of right, whether or not the apparent value of the Trust Estate exceeds the amount of the balance due hereunder, and any receiver appointed may serve without bond. Employment by Beneficiary shall not disqualify a person from serving as receiver. Upon taking possession of all or any part of the Trust Estate, the receiver may:

(1) Use, operate, manage, control, and conduct business on the Trust Estate;

(2) Make expenditures for all maintenance, renewals, replacements, alterations, environmental site assessments, additions, and improvements to the Trust Estate as in its judgment are proper;

(3) Insure and reinsure the Trust Estate and all risks incidental to its possession, operation, and management of the Trust Estate;

(4) Collect the revenues and income from the Trust Estate and apply such sums to the expenses of use, operation, and management in such priority as the receiver deems appropriate. Grantor shall promptly turn over to the receiver all

documents, books, records, papers, and accounts, together with the amount of any deposits, rentals, and use fees from any tenant or other user. The receiver may appear in any proceeding or bring suit on Grantor's behalf, as necessary to enforce obligations of any tenant or other user, including actions for the recovery of rent and actions in forcible detainer;

(5) Cancel or terminate any lease or agreement for any cause for which Grantor would be entitled to cancel the same;

(6) Elect to disaffirm any lease or agreement that is then subordinate to this Deed of Trust;

(7) Extend or modify any lease and make any new lease on any portion of the Trust Estate. Any such instruments shall be binding upon Grantor and all persons whose interests in the Trust Estate are subordinate to this Deed of Trust, and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge, or indebtedness, satisfaction of the foreclosure decree, or issuance of any certificate of sale or deed to any purchaser; or

(8) Complete any construction in progress on the Property, and in that connection, pay bills, borrow funds, employ contractors, and make any changes in plans or specifications as the receiver deems appropriate.

If the revenues and income are insufficient to pay expenses, the receiver may borrow such sums as the receiver deems necessary for the purposes stated in this paragraph. The amounts borrowed or advanced shall bear interest from the date of expenditure until repaid at the same rate per annum as is accruing on such borrowing. Such sums shall become a part of the balance secured by this Deed of Trust and shall be payable by Grantor on demand.

d. In addition to all of Beneficiary's rights as a "Secured Party" under the UCC or otherwise at law, Beneficiary may exercise any or all of the following remedies:

(1) Either personally or by means of a court appointed receiver, take possession of all or any of the Collateral and exclude therefrom Grantor and all others claiming under Grantor, and thereafter hold, store, use, operate, manage, maintain, and control, make repairs, replacements, alterations, additions and improvements to, and exercise all rights and powers of Grantor in respect to the Collateral or any part thereof. In the event Beneficiary demands or attempts to take possession of the Collateral in the exercise of any rights under any of the Loan Documents, Grantor promises and agrees to promptly turn over and deliver complete possession thereof to Beneficiary.

(2) Without notice to or demand upon Grantor, make such payments and do such acts as Beneficiary may deem necessary to protect its security interest in the Collateral, including without limitation paying, purchasing, contesting, or compromising any encumbrance, charge, or lien that is prior to or superior to the security interest granted hereunder, entering into any agreement, compromise, or settlement, including insurance claims, that Beneficiary may deem desirable or proper with respect to any of the Collateral, and endorsing and delivering evidences of title for, and receiving, enforcing and collecting by legal action or otherwise, all indebtedness and obligations now or hereafter owing to Grantor in connection with or on account of any of the Collateral, and in exercising any of the foregoing powers or authority pay all expenses incurred in connection therewith.

(3) Require Grantor to assemble the Collateral or any portion thereof, at a place designated by Beneficiary and reasonably convenient to both parties, and promptly to deliver such Collateral to Beneficiary, or an agent or representative designated by it. Beneficiary and its agents and representatives shall have the right to enter upon any or all of Grantor's premises and property to exercise Beneficiary's rights hereunder.

(4) Sell, lease, or otherwise dispose of the Collateral at public sale, with or without having the Collateral at the place of sale, and upon such terms and in such manner as Beneficiary may determine. Beneficiary may be a purchaser at any such sale.

(5) Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Beneficiary shall give Grantor at least ten (10) days prior written notice of the time and place of any public sale of the Collateral or other intended disposition thereof, and Grantor hereby agrees that any notice so given shall be deemed reasonable.

(6) In disposing of Collateral, beneficiary may disclaim all warranties of title, possession, quiet enjoyment, and the like. Any proceeds of any disposition of any Collateral may be applied by Beneficiary to the payment of expenses incurred by Beneficiary in connection with the foregoing, including reasonable attorney fees, and the balance of such proceeds may be applied by Beneficiary toward the payment of the Secured Obligations in such order of application as Beneficiary may from time to time elect.

Notwithstanding any other provision hereof, Beneficiary shall not be deemed to have accepted any property other than cash in satisfaction of any obligation of Grantor to Beneficiary unless Beneficiary makes an express written election of such remedy under the UCC or other applicable law. Grantor agrees that Beneficiary shall have no obligation to process or prepare any Collateral for sale or other disposition.

e. Beneficiary may direct Trustee, and Trustee shall be empowered, to foreclose the Trust Estate by advertisement and exercise of the power of sale under applicable law.

4.3 Foreclosure by Power of Sale. Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust and the Note as such receipts and evidence of expenditures made and secured hereby as Trustee may require.

a. Upon receipt of such notice from Beneficiary, Trustee shall cause to be given such Notice of Default as then required by law. Trustee shall, without demand on Grantor, after lapse of such time as may then be required by law and after Notice of Sale having been given as required by law, sell the Trust Estate at the time and place of sale fixed by it in such Notice of Sale, either as a whole, or in separate lots of parcels or items as Trustee shall deem expedient, and in such order as it may determine, at public auction

to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, (except Trustee) including without limitation Grantor, or Beneficiary, may purchase at such sale.

b. After deducting all costs, fees, and expenses of Trustee and of this Trust, including without limitation costs of evidence of title, costs of obtaining an updated environmental site assessment, and reasonable attorney fees in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof, not then repaid, with accrued interest, all other sums then secured hereby, and the remainder, if any, to the person or persons legally entitled thereto.

4.4 Appointment of Receiver. If any Event of Default described in Section 4.1 of this Deed of Trust shall have occurred and be continuing, Beneficiary, as a matter of right and without notice to Grantor or anyone claiming under Grantor, and without regard to the then value of the Trust Estate or the interest of Grantor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Trust Estate, and Grantor hereby irrevocably consents to such appointment and waives notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and all the powers and duties of Beneficiary in case of entry as provided in Section 4.2.a and shall continue as such and exercise all such powers until the date of confirmation of sale of the Trust Estate unless such receivership is sooner terminated.

4.5 Remedies Not Exclusive; Application of Sums; No Cure or Waiver. Trustee and Beneficiary, and each of them, shall be entitled to enforce payment and performance of any indebtedness or obligations secured hereby and to exercise all rights and powers under this Deed of Trust or under any Loan Document or other agreement or any laws now or hereafter in force, notwithstanding that some or all of the indebtedness and obligations secured hereby may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment, or otherwise. Neither the acceptance of this Deed of Trust nor its enforcement, whether by court action or pursuant to the power of sale or other powers herein contained, shall prejudice or in any manner affect Trustee's or Beneficiary's right to realize upon or enforce any other security now or hereafter held by Trustee or Beneficiary, it being agreed that Trustee and Beneficiary, and each of them, shall be entitled to enforce this Deed of Trust and any other security now or hereafter held by Beneficiary or Trustee in such order and manner as they or either of them may in their absolute discretion determine. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Loan Documents to Trustee or Beneficiary or to which either of them may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Trustee or Beneficiary and either of them may pursue inconsistent remedies.

All sums received by Beneficiary under Section 4.2 or Section 2.2, less all costs and expenses incurred by Beneficiary or any receiver under Section 4.2 or Section 2.2, including without limitation attorney fees, shall be applied in payment of the Secured Obligations in such order as Beneficiary shall determine in its sole discretion, provided, however, that Beneficiary shall have no liability for funds not actually received by Beneficiary. Neither Beneficiary's nor Trustee's nor any receiver's entry upon and taking possession of all or any part of the Trust Estate, nor any collection of rents, issues, profits, insurance proceeds, condemnation proceeds or damages, other security or proceeds of other security, or other sums, nor the application of any collected sum to any Secured Obligation, nor the exercise or failure to exercise of any other right or remedy by Beneficiary or Trustee or any receiver shall cure or waive any breach, Event of Default, or notice of default under this Deed of Trust, or nullify the effect of any notice of default or sale (unless all Secured Obligations then due have been paid and performed and Grantor has cured all other defaults), or impair the status of the security, or prejudice Beneficiary or Trustee in the exercise of any right or remedy, or be construed as an affirmation by Beneficiary of any tenancy, lease, or option or a subordination of the lien of or security interests created by this Deed of Trust.

4.6 Sale of Trust Estate Pursuant to Foreclosure. In case of a sale pursuant to a foreclosure of this Deed of Trust, the Trust Estate, and all property comprising the Trust Estate, real, personal, or mixed, may be sold as an entirety or in parcels, by one sale or by several sales held at one time or at different times, all as Trustee, in its unrestricted discretion, may elect, and Grantor for and on behalf of itself and all persons claiming by, through, or under it, waives any and all rights to have the property and estates comprising the Trust Estate marshalled upon any foreclosure sale and agrees that upon foreclosure, the Trust Estate may be sold as an entirety and not in parcels.

4.7 Restoration of Former Positions. In case Beneficiary shall proceed to enforce any right under this Deed of Trust and the proceedings for enforcement thereof shall have been discontinued or abandoned for any reason or shall have been determined adversely to Beneficiary, then and in every such case Beneficiary, Trustee, and Grantor shall, subject to any determination in such proceedings, severally and respectively be restored to their former positions and rights hereunder, and thereafter all rights and remedies and powers of Beneficiary and Trustee shall continue as though no such proceeding had been taken.

4.8 Due on Sale or Increase in Interest Rate on Sale.

4.8 Due on Sale or Increase in Interest Rate on Sale.

a. Grantor further agrees and acknowledges that the indebtedness evidenced by the Note is personal to it, and that its personal responsibility and/or control of the Trust Estate given to secure this indebtedness is a material inducement to Beneficiary to agree to enter into this transaction. Any sale, conveyance, assignment, or other transfer of the whole or any part of the Trust Estate securing the obligations of Grantor hereunder, whether by deed, contract, further encumbrance, lease of the same (other than a lease of any portion of the space in the Improvements without an option to purchase), or otherwise, and whether voluntary, involuntary, or by operation of law (a "transfer"), without Beneficiary's prior written consent, or any transfer of capital stock or the general partnership interest or managing membership interest in Grantor without Beneficiary's prior written consent, shall be deemed to increase the risk of Beneficiary and shall be an Event of Default hereunder. Except for a transfer described below in subsections (d), (e), and (f) hereof, in the event of transfer, Beneficiary or other holder may declare the entire unpaid balance immediately due and payable, or, at its sole option, it may consent to such transfer of the Trust Estate or transfer of capital stock or partnership or limited liability company or joint venture interest in writing and may impose such conditions to its consent as Beneficiary in its sole discretion may determine. Without limitation, Beneficiary may, as conditions to its consent, increase the interest rate of the loan secured hereby, change the maturity date of the Note, modify the loan terms, require personal guarantees of all indebtedness and obligations secured hereby, require payment of an assumption fee and of administrative and legal fees and costs of Beneficiary, or impose whatever other



conditions it shall deem necessary to compensate it for such increased risk. Any increase in interest shall entitle the holder to increase monthly payments on the loan evidenced by the Note so as to retire the obligation within the original stipulated time. In the event Grantor shall request the consent of Beneficiary in accordance with the provisions of this Section 4.8, Grantor shall deliver a written request to Beneficiary, together with such information as Beneficiary may reasonably request regarding such transfer, and shall allow Beneficiary thirty (30) days to evaluate such request. Consent as to any one transaction shall not be deemed to be a waiver of the right to require consent to any further or successive transaction. The execution and delivery by Grantor of any joint venture agreement, partnership agreement, operating agreement, declaration of trust, option agreement, or other instrument whereunder any other person or entity may become entitled, directly or indirectly, to the possession or enjoyment of the Trust Estate or the income or other benefits derived or to be derived therefrom, shall in each case be deemed to be a transfer of Grantor's interest in the Trust Estate for the purposes of this Section, and shall require the prior written consent of Beneficiary.

b. If Grantor is a partnership or a joint venture or limited liability company, the withdrawal or change, voluntary, involuntary, or otherwise, of general partners or managing members or joint venturers owning 50 percent or more of the capital or profits of the partnership or joint venture (or in the case of a limited partnership, 50 percent or more of the general partnership interest or, in the case of a limited liability company, 50 percent or more of managing member's membership interest) in one or more transactions, or the dissolution of the partnership or joint venture or limited liability company, shall be deemed a transfer for the purposes of this Section, and shall require the prior written consent of Beneficiary and satisfaction of the conditions set forth in subsection (f) below. The transfer of limited partnership interests or investor membership interests in Grantor shall also require Beneficiary's prior written consent, which consent shall not be unreasonably withheld. If Grantor or its successor is a corporation, any dissolution, merger, consolidation, or other reorganization of Grantor, or the sale or other transfer, directly or indirectly, of a controlling percentage of capital stock of Grantor or the sale of 50 percent or more of the book value of the assets of Grantor in one or more transactions shall be deemed a transfer for purposes of this Section, and shall require the prior written consent of Beneficiary. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least 50 percent of the total combined voting power of all classes of Grantor's capital stock issued, outstanding, and entitled to vote for the election of directors. The phrase "controlling percentage" with reference to corporations, the stock of which is traded through an exchange or over the counter, shall mean such percentage of ownership as is required to provide actual control over the affairs of the corporation.

(i) Notwithstanding the foregoing, Beneficiary's consent shall not be required for a transfer by Grantor's Investor Members, Hunt Capital Partners Tax Credit Fund 24, LP, and Hunt Capital Partners Tax Credit Fund 27, LP each a Delaware limited partnership, or their permitted successors and/or assigns under this Section 4.8 (b)(i) (collectively the "Investor Member"), of up to 100% of the Investor Member's entire ownership interest in Grantor to an Affiliate of such Investor Member (as the term "Affiliate" is defined in Grantor's First Amended and Restated Operating Agreement dated as of September 29, 2017 (the "Operating Agreement")), provided that, at the time of such transfer, all of the following conditions are satisfied:

(1) The replacement investor member has agreed in writing to be bound by the terms of the Operating Agreement in the same manner as was the Investor Member; and

(2) Grantor or the Investor Member has given Beneficiary prompt written notice of the Investor Member's transfer of its interest in Grantor to an Affiliate; and

(3) If any restriction is to be recorded against the Trust Estate in connection with the transfer requiring Grantor and/or the replacement investment member to maintain the Trust Estate for low income use after the transfer, such restriction is unconditionally subordinated to the lien of this Deed of Trust and the other Loan Documents pursuant to a subordination agreement acceptable to Beneficiary; and

(4) The Investor Member's entire capital contribution has been paid to Grantor; and

(5) Grantor or the Investor Member furnishes Beneficiary with written documentation evidencing the transfer within thirty (30) days of the effective date of the transfer.

(ii) In addition, Beneficiary shall not unreasonably withhold its consent to a transfer by the Investor Member of all or part of the Investor Member's interest in Grantor to an unrelated third party, or to an Affiliate of the Investor Member where the Investor Member's entire capital contribution has not yet been paid to Grantor, provided that, at the time of such transfer, all of the following conditions are satisfied:

(1) The replacement investment member has agreed in writing to be bound by the terms of the Operating Agreement in the same manner as was the Investor Member; and

(2) Grantor or the Investor Member has given Beneficiary thirty (30) days prior written notice of the Investment Member's intent to transfer its interest in Grantor to the proposed replacement investment member; and

(3) Grantor or the Investment Member has provided Beneficiary with all information and documentation about the proposed replacement investor member as Beneficiary may reasonably require, including without limitation current financial statements of the proposed replacement investment member and documentation evidencing the proposed investment member's experience administering Low Income Housing Tax Credits, and Beneficiary has given its written approval of the proposed replacement investment member, which approval shall not be unreasonably withheld; and

(4) If any restriction is to be recorded against the Trust Estate in connection with the transfer requiring Grantor and/or the replacement investment member to maintain the Trust Estate for low income use after the transfer, such restriction is unconditionally subordinated to the lien of this Deed of Trust and the other Loan Documents pursuant to a subordination agreement acceptable to Beneficiary; and

(5) Grantor or the Investment Member furnishes Beneficiary with written documentation evidencing the transfer within thirty (30) days of the effective date of the transfer.

c. In the event ownership of the Trust Estate or any portion thereof becomes vested in a person other than

Grantor herein named, Beneficiary may, without notice to Grantor herein named, whether or not Beneficiary has given written consent to such change in ownership, deal with such successor or successors in interest with reference to this Deed of Trust and the obligations secured hereby, in the same manner as with Grantor herein named, without in any way vitiating or discharging Grantor's liability hereunder or the obligations hereby secured.

d. Beneficiary's consent shall not be required for (i) the purchase by Grantor's Managing Member, LDA-Sky Meadows Development, LLC, an Oregon limited liability company, or a substitute managing member approved by Beneficiary (in either case, the "Managing Member"), of the entire ownership interest of the Investor Member pursuant to the terms of that certain put option (the "Put Option") contained in Section 5.5(d) of the Operating Agreement and to the transfer of the Trust Estate to the Managing Member in connection with the Investor Member's exercise of such Put Option, or (ii) the transfer of the Trust Estate to Ground Lessor (the "Administrative Member") pursuant to the terms of that certain purchase option (the "Purchase Option") contained in Section 5.15 of the Operating Agreement and in Section 1 of that certain Purchase Option Agreement and Right of First Refusal dated as of September 29, 2017 between Grantor and the Administrative Member (the "Option Agreement"), or (iii) the transfer of the Trust Estate to the Administrative Member pursuant to the terms of that certain right of first refusal (the "Right of First Refusal") contained in Section 5.15 of the Operating Agreement and in Section 5 of the Option Agreement, provided that, at the time of any such transfer, all of the following conditions are satisfied:

(1) The transfer occurs after the expiration of the Compliance Period, as defined in Internal Revenue Code Section 42; and

(2) Except with respect to exercise of the Put Option, Grantor has not been in default in the payment of principal and interest under the Note, or of any tax, insurance, replacement, or other reserves required hereunder or under the other Loan Documents, which default has gone unremedied for more than thirty (30) days beyond the due date for such payment; and

(3) Except with respect to exercise of the Put Option, no other default has occurred and is continuing under any term or condition of this Deed of Trust or the other Loan Documents, nor any condition or event that with the passage of time, or the giving of notice, or both, would constitute a default thereunder; and

(4) Except with respect to exercise of the Put Option, the Managing Member has continuously remained the managing member of Grantor from the date hereof, or the Administrative Member has continuously remained the administrative member of Grantor from the date hereof, as applicable; and

(5) Except with respect to exercise of the Put Option, the Administrative Member has assumed in writing, in form and substance acceptable to Beneficiary, all obligations of Grantor hereunder and under the other Loan Documents, and Grantor has acknowledged in writing, in form and substance acceptable to Beneficiary, that it is not released from any obligations hereunder or under the other Loan Documents; and

(6) Except with respect to exercise of the Put Option, the Purchase Option and the Right of First Refusal have been continuously subordinate and subject to this Deed of Trust and the other Loan Documents from the date hereof; and

(7) Except with respect to exercise of the Put Option, Grantor and the Managing Member or the Administrative Member, as applicable, have given Beneficiary sixty (60) days prior written notice of their intent to transfer the Trust Estate pursuant to the Investor Member's exercise of the Put Option, or the Administrative Member's exercise of the Purchase Option or the Right of First Refusal, as applicable; and

(8) With respect to exercise of the Put Option, Grantor or the Managing Member or the Investor Member have given Beneficiary ten (10) days prior written notice of their intent to transfer the Investor Member's interest; provided, however, that any failure to timely deliver such notice will not constitute a default hereunder unless Grantor fails to deliver notice of the transfer within sixty (60) days following the transfer; and

(9) Any restriction recorded against the Trust Estate in connection with the transfer requiring the Administrative Member to maintain the Trust Estate for low-income use after the transfer is unconditionally subordinated to the lien of this Deed of Trust and the other Loan Documents pursuant to a subordination agreement acceptable to Beneficiary; and

(10) Grantor or the Managing Member or the Administrative Member, as applicable, furnishes Beneficiary with written documentation evidencing the transfer within thirty (30) days of the effective date of the transfer.

In addition, if the Investor Member exercises the Put Option, the Managing Member shall assume in writing, in form and substance acceptable to Beneficiary, all obligations of Grantor hereunder and under the other Loan Documents within ten (10) days of the Investor Member's exercise of the Put Option.

e. Beneficiary's consent shall also not be required for the removal and substitution of the Managing Member pursuant to the terms of Section 7.2(b) of the Operating Agreement, provided that all of the following conditions are satisfied:

(1) The substitute managing member is an Affiliate of the Investor Member (an "Affiliated MM"); and

(2) Grantor is not in default under any of the Loan Documents at the time of such removal and substitution or, if Grantor is in default, such default has been cured within the time specified in the Loan Documents, or Grantor or the Investor Member agrees to cure such default within ninety (90) days of the date of the removal and substitution; and

(3) Grantor or the Investor Member has given Beneficiary prompt written notice of the removal and substitution; and

(4) Grantor has provided Beneficiary with all information and documentation about the proposed substitute Affiliated MM as Beneficiary may reasonably require, including without limitation current financial statements of the proposed substitute Affiliated MM and documentation evidencing the proposed substitute Affiliated MM's experience administering Low Income Housing Tax Credits; and

(5) If any restriction is to be recorded against the Trust Estate in connection with the transfer requiring Grantor or the substitute Affiliated MM to maintain the Trust Estate for low-income use after the transfer, such restriction is unconditionally subordinated to the lien of the Loan Documents pursuant to a subordination agreement acceptable to Beneficiary; and

(6) Substitution of the new Affiliated MM is effective concurrent with removal of the old Managing Member, and an unrelated third party is installed as a replacement managing member within one hundred eighty (180) days from the date of removal of the Affiliated MM in accordance with the provisions of subsection (f) below; unless Beneficiary consents in writing within such one hundred eighty (180) day period, to the new Affiliated MM serving permanently as the managing member; and

(7) Grantor or the Investor Member furnishes Beneficiary with written documentation evidencing the transfer within thirty (30) days of the effective date of the transfer.

f. Beneficiary shall not unreasonably withhold its consent to the removal of the Managing Member or the removal of an Affiliated MM substituted pursuant to subsection (e) above, and, in either such case, the substitution thereof with an unrelated third party to act as replacement managing member, provided that, at the time of such transfer, all of the following conditions are satisfied:

(1) Grantor is not in default under any of the Loan Documents at the time of such removal and substitution or, if Grantor is in default, such default has been cured within the time specified in the Loan Documents, or Grantor or the Investor Member agrees to cure such default within ninety (90) days of the date of the removal and substitution; and

(2) Grantor or the Investor Member has given Beneficiary prompt written notice of the removal and substitution; and

(3) Grantor has provided Beneficiary with all information and documentation about the proposed third party substitute managing member, including without limitation current financial statements of the proposed substitute third party managing member and documentation evidencing the proposed substitute third party managing member's experience administering Low Income Housing Tax Credits, as Beneficiary may reasonably require, and Beneficiary has given its written approval of the proposed substitute third party managing member, which approval shall not be unreasonably withheld; and

(4) If any restriction is to be recorded against the Trust Estate in connection with the transfer requiring Grantor or the substitute third party managing member to maintain the Trust Estate for low-income use after the transfer, such restriction is unconditionally subordinated to the lien of the Loan Documents pursuant to a subordination agreement acceptable to Beneficiary; and

(5) Substitution of the new third party managing member is effective concurrent with removal of the old managing member; and

(6) Grantor or the Investor Member furnishes Beneficiary with written documentation evidencing the transfer within thirty (30) days of the effective date of the transfer.

g. None of the transfers/substitutions described in subsections (b)(i), (b)(ii), (d), (e), and (f) above shall trigger: (i) the "due on sale or increase in interest rate on sale" provisions contained in subsection (a) above, or (ii) the pre-payment provisions contained in Section (d) of the Note.

4.9 Request for Notice. Grantor hereby requests a copy of any notice of default or of sale, and that any notice of default or sale hereunder be mailed to it at the address set forth in the first paragraph of this Deed of Trust.

4.10 a. Ground Lessor Right to Notice and Cure. Notwithstanding any provision to the contrary in this Section 4, in the event of a default or alleged default hereunder by Grantor, Beneficiary shall not be entitled to accelerate the Note and/or initiate foreclosure proceedings hereunder unless and until (i) Beneficiary has given Ground Lessor written notice of such default or alleged default, specifying the nature of the default or alleged default and the required cure, (ii) Beneficiary has, pursuant to such notice, given Ground Lessor sixty (60) days from the date of such notice to cure the default or alleged default, provided that any payment(s) owed to Beneficiary under the Loan Documents during such 60-day period are paid to Beneficiary in full, and (iii) the default or alleged default remains uncured beyond such 60-day period. Any notice to be given by Beneficiary to Ground Lessor pursuant to this Section 4.10 may be given by Beneficiary giving Ground Lessor a copy of the default or other notice given to Grantor. Any performance or compliance by Ground Lessor of Grantor's obligations hereunder or under the other Loan Documents, the Project Agreements, or the Ground Lease shall not constitute an assumption by Ground Lessor of Grantor's liability under any such instrument, except as otherwise expressly provided in such instrument. Nothing in this Section 4.10 shall obligate Ground Lessor to cure or attempt to cure any default hereunder.

b. Notices to Ground Lessor. Notices to Ground Lessor pursuant to this Section 4.10 shall be addressed to:

Klamath Housing Authority  
1445 Avalon  
Klamath Falls, Oregon 97691  
Attention: Executive Director

or such other address as Ground Lessor may subsequently designate to Beneficiary in writing. Any such notice shall be deemed delivered (i) when actually delivered to Ground Lessor at the address specified above, or (ii) three (3) calendar days after the notice has been deposited in the United States mails, postage prepaid, certified or registered mail, addressed to Ground Lessor at the address

specified above. Rejection or refusal to accept such a notice, or inability to deliver such a notice because of changed address of which no notice of changed address was given, shall constitute delivery of such notice.

#### 4.11 Investor Member Notice and Cure Rights.

a. Investor Member Right to Notice and Cure. Notwithstanding any provision to the contrary in this Deed of Trust, in the event of a default or alleged default hereunder by Grantor, Beneficiary shall not be entitled to exercise the remedies described in this Section 4 unless and until (i) Beneficiary has given Investor Member written notice of such default or alleged default, specifying the nature of the default or alleged default and the required cure, (ii) Beneficiary has, pursuant to such notice, given the Investor Member thirty (30) days from the date of such notice to cure the default or alleged default, provided that any payment(s) owed to Beneficiary under the Loan Documents during such 30-day period are paid to Beneficiary in full, and (iii) the default or alleged default remains uncured beyond such 30-day period. Any notice to be given by Beneficiary to the Investor Member pursuant to this Section 4.11 may be given by Beneficiary giving the Investor Member a copy of the default or other notice given to Grantor. Any performance or compliance by the Investor Member of Grantor's obligations hereunder or under the other Loan Documents or the Project Agreements or the Ground Lease shall not constitute an assumption by the Investor Member of Grantor's liability under any such instrument, except as otherwise expressly provided in such instrument. Nothing in this Section 4.11 shall obligate the Investor Member to cure or attempt to cure any default hereunder.

b. Notices to Investor Member. Notices to the Investor Member pursuant to this Section 4.11 shall be directed to the address for the Investor Member set forth in Section 5.5 below, or such other address as the Investor Member may subsequently designate to Beneficiary in writing. Any such notice shall be deemed delivered (i) when actually delivered to the Investor Member at such address, or (ii) three (3) calendar days after the notice has been deposited in the United States mails, postage prepaid, certified or registered mail, addressed to the Investor Member at such address. Rejection or refusal to accept such a notice, or inability to deliver such a notice because of changed address of which no notice of changed address was given, shall constitute delivery of such notice.

### ARTICLE 5 MISCELLANEOUS

5.1 Governing Law. This Deed of Trust shall be governed by the laws of the State of Oregon. In the event that any provision or clause of any of the Loan Documents conflicts with applicable laws, such conflicts shall not affect other provisions of such Loan Documents that can be given effect without the conflicting provision, and to this end the provisions of the Loan Documents are declared to be severable. This instrument cannot be waived, changed, discharged, or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge, or termination is sought.

5.2 Limitation of Interest. It is the intent of Grantor and Beneficiary in the execution of this Deed of Trust and the Note and all other instruments securing the Note to contract in strict compliance with the usury laws of the State of Oregon governing the loan evidenced by the Note. In furtherance thereof, Beneficiary and Grantor stipulate and agree that none of the terms and provisions contained in the Loan Documents shall ever be construed to create a contract for the use, forbearance, or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by the laws of the State of Oregon governing the loan evidenced by the Note. Grantor or any guarantor, endorser, or other party now or hereafter becoming liable for the payment of the Note shall never be liable for unearned interest on the Note and shall never be required to pay interest on the Note at a rate in excess of the maximum interest that may be lawfully charged under the laws of the State of Oregon, and the provisions of this Section shall control over all other provisions of the Note and any other instrument executed in connection herewith that may be in apparent conflict herewith. If a court of competent jurisdiction shall make a final determination that the performance of any provision of the Note shall result in a payment of an amount for such use, forbearance, or detention in excess of such rate, then (i) such provision shall be deemed to be appropriately modified to the extent necessary to reduce such amount to an amount not in excess of such rate; and (ii) any such excess amounts theretofore received by the holder of the Note shall be deemed to have been applied to the redemption at par of a like principal amount of the Note, and all necessary reallocations of subsequent payments with respect to such Note shall be made and appropriately annotated on such Note.

5.3 Statements by Grantor. Grantor, within ten (10) days after being given notice by mail, will furnish to Beneficiary a written statement stating the unpaid principal of and interest on the Note and any other amounts secured by this Deed of Trust and stating whether any offset or defense exists against such principal and interest.

5.4 Reconveyance by Trustee. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention, and upon payment by Grantor of Trustee's fees, Trustee shall reconvey to Grantor, or the person or persons legally entitled thereto, without warranty, any portion of the Trust Estate then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in any reconveyance may be described as "the person or persons legally entitled thereto."

5.5 Notices. All notices, demands, requests, or other communication of any kind (a "notice") that any party may be required or may desire to serve upon another party hereunder shall be sufficient if given or made in writing and shall be deemed delivered (a) when actually delivered to the addressee personally or at the address specified below, or (b) three (3) calendar days after the notice has been deposited in the United States mails, postage prepaid, certified or registered mail, addressed to the party at the address specified below. When any notice is given to Grantor, a copy of such notice will be delivered to Grantor's investor member and administrative member at the address set forth below. Rejection or refusal to accept a notice, or inability to deliver a notice because of changed address of which no notice of changed address was given, shall constitute delivery of any such notice to the addressee. Any party hereto may, by delivery of notice to the other parties, designate a different address.

Grantor:

Sky Meadows, LLC  
c/o Luckenbill-Drayton & Associates, LLC  
1007 NW Rimrock Drive  
Redmond, OR 97756

<u>Trustee:</u>	Chicago Title Insurance Company 1211 SW Fifth Ave., Suite 2130 Portland, OR 97204
<u>Beneficiary:</u>	Network for Oregon Affordable Housing 1020 SW Taylor, Suite 585 Portland, OR 97205
<u>Investor Members:</u>	Hunt Capital Partners Tax Credit Fund 24, LP c/o Hunt Capital Partners, LLC 15910 Ventura Blvd., Suite 1100 Encino, California 91436 Attention: Jeffrey Weiss  Hunt Capital Partners Tax Credit Fund 27, LP c/o Hunt Capital Partners, LLC 15910 Ventura Blvd., Suite 1100 Encino, California 91436 Attn: Jeffrey Weiss
<u>With a copy to:</u>	Nixon Peabody LLP 799 9 <sup>th</sup> Street, NW, Suite 500 Washington, DC 20001 Attention: Matthew W. Mullen
<u>Managing Member:</u>	LDA-Sky Meadows Development, LLC c/o Luckenbill-Drayton & Associates, LLC 1007 N.W. Rimrock Drive Redmond, Oregon 97756 Attention: Lisa Drayton
<u>With a copy to:</u>	Rita L. Spears, PC 5777 S. Rural Road, Ste. 4 Tempe, Arizona 85283 Attention: Rita Spears Fax No.: 480-966-2010
<u>Administrative Member:</u>	Klamath Housing Authority 1445 Avalon Street Klamath Falls, Oregon 97601 Attention: Diana Otero
<u>With a copy to:</u>	Miller Nash Graham & Dunn LLP 3400 U.S. Bancorp Tower 111 S.W. Fifth Avenue Portland, Oregon 97204 Fax No.: 503-224-0155

5.6 Acceptance by Trustee. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

5.7 Captions. The captions or headings at the beginning of each section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

5.8 Invalidity of Certain Provisions. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Trust Estate, the unsecured or partially secured portion of the debt shall be completely paid prior to the payment of the remaining and secured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the debt that is not secured or fully secured by the lien of this Deed of Trust. Further, the invalidity or unenforceability of any portion or provision of this Deed of Trust shall in no way affect the validity or enforceability of the remainder hereof.

5.9 Subrogation. To the extent that proceeds of the Note are used to pay any outstanding lien, charge, or prior encumbrance against the Trust Estate, such proceeds have been or will be advanced by Beneficiary at Grantor's request, and Beneficiary shall be subrogated to any and all rights and liens owed by any owner or holder of such outstanding liens, charges, and prior encumbrances, irrespective of whether said liens, charges, or encumbrances are released.

5.10 No Merger. If both the Grantor's and Ground Lessor's estates under the Ground lease, or both the lessor's and lessee's estates under any other lease or portion thereof that constitutes a part of the Trust Estate shall at any time become vested in one (1) owner, this Deed of Trust and the lien created hereby shall not be destroyed or terminated by application of the doctrine of merger and, in such event, Beneficiary shall continue to have and enjoy all of the rights and privileges of Beneficiary as to the separate estates. In addition, the foreclosure of the lien of this Deed of Trust shall not result in application of the law of merger, or as a matter of law, or as a result of such foreclosure unless Beneficiary or any purchaser at any such foreclosure sale shall so elect. No act by or on behalf of Beneficiary or any such purchaser shall constitute a termination of any lease or sublease unless Beneficiary or such purchaser shall

give written notice thereof to such tenant or subtenant.

5.11 Late Charge. Grantor recognizes that default by Grantor in making the payments under the Note and/or in any of the other Loan Documents when due will result in Beneficiary's incurring additional expense servicing the loan, loss to Beneficiary of the use of the money due, and frustration to Beneficiary in meeting its other loan commitments. In the event that any payment or portion thereof (other than any "balloon payment" due upon maturity of the Note) is not paid within ten (10) days after the date it is due, Beneficiary may collect, and the Grantor agrees to pay with such payment, a "late charge" of five percent (5%) for each dollar so overdue as liquidated damages for the additional expense of handling such delinquent payments. Such late charge represents the reasonable estimate of Beneficiary and Grantor of a fair, average compensation due to the failure of Grantor to make timely payments. In the event that any "balloon payment" due on the maturity date of the Note is not paid within ten (10) days after the date it is due, Beneficiary may collect, and Grantor agrees to pay with such payment, a late charge equal to the maximum late charge payable upon the failure to pay a monthly installment under the Note. Such late charge shall be paid without prejudice to the right of Beneficiary to collect any other amounts provided to be paid or to declare a default hereunder.

5.12 Severability; Modification. In the event that any provision or clause of any of the Loan Documents conflicts with applicable laws, such conflicts shall not affect other provisions of such Loan Documents that can be given effect without the conflicting provision, and to this end the provisions of the Loan Documents are declared to be severable. This instrument cannot be waived, changed, discharged, or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge, or termination is sought.

5.13 Time of the Essence. Time is of the essence of this Deed of Trust, the other Loan Documents, and the Project Agreements and the Ground Lease.

5.14 Relationship of Parties. All parties to this Deed of Trust agree and understand that in no event and under no circumstances shall the relationship between Beneficiary and any other parties hereto be deemed a joint venture or partnership. All parties hereby covenant and agree that in no event and under no circumstances shall Beneficiary be required to do any act or not do any act that would result in Beneficiary's being held to be responsible for the payment of any state or federal employee withholding tax. Grantor covenants and agrees to remain current at all times in the payment of any state or federal employee withholding tax.

5.15 Further Assurances. The parties agree to execute and deliver such further documents, instruments, and other agreements as are necessary or convenient to carry out the terms and purposes of this Deed of Trust.

5.16 Attorney Fees. Without limiting any other provision of this Deed of Trust, in the event action is instituted to enforce, interpret, or rescind this Deed of Trust or any of the other Loan Documents, or any term hereof or thereof, the prevailing party shall be entitled to recover attorney fees and all other reasonable costs incurred in the action, whether in connection with arbitration, trial, appeal, or collection of any judgment obtained, in addition to whatever other relief may be available to the party.

5.17 Limited Subordination. This Deed of Trust shall, to the extent provided below, be subordinate to such extended use agreements and/or land use restrictive covenants as may be recorded from time to time in favor of the State of Oregon acting by and through its Housing and Community Services Department with respect to the Trust Estate. This subordination shall cease to be effective as of the earlier of (a) the date the Trust Estate is acquired by foreclosure (or instrument in lieu of foreclosure), or (b) upon the termination of the "extended use period," as defined in Section 42(h)(6)(D) of the Internal Revenue Code, as amended, or any successor provision (the "Code"), or for such other reason provided in Section 42(h)(6)(E) of the Code. Provided, however, a limitation on the eviction of existing low-income tenants and a limitation on any increase in the gross rent with respect to units occupied by such existing low-income tenants, for the term and to the extent provided in Section 42(h)(6)(E)(ii) of the Code, shall survive such foreclosure or other termination of the extended use period applicable to the Trust Estate. This subordination shall be interpreted to constitute a subordination of this Deed of Trust, but only to the extent necessary to meet the requirements established under Section 42(h)(6)(B)(v) of the Code.

5.18 Limited Recourse Obligation. Except as otherwise provided in the Note, no member of Grantor shall be personally liable for repayment of the indebtedness secured by this Deed of Trust.



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

**GRANTOR:**

**SKY MEADOWS, LLC**, an Oregon limited  
Liability company

By: LDA-Sky Meadows Development, LLC, an  
Oregon limited liability company  
Its: Managing Member

By: Luckenbill-Drayton & Associates,  
LLC, an Oregon limited liability company  
Its: Manager

By: \_\_\_\_\_  
Lisa Drayton, Manager

**Ground Lessor:**

Klamath Housing Authority

By: \_\_\_\_\_  
Diana Otero, Executive Director

STATE OF OREGON            )  
  ) ss:  
COUNTY OF \_\_\_\_\_)

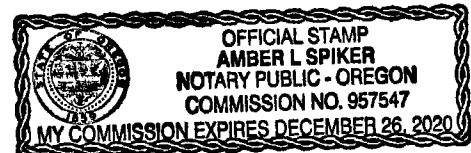
The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by Lisa Drayton, as Manager on behalf of Luckenbill-Drayton & Associates, LLC, an Oregon limited liability company manager on behalf of LDA-Sky Meadows Development LLC, and Oregon limited liability company Managing Member of Sky Meadows, LLC, an Oregon limited liability company.

\_\_\_\_\_  
Notary Public for Oregon  
My commission expires:

STATE OF OREGON            )  
COUNTY OF Klamath        ) ss:

The foregoing instrument was acknowledged before me this 22 day of April, 2019 by Diana Otero, as Executive Director on behalf of Klamath Housing Authority.

ASPIKER 12/26/2020  
\_\_\_\_\_  
Notary Public for Oregon  
My commission expires:



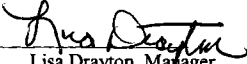
IN WITNESS WHEREOF, Grantor has executed this Deed of Trust as of the day and year first written above.

**GRANTOR:**

**SKY MEADOWS, LLC**, an Oregon limited  
Liability company

By: LDA-Sky Meadows Development, LLC, an  
Oregon limited liability company  
Its: Managing Member

By: Luckenbill-Drayton & Associates,  
LLC, an Oregon limited liability company  
Its: Manager

By:   
Lisa Drayton, Manager

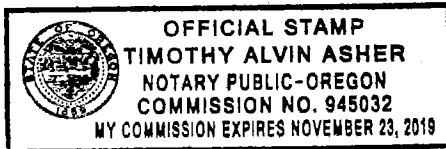
**Ground Lessor:**

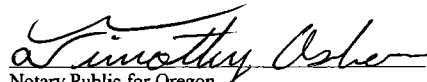
Klamath Housing Authority

By: \_\_\_\_\_  
Diana Otero, Executive Director

STATE OF OREGON                     )  
  ) ss:  
COUNTY OF Deschutes )

The foregoing instrument was acknowledged before me this 22<sup>nd</sup> day of April, 2019, by Lisa Drayton, as Manager on behalf of Luckenbill-Drayton & Associates, LLC, an Oregon limited liability company manager on behalf of LDA-Sky Meadows Development LLC, and Oregon limited liability company Managing Member of Sky Meadows, LLC, an Oregon limited liability company.



  
Notary Public for Oregon  
My commission expires: 11-23-2019

STATE OF OREGON                     )  
  ) ss:  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by Diana Otero, as Executive Director on behalf of Klamath Housing Authority.

\_\_\_\_\_  
Notary Public for Oregon  
My commission expires:

**EXHIBIT "A"**  
**LEGAL DESCRIPTION**

Parcel 1 of Land Partition 2-17 Replat of Parcel 2 of Land Partition 8-00, situated in SE 1/4 NE 1/4 Section 14, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, and recorded May 8, 2017 as instrument no. 2017-004773, records of Klamath County, Oregon.