

RECORDING REQUESTED BY
FIRST AMERICAN TITLE INSURANCE CO.
NATIONAL COMMERCIAL SERVICES

2020-015332

Klamath County, Oregon

11/23/2020 04:08:02 PM

Fee: \$242.00

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

FIRST BANK
Attn: Craig Wagner
4301 MacArthur Blvd.
Newport Beach, CA 92660

NCS-1024313-E-SA1

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

Account No. 875593
Map No. 3910-019B0-00602

LEASES ARE UNRECORDED

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

MADE BY

NEW HORIZON CHRISTIAN FELLOWSHIP

an Oregon non-profit corporation
1909 Homedale Road, Klamath Falls, Oregon, 97603
Hereinafter referred to as "**Trustor**"

TO

FIRST AMERICAN TITLE COMPANY OF OREGON

404 Main Street, Suite 1, Klamath Falls, Oregon, 97601
Hereinafter referred to as "**Trustee**"

IN FAVOR OF

FIRST BANK,

a Missouri state chartered bank
4301 MacArthur Blvd., Newport Beach, CA 92660
Hereinafter referred to as "**Beneficiary**"

For A Loan in The Amount Up To: \$1,345,000.00
Pertaining to Real Property Located In:
the County of Klamath, State of Oregon
As More Fully Described in the Attached **Exhibit "A"**

Dated as of: November 9, 2020

Maturity Date of Loan: November 30, 2025

TABLE OF CONTENTS

	<u>Page</u>
1. COVENANTS OF TRUSTOR	4
1.1 Performance	4
1.2 Insurance	4
1.3 Assignment of Proceeds.....	5
1.4 Taxes and Assessments.....	5
1.5 Perfection of Security	6
1.6 Rents and Income	6
1.7 Acceleration.....	7
1.8 Waste; Changes in Zoning; Subdivision.....	7
1.9 Books and Records.....	7
1.10 Defend Security	8
1.11 Damage and Destruction	8
1.12 Condemnation.....	8
1.13 Security Agreement and Fixture Filing.....	9
1.14 Compensation; Exculpation; Indemnification	9
1.15 Due On Sale and Encumbrance.....	9
2. EVENTS OF DEFAULT	10
3. REMEDIES FOR DEFAULT.....	10
3.1 List of Remedies for Default	10
3.1.1 Acceleration of Debt	10
3.1.2 Enter and Possess Property.....	10
3.1.3 Assemble and Deliver Personal Property	11
3.1.4 Judicial Foreclosure	11
3.1.5 Power of Sale	11
3.1.6 Appointment of a Receiver.....	11
3.1.7 Other Rights and Remedies.....	11
3.2 Sale of Property	11
3.2.1 Record Notices of Default and Sale	11
3.2.2 Right to Postpone Sale	11
3.2.3 Sale of Multiple Lots/Parcels	11
3.2.4 Right to Purchase at Nonjudicial Sale	11
3.2.5 Deed at Sale	12
3.3 Application of Proceeds	12
3.4 Waiver of Rights	12
3.5 Remedies Are Cumulative	12
3.6 Payment of Expenses	12
3.7 No Cure or Waiver.....	12
3.8 Power To File Notices and Cure Defaults.....	13
4. MISCELLANEOUS.....	13
4.1 Invalidity.....	13
4.2 Statement.....	13
4.3 Notices	13
4.4 Rights of Beneficiary To Release Debtors or Security	13
4.5 Inspection Rights.....	13
4.6 Reconveyance.....	14
4.7 Governing Law.....	14

4.8	Use of Pronouns.....	14
4.9	Headings; Underlining.....	14
4.10	Waiver	14
4.11	Successors and Assigns.....	14
4.12	Joint and Several Liability	14
4.13	Subrogation.....	14
4.14	Statutes of Limitation	14
4.15	Time of the Essence.....	14
4.16	Requests for Notice.....	14
4.17	Savings Clause.....	14
4.18	Acceptance of Trust; Powers and Duties of Trustee.....	15
4.19	Removal of Trustee.....	15
4.20	Amendments	15
4.21	Maturity Date	15
5.	ABSOLUTE ASSIGNMENT OF LEASES AND RENTS	15
5.1	Scope of Assignment.....	15
5.1.1	Rents.....	16
5.1.2	Leases.....	16
5.1.3	Security Deposits.....	16
5.2	Assignment	16
5.3	Grant of License.....	16
5.4	Revocation of License	16
5.5	Appointment of Trustor as Agent for Beneficiary	16
5.5.1	Purpose of Appointment.....	16
5.5.2	Notice To Trustor To Act as Agent	16
5.5.2	Deposit of Rents Collected	17
5.5.4	Purpose of Agency	17
5.6	Collection by Beneficiary.....	17
5.6.1	Notice to Lessees To Pay Rents to Beneficiary.....	17
5.6.2	Enter and Possess the Property	17
5.6.3	Specific Performance	17
5.7	Protection of Lessees	17
5.7.1	Notice to Lessees of Assignment	17
5.7.2	Reference to Assignment.....	17
5.8	Occurrence of Event of Default.....	17
5.8.1	Notice to Lessee To Comply With Leases	18
5.8.2	Lessee's Reliance on Notice From Beneficiary	18
5.8.3	No Duty for Lessee To Investigate	18
5.8.4	No Assumption by Beneficiary of Lease Obligations	18
5.8.5	Assignment Binding on Lessees	18
5.9	Application of Rents; Security Deposit	18
5.10	Covenants of Trustor	19
5.10.1	No Amendment or Termination of Leases	19
5.10.2	No Acceptance of Advance Rent	19
5.10.3	Delivery of Leases.....	19
5.10.4	Beneficiary's Rights To Inspect Books and Records.....	19
5.11	Priority of Assignment; Further Assurances.....	19
5.12	Beneficiary Not Responsible for Trustor's Obligations.....	19
5.13	Termination of Assignment	20
6.	OREGON SPECIFIC PROVISIONS	20
6.1	Disclaimer	20

6.2	Statute of Frauds.....	20
6.3	Insurance Obtained by Beneficiary	20

EXHIBITS

Exhibit "A"	Legal Description
Exhibit "B"	Description of Personal Property for Fixture Filing



DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS AND SECURITY AGREEMENT (INCLUDING FIXTURE FILING)

This DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS AND SECURITY AGREEMENT (INCLUDING FIXTURE FILING) ("**Deed of Trust**"), dated as of November 9, 2020, is being executed by NEW HORIZON CHRISTIAN FELLOWSHIP, an Oregon non-profit corporation ("**Trustor**"), whose address is 1909 Homedale Road, Klamath Falls, Oregon, 97603, the owner of the real property described in the attached **Exhibit "A"** ("**Real Property**"). This Deed of Trust is being executed by Trustor to FIRST AMERICAN TITLE COMPANY OF OREGON ("**Trustee**"), whose address is 404 Main Street, Suite 1, Klamath Falls, Oregon, 97601, in favor of FIRST BANK, a Missouri state chartered bank ("**Beneficiary**"), whose address is 4301 MacArthur Blvd., Newport Beach, CA 92660.

RECITALS

A. Beneficiary previously made a loan to Trustor in the original principal amount of One Million, Three Hundred Seventy-Five Thousand Dollars (\$1,375,000.00), but which principal amount is modified as of the date hereof to One Million, Three Hundred Forty-Five Thousand and no/100 Dollars (\$1,345,000.00) (the "**Loan**"), which loan is currently evidenced by:

(i) that certain Promissory Note Secured by Deed of Trust dated August 7, 2013 in the original face amount of One Million, Three Hundred Seventy-Five Thousand Dollars (\$1,375,000.00), executed by Borrower in favor of Lender (the "**Original Note**"), which Original Note was previously amended by that certain Amendment #1 to Promissory Note Secured by Deed of Trust dated August 7, 2020 (the "**Amendment to Note #1**"). The Original Note, as amended by Amendment to Note #1 (and when the context requires, as amended by the Amendment #2 to Note described in Recital C below) will be referred to herein as the "**Note**";

(ii) that certain Term Loan Agreement between Trustor and Beneficiary dated August 7, 2013 (as amended, as more particularly defined in Clause A of the Granting Clause below, the "**Loan Agreement**"); and

(iii) that certain Deed of Trust, Assignment of Leases and Rents and Security Agreement (Including Fixture Filing), dated August 7, 2013 and which was recorded on August 12, 2013, in the Official Records of Klamath County, Oregon as Instrument # 2013-009200, as amended by (a) that certain First Amendment to Deed of Trust, Assignment of Leases and Rents and Security Agreement (Including Fixture Filing) dated August 7, 2020 and which was recorded on August 27, 2020, in the Official Records of Klamath County, Oregon as Instrument #2020-010767 and (b) that certain Second Amendment to Deed of Trust, Assignment of Leases and Rents and Security Agreement (Including Fixture Filing) dated November 9, 2020, and which First Amendment is to be recorded in the Official Records of Klamath County, Oregon on or after November 9, 2020 (as the same may from time to time be further amended, modified, extended, renewed or restated, the "**Related Deed of Trust**"), which Related Deed of Trust encumbers certain parcels of real property (including the parcel commonly known as 1909 Homedale Road, Klamath Falls, Oregon, 97603, which is the address principally used by the Borrower) which parcels are described in the Related Deed of Trust.

B. Trustor desires to acquire another parcel of real property (as defined below, the "**Property**") commonly known as 6805 Highway 39, Klamath Falls, OR 97603 which is more particularly described on the attached Exhibit A) and Beneficiary is willing to advance additional amounts to Trustor under the Loan to provide funds to Trustor to facilitate the acquisition of said Property; provided that (among other things): (1) Trustor grants to Beneficiary a lien on the Property under the terms of this Deed of Trust, and (2) the Related Deed of Trust is amended (under the terms of that certain "Second Amendment to Deed of Trust, Assignment of Leases and Rents and Security Agreement (Including Fixture Filing)" of even date herewith) to reflect, among other things, that the property described therein continues to secure the Loan in the modified amount as described herein.

C. Accordingly, Trustor and Beneficiary are modifying the terms of the Loan Agreement by executing (concurrently herewith) that certain "Amendment #2 to Term Loan Agreement" of even date herewith between Beneficiary and Trustor (the "**Amendment #2 to Loan Agreement**") by which the current outstanding principal amount of the Loan is being increased to One Million, Three Hundred Forty-Five Thousand and no/100 Dollars (\$1,345,000.00), and by which the parties modify the Loan Agreement in certain other respects as more particularly described therein. In connection therewith, Beneficiary and Trustor have agreed to modify the Note by executing (concurrently herewith) that certain "Amendment #2 to Promissory Note Secured by Deed of Trust" of even date herewith (the "**Amendment #2 to Promissory Note**") by which the parties increase the principal amount of the Note to One Million, Three Hundred Forty-Five Thousand and no/100 Dollars (\$1,345,000.00) and by which the parties modify the Note in certain other respects as more particularly described therein.

D. In order to encumber the Real Property collateral under this Deed of Trust, and to reflect all of the terms of the Deed of Trust, the parties desire to enter into this Deed of Trust.

GRANTING CLAUSE

A. Beneficiary is advancing additional funds under the Loan to increase the principal amount of the Note to One Million, Three Hundred Forty-Five Thousand and no/100 Dollars (\$1,345,000.00) (which shall be the new principal amount of the "**Loan**" made by Beneficiary to Trustor). The terms of the Loan are evidenced by the Loan Agreement and the Note. The term "**Loan Agreement**" shall mean the Loan Agreement described in Recital A(ii) above, as amended by that certain Amendment #1 to Loan Agreement dated August 7, 2020 between Trustor and Beneficiary; and as further amended by the Amendment #2 to Loan Agreement described in Recital C above, as the same may from time to time be further amended, modified, extended, renewed or restated.

B. The term "**Note**" shall mean the Note described in Recital A(i) above, as the same may from time to time be further amended, modified, extended, renewed or restated. The Note is secured by (i) this Deed of Trust, which security instrument shall be recorded in the Official Records of Klamath County, Oregon (the "**County**") and shall encumber the Real Property, and (ii) the Related Deed of Trust described in Recital A(iii) above which shall continue to encumber the real and personal property collateral described therein.

C. Trustor hereby irrevocably grants, conveys, transfers and assigns to Trustee, its successors and assigns, in trust, with power of sale, right of entry and possession as provided below, for the benefit of Beneficiary, all of its present and future estate, right, title and interest in and to the following described property now or hereafter acquired ("**Property**"):

(1) The Real Property, and all minerals, oil, gas and other hydrocarbon substances on or under the surface of the Real Property, as well as all development rights, permits, licenses, air rights, water, water rights, and water stock relating to the Real Property.

(2) All present and future structures, buildings, improvements, appurtenances and fixtures of any kind on the Real Property, all apparatus, equipment and appliances used in connection with the operation or occupancy of the Real Property, such as heating and air-conditioning systems and facilities used to provide any utility services, refrigeration, ventilation, laundry, drying, dishwashing, garbage disposal, recreation or other services on the Real Property, and all window coverings, drapes and rods, carpeting and floor coverings, it being intended and agreed that all such items will be conclusively considered to be part of the Real Property conveyed by this Deed of Trust, whether or not attached or affixed to the Real Property ("**Improvements**").

(3) All personal property described in **Exhibit "B"** hereto, including without limitation all goods, fixtures, equipment, inventory, appliances, furniture and furnishings, building service equipment, building materials, supplies, and all replacements thereof, and equipment; all general intangibles, accounts, cash, instruments, deposit accounts (including, without limitation, any and all deposit accounts that Trustor may, from time to time, establish with Beneficiary into which the Cash Reserve Balance (as defined in the Loan Agreement) is deposited or held from time to time, together with all other deposit accounts established with Lender or any other financial institution or other depository), chattel paper, letter of credit, all governmental permits relating to any construction at the Real Property, and all rights to carry on business under any such names or all variants thereof, and all trademarks and goodwill; and all proceeds, including insurance proceeds pursuant to said insurance policies described herein, sales proceeds (whether resulting as a consequence of sales of single or multiple units constructed on the Real Property or a bulk or liquidation sale of all or any portion of such personal property), or damages or settlement proceeds received by or payable to Trustor arising from or related to any such personal property, or other personal property assets, in all events whether now owned or hereafter acquired by Trustor ("**Personal Property**").

(4) All appurtenances of the Real Property and all rights of Trustor in and to any streets, roads or public places, easements or rights of way, relating to the Real Property.

(5) All of the rents, royalties, profits and income of the Real Property, and all rights of Trustor under all present and future leases affecting the Real Property, including but not limited to any security deposits.

(6) All proceeds and claims arising on account of any damage to or taking of the Real Property or any Improvements thereon or any part thereof, and all causes of action and recoveries for any loss or diminution in the value of the Real Property or any Improvements.

SECURED OBLIGATIONS

This instrument secures the following obligations ("**Obligations**"):

(A) Payment and performance of Trustor's indebtedness and obligations under the Note, including all extensions, renewals and modifications of the Note.

(B) The payment and performance of Trustor's obligations under this Deed of Trust.

(C) The payment of all sums advanced or paid out by Beneficiary under or pursuant to any provision of this Deed of Trust or to protect the security of this Deed of Trust, together with interest thereon as provided herein.

(D) The payment of the principal and interest on all other future loans or advances made by Beneficiary to Trustor (or any successor in interest to Trustor as the owner of all or any part of the Property) when the promissory note evidencing such loan or advance specifically states that it is secured by this Deed of Trust ("**Future Advances**"), including all extensions, renewals and modifications of any Future Advances.

(E) The payment and performance of:

(1) Trustor's obligations under the documents evidencing and/or relating to the Loan, including without limitation the Loan Agreement, the Note and this Deed of Trust, and any and all other documents or agreements executed by Trustor in connection with the Loan, and all documents and agreements referenced in any of the foregoing (as the same may from time to time be further amended, modified, extended, renewed or restated, collectively, "**Loan Documents**"), and

(2) the payment and performance of Trustor's obligations under the Loan Agreement and under all other present and future agreements executed by Trustor in favor of Beneficiary and relating to the Note, including, and any and all other Loan Documents. All references in any of the Loan Documents to the Deed of Trust securing the Loan shall be deemed to refer to this Deed of Trust.

Trustor warrants that, except as disclosed to Beneficiary in a writing that refers to this warranty, Trustor lawfully possesses and holds fee simple title to the Property without limitation on the right to encumber, and that this Deed of Trust is a valid first and prior lien on the Property subject only to the encumbrances set forth in Schedule B, Part I of the title insurance policy issued in favor of Beneficiary that ensures the priority of this Deed of Trust. Trustor, at its sole cost and expense, shall at all times keep, protect, defend, and maintain title to the Property free and clear of any liens or encumbrances that would or could impair the validity or priority of this Deed of Trust and the Related Deed of Trust.

PROVIDED, HOWEVER, that (i) if the principal and interest and all other sums due or to become due under the Note, including, without limitation, any prepayment fee, premium or penalty, if required to be paid pursuant to the terms of the Note, shall have been paid at the time and in the manner stipulated therein and all other indebtedness secured hereby shall have been paid, or (ii) Trustor shall be entitled to the release of this Deed of Trust pursuant to the terms and conditions of the Loan Agreement, then in either such case, the estate, right, title and interest of Trustee and Beneficiary in the Property shall cease, and upon payment of Trustee's fees and costs and all recording costs and all reasonable attorneys' fees and other costs and expenses of Beneficiary and/or Trustee paid in connection with such release, Trustee shall release this Deed of Trust and the Property shall become wholly free of the liens, security interests, conveyances and assignments created and evidenced hereby. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

Provided further that the Obligations secured hereby shall not include the payment and performance of the covenants and obligations of Trustor under that certain Environmental Indemnity Agreement of even date herewith, which obligations and covenants are not, notwithstanding anything to the contrary contained herein, secured by this Deed of Trust.

AGREEMENT

1. **COVENANTS OF TRUSTOR.** To protect the security of this Deed of Trust, Trustor agrees:

1.1 **Performance.** To pay all indebtedness and perform all obligations that are secured by this Deed of Trust in accordance with their terms.

1.2 **Insurance.** To maintain in force on the Property hazard insurance, public liability insurance and any other insurance containing such deductibles and terms as requested from time to time by Beneficiary, or required by law or the Loan Agreement. Approval of any insurance by Beneficiary will not be a representation of the solvency of any insurer or the sufficiency of any amount or form of insurance.

1.3 Assignment of Proceeds. All insurance proceeds on the Property, all proceeds of a sale of all or any portion of the Property, and all causes of action, claims, compensation, awards and recoveries for any damage, condemnation or taking of all or any part of the Property or for any damage or injury to it or for any loss or diminution in value of the Property, are hereby assigned to and shall be paid to Beneficiary. At Beneficiary's option, Beneficiary may appear in and prosecute (either in its own name or in the name of Trustor) or participate in any suits or proceedings relating to any such proceeds, causes of actions, claims, compensation, awards or recoveries and may adjust, compromise or settle any claim in connection therewith. Beneficiary shall apply any sums received by it under this Section 1.3 first to the payment of all of its reasonable costs and expenses (including but not limited to legal fees and disbursements) incurred in obtaining those sums, and then, in its absolute discretion and without regard to the adequacy of its security, to the payment of the indebtedness and obligations secured by this Deed of Trust, except as provided in Section 1.11 below. Any application of such funds to the indebtedness secured hereby shall not be construed to cure or waive any Event of Default or invalidate any acts of Beneficiary arising out of such Event of Default.

1.3.1 Notwithstanding the foregoing or anything else in this Section 1.3, Trustor shall have the right in the event of any casualty or condemnation, to pay Beneficiary the amount required pursuant to the Loan Agreement to obtain a release of this Deed of Trust and to have the amount of all insurance proceeds and/or condemnation awards applied toward such amounts. If Trustor does not so elect, Beneficiary shall have the right to require Trustor to repair or restore such damage or destruction, as provided hereinbelow. Should Beneficiary elect to so require such repair or restoration, Beneficiary shall apply all sums received by it under this Section (after payment of its costs and expenses incurred in obtaining such sums) to such repair or restoration and, if such sums are insufficient for such restoration or repair, then, Trustor shall pay to Beneficiary, within thirty (30) days after demand by Beneficiary therefor, an amount equal to such insufficiency, and, if such insufficiency is not so paid and Beneficiary pays such insufficiency from its own funds, same shall be added on to the principal balance of the Note and shall bear interest thereafter at the default rate (as described in the Note). In the event that either (A) Trustor does not request that the Property be restored or repaired as allowed hereinabove and Beneficiary has not required such restoration or repair as allowed hereinabove, or (B) the conditions precedent to such restoration or repair have not been met and satisfied (or waived by Beneficiary as provided above); then, in any of such events, all remaining sums received by Beneficiary hereunder shall be applied by Beneficiary to reduce the Debt secured hereby (and shall be applied toward paying the amount required to obtain a release of this Deed of Trust pursuant to the Loan Agreement). If there are insurance proceeds and/or condemnation awards in excess of amounts needed for restoration or repair, and provided that no Event of Default has occurred and is continuing, such excess shall be returned to Trustor.

1.4 Taxes and Assessments. Trustor agrees to pay when due all taxes, fees, impositions, and assessments which are or may become a lien on all or any portion of or interest in the Property or which are assessed against the Property or its rents, royalties, profits and income. Trustor also agrees to pay when due all lawful claims and demands of mechanics, materialmen, laborers and others for any work performed or materials delivered with respect to the Property, subject to any provisions of the Loan Agreement permitting Trustor to contest any such claims or demands. In the event of the passage after the date of this Deed of Trust of any law of the State of Oregon, deducting from the value of land, for the purpose of taxation, any lien thereon, or changing in any way the laws now in force for the taxation of deeds of trust or debts secured by deeds of trust for state or local purposes or the manner of the collection of such taxes so as to affect this Deed of Trust, the entire principal balance under said Note, together with all accrued interest thereon, at the option of Beneficiary, without demand or notice, forthwith shall become due and payable; provided, however, that such option shall be ineffective if Trustor is permitted by law to pay the whole of such tax, in addition to all other payments required hereunder, and, if prior to such specified date, Trustor does pay such tax and agrees to pay any such tax when hereafter levied or assessed against the Property, and such agreement shall constitute a modification of this Deed of Trust.

1.5 Perfection of Security. Trustor agrees to execute and deliver to Beneficiary, from time to time on demand and at Trustor's cost and expense, any documents required to perfect and continue the perfection of Beneficiary's interest in the Property.

1.6 Rents and Income.

1.6.1 As set forth below, all of the existing and future rents, royalties, income, revenue, and profits of the Property (collectively "**Rents**") that arise from its use or occupancy are hereby absolutely and presently assigned to Beneficiary. However, until an Event of Default, Trustor will have a license to collect and receive the Rents. At any time following an Event of Default, Beneficiary may terminate Trustor's license in its discretion at any time without notice to Trustor and may thereafter collect the Rents itself or by an agent or receiver. Neither the foregoing assignment nor the exercise by Beneficiary of any of its rights or remedies under this Deed of Trust shall be deemed to make Beneficiary a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Property or the use, occupancy, enjoyment, or operation of all or any portion thereof, unless and until Beneficiary, in person or by agent, assumes actual possession thereof. Possession by a court-appointed receiver will not be considered possession by Beneficiary. Neither Beneficiary nor a receiver shall have an obligation to pay the costs of operation and management of the Property unless the Rents actually collected by Beneficiary or the receiver are sufficient to pay such costs.

1.6.2 Trustor shall obtain Beneficiary's prior written consent to the terms and tenants of all occupancy agreements and leases of all or any portion of the Property prior to Trustor's execution of any such lease or occupancy agreement. In addition, Trustor shall obtain Beneficiary's prior written consent to any standard form, and to any material deviation from such form, prior to the execution of any lease or occupancy agreement by Trustor.

1.6.3 Without the prior written consent of Beneficiary, Trustor shall not accept prepayments of rent exceeding one month under any leases or occupancy agreements affecting any of the Property, nor modify or amend any such leases or occupancy agreements, nor in any manner impair Beneficiary's interest in the Rents of the Property. Trustor shall fully and timely perform all covenants of the lessor under any such leases or occupancy agreements. Upon Beneficiary's request, Trustor shall execute and deliver to Beneficiary for recordation an assignment of leases on Beneficiary's form. Trustor represents and warrants that Trustor has good title to the leases and the full right and power to assign the same; and that no other person has any right, title, or interest therein; that Trustor has duly and punctually performed all the terms, covenants, conditions, and warranties of the leases on Trustor's part to be performed; that the leases are valid and unmodified and in full force and effect; that Trustor has not previously sold, assigned, transferred, hypothecated, or pledged the Rents, whether now due or hereafter to become due; that any Rents due and issuing from the Property or any portion thereof for any period after the date hereof have not been collected; and that payment of any of the Rents has not otherwise been anticipated, waived, released, discounted, set-off, or otherwise discharged or compromised; that Trustor has not received any funds or deposits from tenants other than as previously disclosed in a Tenant Estoppel; and that the tenants under the leases are not in default with respect to any of the terms of the leases. If any of the foregoing representations or warranties of Trustor shall be found to be untrue, or Trustor shall default in the observance or performance of any obligation, term, covenant, condition, representation, or warranty contained in this Section 1.6, then, in each such instance, upon Beneficiary's delivery of five (5) days' written notice to Trustor of such occurrence, the same shall constitute and be deemed to be a default under the Note, this Deed of Trust, the Loan Agreement, and the other Loan Documents, entitling Beneficiary to declare all sums secured by this Deed of Trust immediately due and payable, and to exercise any and all of the rights and remedies provided under this Deed of Trust, the Note, the Loan Agreement, and the other Loan Documents, in addition to any other rights or remedies it may have at law or in equity.

1.6.4 Each lease or occupancy agreement affecting any of the Property must provide, in a manner approved by Beneficiary, that the tenant shall recognize as its lessor any person

succeeding to the interest of Trustor upon any foreclosure of this Deed of Trust or transfer in lieu of foreclosure.

1.7 Acceleration. Without the prior written consent of Beneficiary (which consent may be withheld in Beneficiary's sole and absolute discretion), Trustor shall not sell, encumber, assign, contract to sell, grant an option to sell, lease, or otherwise transfer or convey the Property or any portion thereof or interest therein or suffer its title therein to be divested whether voluntarily, by operation of law or otherwise, and Trustor shall not dissolve, cease doing business or terminate its existence. If such an event occurs without Beneficiary's prior written consent, Beneficiary may, in its sole option and upon written notice to Trustor, accelerate the maturity date of the sums secured hereby and declare all such sums immediately due and payable.

1.8 Waste; Changes in Zoning; Subdivision.

1.8.1 Trustor shall not commit any waste on the Property or take any actions that might invalidate any insurance carried on the Property. Trustor shall maintain the Property, and every portion thereof, in good condition and repair. Beneficiary shall have the right, but not the obligation, to enter upon and take possession of the Property and to make additions, alterations, repairs, or improvements to the Property which Beneficiary may consider necessary or proper to keep the Property in good condition and repair. No Improvements may be removed, demolished or materially altered without the prior written consent of Beneficiary, which Beneficiary may withhold in its sole and absolute discretion. No personal property in which Beneficiary has a security interest may be removed from the Property unless it is immediately replaced by similar property of at least equivalent value on which Beneficiary will immediately have a valid first lien and security interest.

1.8.2 Without the prior written consent of Beneficiary, which Beneficiary may withhold in its sole and absolute discretion, Trustor shall not seek, make or consent to any change in the zoning or conditions of use of the Property. Trustor, at its sole cost, shall comply with and make all payments required under the provisions of any covenants, conditions or restrictions affecting the Property, including but not limited to those contained in any declaration and constituent documents of any condominium, cooperative or planned development project on the Property. Trustor, at its sole cost, shall comply with all existing and future requirements of all governmental authorities having jurisdiction over the Property.

1.8.3 If this Deed of Trust covers a subdivision or common interest development ("**Subdivision**"), as defined under any Oregon law relating to the development or sale of a "common interest development" or a "subdivision," Trustor shall obtain, comply with and keep in effect all present and future permits, maps, bonds and other agreements required by applicable laws and regulations for the lawful construction or sale of the Subdivision lots and/or units. Trustor must also maintain an active sales program for the Subdivision, and always be in a position to convey insurable title to the lots and/or units to purchasers.

1.9 Books and Records.

1.9.1 Trustor shall keep adequate books and records of account of the Property and its own financial affairs on an accrual basis sufficient to permit the preparation of financial statements therefrom in accordance with generally accepted accounting principles. Beneficiary shall have the right to examine, copy and audit Trustor's records and books of account at all reasonable times. If the Property is at any time used for commercial or residential income purposes, Trustor will deliver to Beneficiary, upon request, certified financial statements and profit and loss statements for Trustor and the Property prepared in accordance with generally accepted accounting principles.

1.9.2 Trustor will promptly furnish from time to time, upon Beneficiary's request, a duly acknowledged written statement setting forth all amounts due on the indebtedness secured by

this Deed of Trust and stating whether any offsets or defenses exist, and containing such other matters as Beneficiary may reasonably require.

1.10 Defend Security. Trustor shall, at its own expense, appear in and defend any action or proceeding that might affect Beneficiary's security or the rights or powers of Beneficiary or that purports to affect any of the Property. If Trustor fails to perform any of its covenants or agreements contained in this Deed of Trust, the Loan Agreement, or any of the other Loan Documents, or if any action or proceedings of any kind (including but not limited to any bankruptcy, insolvency, arrangement, reorganization or other debtor relief proceeding) is commenced which might affect Beneficiary's interest in the Property or Beneficiary's right to enforce its security, then Beneficiary may, at their option, make any appearances, disburse any sums and take any actions as may be necessary or desirable to protect or enforce the security of this Deed of Trust or to remedy the failure of Trustor to perform its covenants, including without limitation payment on behalf of Trustor of any taxes, assessments, liens, insurance premiums, and repair or maintenance costs (without, however, waiving any default of Trustor). Trustor agrees to pay all reasonable out-of-pocket expenses of Beneficiary thus incurred (including but not limited to fees and disbursements of counsel). Any sums disbursed or advanced by Beneficiary shall be additional indebtedness of Trustor secured by this Deed of Trust and shall be payable by Trustor upon demand. Any such sums so disbursed or advanced by Beneficiary shall bear interest at the Default Interest Rate as set forth in the Note. This Section 1.10 shall not be construed to require Beneficiary to incur any expenses, make any appearances, or take any other actions.

1.11 Damage and Destruction. Notwithstanding anything contained herein to the contrary, if any part of the Property is damaged or destroyed by any means, including, without limitation, by flood, earthquake, wind or fire, Trustor shall promptly restore the Property to its prior undamaged condition, in accordance with the following:

1.11.1 Trustor shall present within 60 days of such damage or destruction to Beneficiary a plan for restoration which includes, among other things, plans and specifications prepared by an architect satisfactory to Beneficiary, cost estimates and time schedules which in Beneficiary's sole discretion are satisfactory;

1.11.2 Trustor shall enter into, with Beneficiary's prior written consent, which consent shall not be unreasonably withheld, a contract with contractor(s) providing for complete restoration in accordance with such restoration plan previously approved by Beneficiary within three (3) months of such damage or destruction; and

1.11.3 The insurance proceeds available by reason of such damage or destruction that are received by Beneficiary pursuant to Section 1.3 above (less Beneficiary's costs and expenses incurred in obtaining such funds) plus additional sums provided to Beneficiary by Trustor for restoration purposes shall be at least equal to the anticipated costs of completing such construction, which anticipated costs shall include, but not be limited to, appropriate interest reserves and contingency funds reasonably required by Beneficiary.

When Trustor has complied with all of the preceding portions of this Section 1.11, Beneficiary may condition disbursement of the sums specified in Subsection 1.11.3 above to Trustor on terms and conditions such as those governing disbursements of loan funds in construction loans made by Beneficiary for similar properties.

1.12 Condemnation. Trustor hereby assigns to Beneficiary, as security for Trustor's obligations under the Loan Documents, all compensation, awards and other payments (collectively, "**Compensation**") payable to Trustor in connection with any taking of all or any portion of the Property for public use, and any proceeds of any related settlement regardless of whether eminent

domain proceedings are instituted in connection therewith. Trustor shall deliver to Beneficiary immediately upon receipt all Compensation and related settlement proceeds.

1.13 Security Agreement and Fixture Filing. This Deed of Trust is intended to be and shall constitute a Security Agreement as defined in the Oregon Commercial Code, the Trustor being the Debtor and the Beneficiary being the Secured Party. Trustor hereby grants Beneficiary a security interest in any items of personal property described in **Exhibit "B"** attached hereto which are not herein effectively made a part of the real property, for the purpose of securing all indebtedness and other obligations of Trustor now or hereafter secured by this Deed of Trust. Trustor agrees to execute and deliver financing and continuation statements covering said property from time to time in such form as Beneficiary may require to perfect and continue the perfection of Beneficiary's security interest with respect to said property, and to reimburse Beneficiary for any costs incurred in filing such financing statements and any continuation statements. Trustor shall not create or allow the creation of any other security interest in said property. Upon the occurrence of any default by Trustor hereunder, Beneficiary shall have the rights and remedies of a secured party under the Oregon Commercial Code, as well as all other rights and remedies available at law or in equity or as provided herein, all at Beneficiary's option. Trustor and Beneficiary agree that the filing of a financing statement in the records normally having to do with personal property shall never be construed as in any way derogating from or impairing this declaration and the hereby stated intention of the parties hereto that everything used in connection with the operation or occupancy of said property or the production of income therefrom is and, at all times and for all purposes and in all proceedings, both legal and equitable, shall be regarded as real property encumbered by this Deed of Trust, irrespective of whether (a) any such item is physically attached to the buildings and improvements, (b) serial numbers are used for the better identification of certain equipment, or (c) any such item is referred to or reflected in any such financing statement so filed at any time. Such mention in the financing statement is declared to be for the protection of the Beneficiary in the event any court or judge shall at any time hold that notice of Beneficiary's priority of interest must be filed in the Commercial Code records to be effective against a particular class of persons, including, but not limited to, the federal government and any subdivisions or entity of the federal government.

1.14 Compensation; Exculpation; Indemnification.

1.14.1 Trustor hereby agrees to indemnify Beneficiary against, and holds them harmless from all losses, damages, liabilities, claims, causes of action, judgments, court costs, attorneys' fees and other legal expenses, cost of evidence of title, cost of evidence of value, and other expenses which either may suffer or incur (a) by reason of this Deed of Trust; or (b) by reason of the execution of this trust or in performance of any act required or permitted hereunder or by law; or (c) as a result of any failure of Trustor to perform Trustor's obligations; or (d) by reason of any alleged obligation or undertaking on Beneficiary's part to perform or discharge any of the representations, warranties, conditions, covenants or other obligations contained in any other document related to the Property. Notwithstanding the foregoing, Trustor shall not be liable under this Subsection 1.14.1 to the extent that Trustor establishes that such liability is attributable solely and directly to the gross negligence or willful misconduct of Beneficiary.

1.14.2 Trustor shall pay all indebtedness arising under this Section 1.14 immediately upon demand by Beneficiary together with interest thereon from the date the indebtedness arises at the Default Interest Rate set forth in the Note (after giving effect to any notice and/or cure periods). Trustor's duty to indemnify Beneficiary shall survive the release and cancellation of the Obligations and the release and reconveyance or any partial release or reconveyance of this Deed of Trust.

1.15 Due On Sale and Encumbrance. Trustor acknowledges and agrees that the creditworthiness and expertise of Trustor in owning and operating the Property covered by this Deed of Trust which secures the Note is the basis upon which Beneficiary has determined that it is protected against impairment of the security and risk of default and thereby has agreed to lend Trustor the

principal sum set forth above. Except as may be expressly set forth in the Loan Agreement for any "**Permitted Transfer**" (as defined in the Loan Agreement), Trustor agrees that: (a) said Property shall not be sold, agreed to be sold, conveyed, transferred, assigned, disposed of, or further encumbered, whether voluntarily, involuntarily, by operation of law or otherwise, and (b) any event constituting a "**Transfer**" (as defined in the Loan Agreement) shall cause the then outstanding principal balance and interest thereon and other sums secured by this Deed of Trust, at the option of Beneficiary, to immediately become due and payable.

2. EVENTS OF DEFAULT. An "**Event of Default**" shall have occurred under this Deed of Trust upon the occurrence of any of the following after the expiration of any applicable notice and cure period:

2.1 Trustor fails timely to make any payment required by the Note, any future advances, or any of the other Loan Documents; or

2.2 Trustor breaches any warranty or fails to perform any other covenant contained in this Deed of Trust or any of the other Loan Documents, and does not cure that failure within the period of time, if any, that Beneficiary may elect in its sole discretion to grant in writing to Trustor to cure that failure; or

2.3 A majority of the members of the Board of Directors of Trustor withdraw as members of the Board of Directors of Trustor or otherwise materially alter their relationship with Trustor without the prior written consent of Beneficiary; or

2.4 Any other Event of Default occurs under the Loan Agreement, the Note, or any of the other Loan Documents, or a default occurs under any other agreement of Trustor relating to the Loan.

At any time following an Event of Default (but not before), Beneficiary may, at its option, notify any tenants or other parties of the existence of the assignment of Rents contained herein. Trustor does hereby specifically authorize, instruct and direct each and every present and future tenant, lessee and licensee of the whole or any part of the Property to pay all unpaid and future Rents to Beneficiary upon receipt of a written notice from Beneficiary that an Event of Default has occurred, together with a demand from Beneficiary to so pay the same and Trustor hereby agrees that each such present and future tenant, lessee and licensee may rely upon such written demand notice and from Beneficiary to so pay said Rents without any inquiry into whether there exists an Event of Default hereunder or under the other Loan Documents or whether Beneficiary is otherwise entitled to said Rents.

3. REMEDIES FOR DEFAULT.

3.1 List of Remedies for Default. At any time following an Event of Default, Beneficiary may, at its option, and without notice to or demand upon Trustor (except as may be required under applicable law):

3.1.1 Acceleration of Debt. Declare any or all indebtedness secured by this Deed of Trust to be due and payable immediately;

3.1.2 Enter and Possess Property. Enter onto the Property, in person or by agent or by court appointed receiver, and take any and all steps which may be desirable in Beneficiary's judgment to complete any unfinished construction and/or to manage, operate, preserve, develop, maintain and protect the Property, and Beneficiary may apply any Rents, royalties, income or profits collected against the Obligations secured by this Deed of Trust without in any way curing or waiving any default of Trustor;

3.1.3 Assemble and Deliver Personal Property. Cause Trustor to assemble any Personal Property and deliver it to Beneficiary at a place designated by Beneficiary;

3.1.4 Judicial Foreclosure. Bring a court action to foreclose this Deed of Trust or to enforce its provisions or any of the indebtedness or Obligations secured by this Deed of Trust;

3.1.5 Power of Sale. Trustee agrees to have and to hold in trust this Deed of Trust, together with all and singular the privileges and appurtenances, thereunto belonging. Nevertheless, in the case of default in the payment of the Note, this Deed of Trust, the Loan Agreement, or any of them, or any part thereof, or in the payment of the interest thereon, according to the tenor and effect of the Note, this Deed of Trust, the Loan Agreement, or any of them, or in the payment of any prior encumbrance, principal or interest, if any, or in case default shall be made in or in case of violation or breach of any of the terms, conditions, covenants or agreements herein contained, Beneficiary hereunder or the legal holder of the indebtedness secured hereby may declare a violation of any of the covenants herein contained and elect to exercise the power of sale in the manner provided under applicable law. If a release deed be required, it is agreed that Trustor, its heirs or assigns, will pay the expense thereof;

3.1.6 Appointment of a Receiver. Beneficiary shall have the right to petition the court, on an ex parte basis, for the appointment of a receiver for the Property. Trustor acknowledges and agrees that Beneficiary is entitled to the appointment of a receiver for the Property without regard to (a) the adequacy of the collateral or (b) the existence of any waste with respect to the Property. TRUSTOR HEREBY CONSENTS TO THE APPOINTMENT OF A RECEIVER ON AN EX PARTE BASIS. BENEFICIARY MAY PROVIDE ANY COURT WITH A COPY OF THIS AGREEMENT AS PROOF OF BENEFICIARY'S AUTHORITY, AND TRUSTOR'S CONSENT THERETO, TO OBTAIN A RECEIVER FOR THE PROPERTY. Such right shall be exercised, if at all, by Beneficiary in Beneficiary's sole and absolute discretion at any time on or after the date hereof; and/or

3.1.7 Other Rights and Remedies. Exercise any other right or remedy available under any of the Loan Documents or otherwise available under law or in equity, including without limitation, rights and remedies with respect to the Personal Property that are available to a Secured Party under the Oregon Uniform Commercial Code.

3.2 Sale of Property.

3.2.1 Record Notices of Default and Sale. For any sale under the power of sale granted by this Deed of Trust, Beneficiary shall cause Trustee to record and give all notices required by law. After compliance with such notice requirements, and upon the expiration of such time as is required by law, Trustee may sell the Property upon any terms and conditions specified by Beneficiary and permitted by applicable law.

3.2.2 Right to Postpone Sale. Trustee may postpone any sale by public announcement at the time and place noticed for the sale.

3.2.3 Sale of Multiple Lots/Parcels. If the Property consists of several lots or parcels, Beneficiary in its discretion may designate their order of sale or may elect to sell them through a single sale, or through two (2) or more successive sales, or in any other manner Beneficiary may elect. In the event Beneficiary elects to dispose of the Property through more than one (1) sale, Trustor shall pay the costs and expenses of each such sale and of any judicial proceedings wherein the same may be made.

3.2.4 Right to Purchase at Nonjudicial Sale. Any person, including Trustor, Trustee and Beneficiary, may purchase at any sale, and Beneficiary shall have the right to purchase

at any sale hereunder by crediting upon the bid price the amount of all or any part of the indebtedness secured hereby.

3.2.5 Deed at Sale. Upon the completion of the sale, Trustee shall execute and deliver to the purchaser or purchasers a deed or deeds conveying the property sold, but without any covenant or warranty, express or implied, and the recitals in the deed or deeds of any facts affecting the regularity or validity of the sale shall be conclusive against all persons.

3.3 Application of Proceeds. The proceeds of any sale under this Deed of Trust shall be applied in the following manner:

3.3.1 First, Payment of the costs and expenses of the sale, including but not limited to Trustee's fees, legal fees and disbursements, title charges and transfer taxes, and payment of all expenses, liabilities and advances of Trustee, together with interest on all advances made by Trustee at the maximum rate permitted to be charged by Trustee under applicable law.

3.3.2 Second, Payment of all sums expended by Beneficiary under the terms of this Deed of Trust and not yet repaid, together with interest on such sums at the Default Interest Rate set forth in the Note.

3.3.3 Third, Payment of the entire indebtedness and Obligations of Trustor secured by this Deed of Trust, in any order that Beneficiary chooses.

3.3.4 Fourth, The remainder, if any, to the person or persons legally entitled to it.

3.4 Waiver of Rights. Trustor, for itself, its successors and assigns, waives all rights to direct the order in which any of the Property shall be sold in the event of any sale under this Deed of Trust, and also any right to have any of the Property marshaled upon any sale. The Trustor shall not apply for or avail itself of any appraisal, valuation, redemption, stay, extension or exemption laws, or any so-called "moratorium laws", now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Deed of Trust, and the Trustor hereby waives the benefit of such laws. The Trustor, for itself, its successors and assigns, hereby wholly waives the period of redemption and any right of redemption provided under any existing or future law in the event of a foreclosure of this Deed of Trust. The Trustor, for itself and all who may claim through or under it, hereby agrees that any court having jurisdiction to foreclose such lien may order the Property sold as an entirety. The Trustor hereby waives any order or decree of foreclosure, pursuant to the rights herein granted, on behalf of the Trustor, and each and every person acquiring any interest in or title to the Property, subsequent to the date of this Deed of Trust, and on behalf of all other persons to the extent permitted by applicable law.

3.5 Remedies Are Cumulative. All remedies contained in this Deed of Trust are cumulative, and Beneficiary has all other remedies provided by law, in equity, or in any other agreement between Trustor and Beneficiary. No delay or failure by Beneficiary to exercise any right or remedy under this Deed of Trust shall be construed to be a waiver of that right or remedy or of any default by Trustor. Beneficiary may exercise any one (1) or more of its rights and remedies at its option without regard to the adequacy of its security.

3.6 Payment of Expenses. Trustor shall pay all of Beneficiary's and Trustee's reasonable expenses incurred in any efforts to enforce any terms of this Deed of Trust, whether or not any lawsuit is filed, including but not limited to legal fees and disbursements, foreclosure costs, escrow fees, filing fees, recording fees, and title charges.

3.7 No Cure or Waiver. Neither Beneficiary's nor Trustee's nor any receiver's entry upon and taking possession of all or any part of the Property, nor any collection of Rents, issues, profits, Proceeds, other security or proceeds of other security, or other sums, nor the application of any

collected sum to any Obligation, nor the 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 Obligations then due have been paid and performed and Trustor 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 this Deed of Trust.

3.8 Power To File Notices and Cure Defaults. Subject to any notice and cure rights set forth herein or in any of the other Loan Documents, Trustor hereby irrevocably appoints Beneficiary and its successors and assigns as Trustor's attorney-in-fact, which agency is coupled with an interest:

(a) to execute and record any notices of completion, cessation of labor, or any other notices that Beneficiary deems appropriate to protect Beneficiary's interest, and

(b) upon the occurrence of an Event of Default, to perform any obligation of Trustor hereunder; provided, that:

(c) Beneficiary, as such attorney-in-fact, shall only be accountable for such funds as are actually received by Beneficiary; and

(d) Beneficiary shall not be liable to Trustor or any other person or entity for any failure to act under this section.

4. MISCELLANEOUS.

4.1 Invalidity. The invalidity or unenforceability of any one or more provisions of this Deed of Trust will in no way affect any other provision.

4.2 Statement. Trustor agrees to pay Beneficiary a reasonable charge, not to exceed the maximum allowed by law, for giving any statement of the status of the obligations secured by this Deed of Trust.

4.3 Notices. All notices given under this Deed of Trust must be in writing and will be effectively served upon personal delivery or, if mailed, no later than forty-eight (48) hours after deposit in first class or certified United States mail, postage prepaid, sent to Beneficiary at its address appearing in the recording information block on the front page of this Deed of Trust and sent to Trustor at its address appearing below its signature, which address may be changed by written notice. However, the service of any notice of default or notice of sale under this Deed of Trust as required by law will, if mailed, be effective on the date of mailing.

4.4 Rights of Beneficiary To Release Debtors or Security. Without affecting Trustor's liability for the payment of any of the indebtedness secured by this Deed of Trust, Beneficiary may from time to time and without notice to Trustor (a) release any person liable for the payment of this indebtedness, (b) extend or modify the terms of that indebtedness, (c) accept additional real or personal property of any kind as security, or alter, substitute or release any property securing that indebtedness, or (d) consent to the making of any map or plat of the Property, or to reconvey any part of the Property, or to join in granting any easement or creating any restriction on the Property, or to join in any subordination or other agreement affecting this Deed of Trust.

4.5 Inspection Rights. Beneficiary may at any reasonable times enter upon and inspect the Property in person or by agent.

4.6 Reconveyance. Upon the payment in full of all sums secured by this Deed of Trust, Beneficiary agrees to reconvey the Property, and upon payment by Trustor of its fees and all other sums owing to it under this Deed of Trust, Beneficiary shall reconvey the Property without warranty to the person or persons legally entitled to it. Such person or persons must pay all costs of recordation. The recitals in the reconveyance of any facts will be conclusive as to all persons. The grantee in the reconveyance may be described as "the person or persons legally entitled thereto."

4.7 Governing Law. This Deed of Trust and all rights and obligations hereunder shall be governed by and interpreted according to the laws of the State of Oregon.

4.8 Use of Pronouns. The term "**Trustor**" includes both the Trustor and any subsequent owner or owners of any of the Property, and the term "**Beneficiary**" includes the Beneficiary and also any future owner or holder, including pledges and participants, of the Note or any interest therein. Whenever the context requires, the singular includes the plural and vice versa and each gender includes each other gender.

4.9 Headings; Underlining. The headings of the articles and sections of this Deed of Trust are for convenience only and do not limit its provisions. The use of underlining in this Deed of Trust is for convenience only, and the parties understand and agree that the presence or absence of underlining shall not be used in interpreting or construing this Deed of Trust or any provision hereof.

4.10 Waiver. Neither the acceptance of any partial or delinquent payment or performance nor the failure to exercise any rights upon a default shall be a waiver of Trustor's obligations hereunder. Beneficiary's consent to any act or omission by Trustor will not be a consent to any other or subsequent act or omission or a waiver of the need for such consent in any future or other instance.

4.11 Successors and Assigns. Subject to the provisions of Section 1.7 hereof, the terms of this Deed of Trust shall bind and benefit heirs, legal representatives, successors and assigns of Trustor and Beneficiary.

4.12 Joint and Several Liability. If Trustor consists of more than one person or entity, each shall be jointly and severally liable to perform the obligations of Trustor.

4.13 Subrogation. Beneficiary shall be subrogated to the lien of all encumbrances, whether released of record or not, paid in whole or in part by Beneficiary pursuant to this Deed of Trust or by the proceeds of any loan secured by this Deed of Trust.

4.14 Statutes of Limitation. Trustor hereby waives the pleading of any and all statutes of limitation as a defense to any action brought against Trustor by Beneficiary, to the fullest extent permitted by law.

4.15 Time of the Essence. Time is of the essence as to all obligations under this Deed of Trust.

4.16 Requests For Notice. Trustor requests that a copy of any notice of default and notice of sale required by law be mailed to it at its address set forth above.

4.17 Savings Clause. Regardless of any provision contained in this Deed of Trust, the Loan Documents, or any documents executed or delivered in connection therewith, Beneficiary will never be considered to have contracted for or to be entitled to charge, receive, collect, or apply as interest and hereby disavows any intention to so receive, collect, or apply as interest, any amount in excess of the maximum amount permissible under applicable law. Without limiting its general applicability, the preceding sentence specifically applies to any acceleration of the Obligations or any part thereof. In the event that Beneficiary ever receives, collects, or applies as interest any such

excess, the amount which would be excessive interest will be applied to the reduction of the principal balance of the Obligations, and, if the principal balance of the Obligations is paid in full, any remaining excess shall forthwith be paid to Trustor, and Trustor agrees to accept such payment from Beneficiary, together with interest on such sums at the maximum lawful rate then in effect. In determining whether the interest paid or payable exceeds the maximum amount permissible under applicable law, Beneficiary and Trustor shall, to the greatest extent permitted under applicable law:

4.17.1 characterize any non-principal payment (other than payments which are expressly designated as interest payments hereunder) as an expense or fee rather than as interest;

4.17.2 exclude voluntary prepayments and the effect thereof; and

4.17.3 amortize, prorate, allocate, and spread the total amount of interest throughout the entire contemplated item of the Obligations so that the interest rate is uniform throughout the term.

4.18 Acceptance of Trust; Powers and Duties of Trustee. Trustee accepts this trust when this Deed of Trust is recorded. From time to time upon written request of Beneficiary and presentation of this Deed of Trust for endorsement, and without affecting the personal liability of any person for payment of any indebtedness or performance of any Obligation secured hereby, Trustee may, without liability therefor and without notice, and upon the direction of Beneficiary: reconvey all or any part of the Property; consent to the making of any map or plat thereof; join in any grant of easement thereon, any declaration of CC&Rs, any extension agreement or any agreement subordinating the lien or charge hereof.

4.19 Removal of Trustee. Beneficiary may remove Trustee or any successor Trustee at any time or times and appoint a successor Trustee by recording a written substitution in the county where the Real Property covered by this Deed of Trust is located, or in any other manner permitted by law. Upon that appointment, all of the powers, rights and authority of Trustee will immediately become vested in its successor.

4.20 Amendments. This Deed of Trust cannot be altered, amended, modified, terminated, waived, released or discharged except in a writing signed by the party against whom enforcement is sought. To the extent permissible under applicable law, any amendments or modifications hereof or of the Loan Documents shall not affect the priority of the lien of this Deed of Trust, and any person or entity purporting to have or to take a junior deed of trust or other lien upon the Property or any interest therein shall be subject to the rights of the Beneficiary to amend, modify, increase, vary, alter or supplement this Deed of Trust and/or any of the other Loan Documents. This right shall include, without limitation, the right to extend the maturity date of any or all of the secured Obligations, the right to increase the Obligations secured hereby and the right to waive or forebear the exercise of any of its rights hereunder or under any of the other Loan Documents, in each and every case without obtaining the consent of the holder of such junior lien and without the lien or security interest of this Deed of Trust losing its priority over the rights of any such junior lien.

4.21 Maturity Date. The Maturity Date, as set forth in the Loan Agreement and Note (as amended), is November 30, 2025. Notwithstanding the foregoing, the “**Maturity Date,**” may be amended, shortened, extended or modified from time to time by way of an amendment or restatement or modification to or of the Loan Agreement or the Note.

5. ABSOLUTE ASSIGNMENT OF LEASES AND RENTS.

5.1 Scope of Assignment. Trustor hereby absolutely and irrevocably grants, sells, assigns, transfers and sets over to Beneficiary:

5.1.1 Rents. All of the rents, issues, profits, royalties, income and other benefits (collectively, "**Rents**") now existing or hereafter created and affecting all or any portion of the Property or the use or occupancy thereof.

5.1.2 Leases. All of Trustor's right, title and interest in and to all leases, subleases, subtenancies, licenses, occupancy agreements and concessions covering Property or any portion thereof or space therein now or hereafter existing, including all modifications, amendments, extensions and renewals thereof, and all rights and privileges incident thereto (collectively hereafter referred to as the "**Leases**").

5.1.3 Security Deposits. All security deposits, guaranties and other security now or hereafter held by Trustor as security for the performance of the obligations of the Lessees under the Leases.

5.2 Assignment. This Assignment is intended by Trustor and Beneficiary to create and shall be construed to create an assignment to Beneficiary of all of Trustor's right, title and interest in the Rents and in the Leases. Trustor and Beneficiary further agree that, during the term of this Assignment, the Rents shall not constitute property of Trustor (or of any estate of Trustor) within the meaning of 11 U.S.C. Section 541, as amended from time to time.

5.3 Grant of License. By its acceptance of this Assignment and so long as an Event of Default shall not have occurred and be continuing hereunder, Beneficiary hereby grants to Trustor a revocable license to enforce the Leases, to collect the Rents, to apply the Rents to the payment of costs and expenses incurred in connection with the development, construction, operation, maintenance, repair and restoration of the Property, and to any indebtedness secured thereby and to distribute the balance, if any, to Trustor.

5.4 Revocation of License. Upon the occurrence of an Event of Default, and at any time thereafter during the continuance of such default, Beneficiary shall have the right to exercise any and all remedies available, including without limitation the right to revoke the license granted to Trustor hereby by giving written notice of such revocation to Trustor. Upon such revocation, Trustor shall promptly deliver to Beneficiary all Rents then held by Trustor and Beneficiary shall thereafter be entitled to enforce the Leases, to collect and receive, without deduction or onset, all Rents payable thereunder, including, but not limited to, all Rents which were accrued and unpaid as of the date of such revocation and to apply such Rents as provided in this Deed of Trust.

5.5 Appointment of Trustor as Agent for Beneficiary.

5.5.1 Purpose of Appointment. Upon such revocation, Beneficiary may, at its option, appoint Trustor to act as agent for Beneficiary for the purpose of:

- (a) Managing and operating the Property and paying all expenses incurred in connection therewith and approved by Beneficiary.
- (b) Enforcing the provisions of the Leases.
- (c) Collecting all Rents due thereunder.

5.5.2 Notice To Trustor To Act as Agent. If Beneficiary so elects, Beneficiary shall give written notice thereof to Trustor and Trustor agrees to act as agent of assignee for the purpose or purposes specified in such notice. Trustor shall promptly comply with all instructions and directions from Beneficiary with respect thereto. Trustor shall not be entitled to any management fee, commission or other compensation unless expressly agreed to in writing by Beneficiary.

5.5.3 Deposit of Rents Collected. All Rents collected by Trustor as agent for Beneficiary pursuant to this Paragraph shall be immediately deposited in an insured account in the name of Beneficiary in a bank or other financial institution designated by Beneficiary. All Rents collected by Trustor and all amounts deposited in such account, including interest thereon, shall be the property of Beneficiary and Trustor shall not be entitled to withdraw any amount from such account without the prior written consent of Beneficiary.

5.5.4 Purpose of Agency. The agency hereby created shall be solely responsible for the purpose of implementing the provisions of this Assignment and collecting the Rents due Beneficiary hereunder. Nothing contained herein shall place upon Beneficiary the responsibility for the management, control, operation, repair, maintenance or restoration of the Property nor shall Beneficiary be liable under or be deemed to have assumed Trustor's obligations with respect to the Leases. Beneficiary may at any time terminate the agency relationship with Trustor by written notice to Trustor.

5.6 Collection by Beneficiary. Upon the occurrence of an Event of Default and at any time thereafter during the continuance thereof, Beneficiary shall have the right, in addition to the rights granted pursuant to this Section 5.6 hereof, to collect all or any portion of the Rents assigned hereby directly or through a court-appointed receiver or pursuant to a notice to the Lessees. Such rights shall include without limitation any and all of the following:

5.6.1 Notice to Lessees To Pay Rents to Beneficiary. The right to notify the Lessee or Lessees under the Leases, with or without taking possession of the Property, to demand that all Rents under such Leases thereafter be paid to Beneficiary;

5.6.2 Enter and Possess the Property. The right to enter into possession of the Property, to assume control with respect to and to pay all expenses incurred in connection with the development, construction, operation, maintenance, repair or restoration of the Property, to enforce all Leases and to collect all Rents due thereunder, to apply all Rents received by Beneficiary, to amend, modify, extend, renew and terminate any or all Leases, to execute new Leases and to do all other acts which Beneficiary shall determine, in its sole discretion, to be necessary or desirable to carry out the purposes of this Assignment; and

5.6.3 Specific Performance. The right to specifically enforce the provisions of this Assignment and if Beneficiary shall so elect, to obtain the appointment of a receiver pursuant to and in accordance with the provisions of this Deed of Trust.

5.7 Protection of Lessees. Trustor and Beneficiary agree that all Lessees under any Leases shall be bound by and required to comply with the provisions of this Assignment. In connection therewith, Trustor and Beneficiary further agree as follows:

5.7.1 Notice to Lessees of Assignment. If requested by Beneficiary, Trustor shall: (a) notify each Lessee under any Lease now affecting all or any portion of the Property of the existence of this Assignment and the rights and obligations of Trustor and Beneficiary hereunder; (b) provide each Lessee with a copy of this Assignment; and (c) obtain such Lessee's agreement to be bound and comply with the provisions hereof.

5.7.2 Reference to Assignment. All Leases hereafter executed with respect to the Property or any portion thereof shall contain a reference to this Assignment and shall state that such Lessee shall be bound by and shall comply with the provisions hereof.

5.8 Occurrence of Event of Default. Upon the occurrence of an Event of Default and at any time thereafter during the continuance thereof, Beneficiary may, at its option, send any Lessee a notice to the effect that: (a) an Event of Default has occurred and that Beneficiary has revoked

Trustor's license to collect the Rents; (b) Beneficiary has elected to exercise its rights under this Assignment; and (c) such Lessee is thereby directed to thereafter make all payments of Rents and to perform all obligations under its lease or for the benefit of Beneficiary or as Beneficiary shall direct.

5.8.1 Notice to Lessee To Comply With Leases. Upon receipt of any such notice from Beneficiary, each Lessee is hereby instructed by Trustor and Beneficiary to comply with the provisions of such notice, to make all payments of Rents and to perform all obligations under the lease to and for the benefit of Beneficiary or as Beneficiary shall direct. Such notice and direction shall remain effective until the first to occur of:

(a) the receipt by Lessee of a subsequent notice from Beneficiary to the effect that such Event of Default has been cured or that Beneficiary has appointed Trustor to act as agent for Beneficiary pursuant to this Assignment;

(b) the appointment of a receiver pursuant to this Assignment, in which event such Lessee shall thereafter make payments of Rents and perform all obligations under the leases as may be directed by such receiver; or

(c) the issuance of an order of a court of competent jurisdiction terminating this Assignment or otherwise directing such Lessee to pay Rents and perform its obligations in a manner inconsistent with said notice.

5.8.2 Lessee's Reliance on Notice From Beneficiary. Each Lessee shall be entitled to rely upon any notice from Beneficiary and shall be protected with respect to any payment of Rents made pursuant to such notice.

5.8.3 No Duty for Lessee To Investigate. Each Lessee who receives a notice from Beneficiary pursuant to this Assignment shall not be required to investigate or determine the validity or accuracy of such notice or the validity or enforceability of this Assignment. Trustor hereby agrees to indemnify, defend and hold such Lessee harmless from and against any and all loss, claim, damage or liability arising from or related to payment of Rents or performance of obligations under any lease by such Lessee made in good faith in reliance on and pursuant to such notice.

5.8.4 No Assumption by Beneficiary of Lease Obligations. The payment of Rents to Beneficiary pursuant to any such notice and the performance of obligations under any Lease to or for the benefit of Beneficiary shall not cause Beneficiary to assume or be bound by the provisions of such Lease, including, but not limited to, duty to return any security deposit to the Lessee under such lease unless and to the extent such security deposit was paid to Beneficiary by Trustor.

5.8.5 Assignment Binding on Lessees. The provisions of this Section 5.8 are expressly made for the benefit of and shall be binding on and enforceable by each Lessee under any Lease now or hereafter affecting all or any portion of the Property.

5.9 Application of Rents; Security Deposits. All Rents received by Beneficiary pursuant to this Assignment shall be applied by Beneficiary in any manner permitted under applicable law and/or, in Beneficiary's sole discretion, to any of the following:

5.9.1 First, to pay any costs and expenses of collection of the Rents that may be incurred by Beneficiary;

5.9.2 Second, to pay any costs and expenses incurred by Beneficiary in connection with the development, construction, operation, maintenance, repair or restoration of the Property;

5.9.3 Third, to the establishment of reasonable reserves for working capital and for anticipated or projected costs and expenses of the Property, including, without limitation, capital improvements which may be necessary or desirable or required by law;

5.9.4 Fourth, to the payment of any indebtedness then owing by Trustor to Beneficiary; and Thereafter, to remit the remainder, If any, to the person or persons entitled thereto.

In connection therewith, Trustor further agrees that all Rents received by Beneficiary from any Lessee may be allocated, if Beneficiary so elects, to the payment of all current obligations of such Lessee under its Lease and not to amounts which may be accrued and unpaid as of the date of revocation of Trustor's license to collect such Rents. Beneficiary may, but shall have no obligation to, pursue any Lessee for the payment of Rents which may be due under its lease with respect to any period prior to the exercise of Beneficiary's rights under this Assignment or which may become due thereafter. Beneficiary shall not be liable to any Lessee for the payment or return of any security deposit under any lease unless and to the extent that such security deposit has been paid to and received by Beneficiary, and Trustor agrees to indemnify, defend and hold Beneficiary harmless from and against any and all losses, claims, damages or liabilities arising out of any claim by a Lessee with respect thereto. Trustor further agrees that the collection of Rents by Beneficiary and the application of such Rents by Beneficiary to the costs, expenses and obligations referred to herein shall not cure or waive any default or Event of Default or invalidate any act (including, but not limited to, any sale of all or any portion of the Property or any property now or hereafter securing the Loan) done in response to or as a result of such Event of Default or pursuant to any notice of default or notice of sale issued pursuant to this Deed of Trust.

5.10 Covenants of Trustor. Trustor agrees as follows:

5.10.1 No Amendment or Termination of Leases. Trustor shall not enter into, amend, modify or terminate any lease of all or any portion of the Property, except in accordance with the provisions of this Deed of Trust;

5.10.2 No Acceptance of Advance Rent. Trustor shall not accept advance rent in excess of one (1) month from any Lessee without the prior written consent of Beneficiary;

5.10.3 Delivery of Leases. Upon request by Beneficiary, Trustor shall provide Beneficiary with true, correct and complete copies of all Leases, together with such other information relating to the Leases or to the Lessees thereunder as Beneficiary shall reasonably request; and

5.10.4 Beneficiary's Rights To Inspect Books and Records. Upon request of Beneficiary, Trustor shall make available to Beneficiary all books, records, financial statements and other information relating to the Leases, the collection of all Rents, and the disposition and disbursement thereof.

5.11 Priority of Assignment; Further Assurances. Trustor hereby represents and warrants that the Assignment of Rents hereby granted is a first priority assignment and that no other assignments of all or any portion of the Rents or the leases exist or remain outstanding. Trustor agrees to take such action and to execute, deliver and record such documents as may be reasonably necessary to evidence such assignment, to establish the priority thereof and to carry out the intent and purpose hereof, if requested by Beneficiary, Trustor shall execute a specific assignment of any lease now or hereafter affecting all or any portion of the Property.

5.12 Beneficiary Not Responsible for Trustor's Obligations. Nothing contained herein shall operate or be construed to obligate Beneficiary to perform any of the terms, covenants and conditions contained in any lease or otherwise to impose any obligation upon Beneficiary with respect to any lease, including, but not limited to, any obligation arising out of any covenant of quiet enjoyment therein contained in the event the Lessee under any such Lease shall have been joined as a party

defendant in any action to foreclose and the estate of such Lessee shall have been thereby terminated. Prior to actual entry into and taking possession of the Property by Beneficiary, this Assignment shall not operate to place upon Beneficiary any responsibility for the operation, control, care, management or repair of the Property or any portion thereof and the execution of this Assignment by Trustor shall constitute conclusive evidence that all responsibility for the operation control, care, management and repair of the Property is and shall be that of Trustor, prior to such actual entry and taking of possession.

5.13 Termination of Assignment. A full and complete release and reconveyance of this Deed of Trust shall operate as a full and complete release of all of Beneficiary's rights and interest hereunder. Upon the recordation of such release and reconveyance, this Assignment shall thereafter be void and of no further effect.

6. OREGON SPECIFIC PROVISIONS.

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

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

6.3 Insurance Obtained by Beneficiary. UNLESS YOU PROVIDE BENEFICIARY WITH EVIDENCE OF THE INSURANCE COVERAGE AS REQUIRED BY THE LOAN AGREEMENT, THE BENEFICIARY MAY PURCHASE INSURANCE AT YOUR EXPENSE TO PROTECT ITS INTEREST. THIS INSURANCE MAY, BUT NEED NOT, ALSO PROTECT TRUSTOR'S INTEREST. IF THE COLLATERAL BECOMES DAMAGED, THE COVERAGE BENEFICIARY PURCHASES MAY NOT PAY ANY CLAIM TRUSTOR MAKES OR ANY CLAIM MADE AGAINST TRUSTOR. TRUSTOR MAY LATER CANCEL THIS COVERAGE BY PROVIDING EVIDENCE THAT IT HAS OBTAINED PROPERTY COVERAGE ELSEWHERE.

TRUSTOR IS RESPONSIBLE FOR THE COST OF ANY INSURANCE PURCHASED BY BENEFICIARY. THE COST OF THIS INSURANCE MAY BE ADDED TO TRUSTOR'S LOAN BALANCE. IF THE COST IS ADDED TO TRUSTOR'S LOAN BALANCE, THE INTEREST RATE ON THE UNDERLYING LOAN WILL APPLY TO THIS ADDED AMOUNT. THE EFFECTIVE DATE

OF COVERAGE MAY BE THE DATE TRUSTOR'S PRIOR COVERAGE LAPSED OR THE DATE TRUSTOR FAILED TO PROVIDE PROOF OF COVERAGE.

THE COVERAGE BENEFICIARY PURCHASES MAY BE CONSIDERABLY MORE EXPENSIVE THAN INSURANCE TRUSTOR CAN OBTAIN ON ITS OWN AND MAY NOT SATISFY ANY NEED FOR PROPERTY DAMAGE COVERAGE OR ANY MANDATORY LIABILITY INSURANCE REQUIREMENTS IMPOSED BY APPLICABLE LAW

THIS DEED OF TRUST MAY SECURE, AMONG OTHER THINGS, PROMISSORY NOTES THAT PROVIDE FOR, AMONG OTHER THINGS, ADJUSTMENTS TO THE RATE OF INTEREST. THIS DEED OF TRUST IS A LIEN AGAINST THE PROPERTY DESCRIBED HEREIN. NO FURTHER DEED OF TRUST WILL BE RECORDED AGAINST THE REAL PROPERTY WITHOUT THE PRIOR WRITTEN CONSENT OF BENEFICIARY. FAILURE TO COMPLY WITH THIS PROVISION SHALL CONSTITUTE A DEFAULT AND THE LOAN SHALL IMMEDIATELY BECOME DUE AND PAYABLE. CONSENT TO ONE FURTHER ENCUMBRANCE SHALL NOT BE DEEMED TO BE A WAIVER OF THE RIGHT TO REQUIRE SUCH CONSENT TO FUTURE OR SUCCESSIVE ENCUMBRANCES.

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

Trustor:

NEW HORIZON CHRISTIAN FELLOWSHIP, an
Oregon non-profit corporation

By: 

Michael Voight, President

By: 

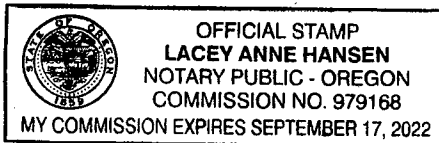
Larry Powers, Secretary

STATE OF OREGON)

) SS.

COUNTY OF Klamath)

This instrument was acknowledged before me on Nov. 10, 2020 by **Michael Voight**, as President of NEW HORIZON CHRISTIAN FELLOWSHIP, an Oregon non-profit corporation, on behalf of the corporation.



Lacey Hansen
Notary Public - State of Oregon

My commission expires: Sept 17, 2022

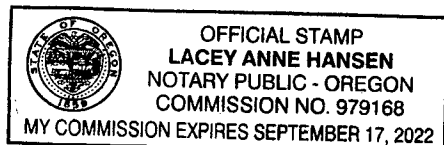
Official Stamp

STATE OF OREGON)

) SS.

COUNTY OF Klamath)

This instrument was acknowledged before me on Nov. 10, 2020 by **Larry Powers**, as Secretary of NEW HORIZON CHRISTIAN FELLOWSHIP, an Oregon non-profit corporation, on behalf of the corporation.



Lacey Hansen
Notary Public - State of Oregon

My commission expires: Sept 17, 2022

Official Stamp

EXHIBIT "A"
LEGAL DESCRIPTION

The Land referred to herein below is situated in the County of Klamath, State of Oregon, and is described as follows:

PARCEL 2 OF LAND PARTITION 50-94, LOCATED IN THE NORTHWEST 1/4 OF SECTION 19, TOWNSHIP 39 SOUTH, RANGE 10 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON.

For conveyancing purposes only said Land is commonly known as 6805 Highway 39, Klamath Falls, OR 97603 and is identified by Code No. 170 Account No. 875593 Map No. 3910-019B0-00602.

EXHIBIT "B"
DESCRIPTION OF PERSONAL PROPERTY FOR FIXTURE FILING

THIS FINANCING STATEMENT AND SECURITY AGREEMENT ENCUMBERS THE FOLLOWING "PERSONAL PROPERTY":

1. REAL PROPERTY RIGHTS, APPURTENANCES AND IMPROVEMENTS. All present and future structures, buildings, improvements and fixtures of any kind on the real property described in the attached **Exhibit "A"** ("**Real Property**"), which is incorporated herein by this reference, as well as:

1.1 all appurtenances of the Real Property and all rights in and to any streets, roads or public places, easements or rights of way, relating to the Real Property, and all minerals, oil, gas and other hydrocarbon substances on or under the surface of the Real Property, as well as all development rights, permits, licenses, air rights, water and water rights relating to the Real Property, and all existing and future goods and tangible personal property located on the Real Property or wherever located and used or useable in connection with the use, operation or occupancy of the Real Property or in construction of any improvements thereon, including, but not limited to, apparatus, equipment and appliances used to supply air cooling, air conditioning, heat, gas, water, light, power, refrigeration, ventilation, laundry, drying, dishwashing, garbage disposal, waste removal, recreation or other services on the Real Property; and

1.2 all elevators, escalators, and related machinery and equipment, fire prevention and extinguishing apparatus, security and access control apparatus, partitions, ducts, compressors, plumbing, ovens, refrigerators, dishwashers, disposals, washers, dryers, awnings, storm windows, storm doors, screens, blinds, shades, curtains and curtain rods, mirrors, cabinets, paneling, rugs, attached floor coverings, furniture, pictures, antennas, pools and spas and pool and spa operation and maintenance equipment and apparatus; and

1.3 all trees and plants located on the Real Property, and all renewals or replacements thereof or articles in substitution thereof; it being intended and agreed that all such items will be conclusively considered to be part of the Real Property, whether or not attached or affixed to the Real Property ("**Improvements**").

2. COLLATERAL. All right, title and interest in and to the following described property and any and all products and proceeds thereof, now owned or hereafter acquired (sometimes all of such being collectively referred to herein as the "**Collateral**"):

2.1 General Intangibles. All general intangibles relating to design, development, operation, management and use of the Real Property and construction of the Improvements, including, but not limited to:

2.1.1 all names under which or by which the Real Property or the Improvements may at any time be operated or known, all rights to carry on business under any such names or any variants thereof, and all goodwill in any way relating to the Real Property;

2.1.2 all permits, licenses, authorizations, variances, land use entitlements, approvals and consents issued or obtained in connection with the construction, maintenance or operation of the Improvements;

2.1.3 all permits, licenses, approvals, consents, authorizations, franchises and agreements issued or obtained in connection with the use, occupancy or operation of the Real Property;

2.1.4 all rights as a declarant (or its equivalent) under any covenants, conditions and restrictions or other matters of record affecting the Real Property;

2.1.5 all materials prepared for filing or filed with any governmental agency;

2.1.6 all rights under any contract in connection with the development, design, use, operation, management and construction of the Real Property and/or the Improvements; and

2.1.7 all books and records prepared and kept in connection with the acquisition, construction, operation and occupancy of the Real Property and the Improvements;

2.2 Contracts. All construction, service, management, engineering, consulting, leasing, architectural, design, landscape and other similar contracts of any nature, as such may be modified, amended or supplemented from time to time, concerning the design, construction, management, operation, occupancy, use, and/or disposition of any portion of or all of the Real Property;

2.3 Plans and Reports. All architectural, design and engineering drawings, plans, specifications, working drawings, shop drawings, general conditions, addenda, soil tests and reports, feasibility studies, appraisals, engineering reports, environmental reports and similar materials relating to any portion of or all of the Real Property and/or the Improvements and all modifications, supplements and amendments thereto;

2.4 Sureties. All payment and performance bonds or guarantees, and any and all modifications and extensions thereof relating to the Real Property and/or the Improvements;

2.5 Payments. All reserves, deferred payments, deposits, refunds, cost savings, letters of credit and payments of any kind relating to the construction, design, development, operation, occupancy, use and disposition of all or any portion of the Real Property and/or the Improvements, including, without limitation, any property tax rebates now owing or hereafter payable;

2.6 Loan Proceeds. All proceeds of the loan secured hereby;

2.7 Claims. All proceeds and any claims arising on account of any damage to or taking of the Real Property and/or the Improvements or any part thereof, and all causes of action and recoveries for any loss or diminution in the value of the Real Property and/or the Improvements;

2.8 Insurance. All policies of, and proceeds resulting from, insurance relating to the Real Property, Improvements or any of the Collateral, and any and all riders, amendments, renewals, supplements or extensions thereof, and all proceeds thereof;

2.9 Deposits. All deposits made with or other security given to utility companies with respect to the Real Property and/or the Improvements, and all advance payments of insurance premiums made with respect thereto and claims or demands relating to insurance and all deposit accounts wherever located;

2.10 Stock. All shares of stock or other evidence of ownership of any part of the Real Property that are owned in common with others, including all water stock relating to the Real Property, if any, and all documents or rights of membership in any owners' or members' association or similar group having responsibility for managing or operating any part of the Real Property and/or the Improvements;

2.11 Sale Contracts. All sales contracts, escrow agreements and broker's agreements concerning the sale of any or all of the Real Property and/or the Improvements, and all amendments thereto; and

2.12 Income. All income (including, without limitation, tithings, pledges, gifts, commitments and givings), rents, revenues, issues, deposits, receipts, profits and proceeds, and accounts receivable generated from the use and operation, of the Real Property, the Improvements and the Collateral to which Trustor may be entitled, whether now due, past due or to become due including, without limiting the above items, all "Goods", "Accounts", "Documents", "Instruments", "Money", "Chattel Paper" and "General Intangibles", as those terms are defined in the Oregon Commercial Code from time to time in effect.

ATTENTION: COUNTY CLERK/RECORDER — THIS INSTRUMENT COVERS GOODS THAT ARE OR ARE TO BECOME FIXTURES ON THE REAL PROPERTY DESCRIBED HEREIN AND IS TO BE FILED FOR RECORD IN THE RECORDS WHERE DEEDS OF TRUST AND MORTGAGES ON REAL ESTATE ARE RECORDED.

ADDITIONALLY, THIS INSTRUMENT SHOULD BE APPROPRIATELY INDEXED, NOT ONLY AS A DEED OF TRUST OR MORTGAGE, BUT ALSO AS A FINANCING STATEMENT COVERING GOODS THAT ARE OR ARE TO BECOME FIXTURES ON THE REAL PROPERTY DESCRIBED HEREIN. THE MAILING ADDRESSES OF THE TRUSTOR (DEBTOR) AND BENEFICIARY (SECURED PARTY) ARE SET FORTH IN THIS INSTRUMENT.