

AFTER RECORDING RETURN TO:

CHARLES R. MARKLEY
Amerititle, LLC
300 Klamath Avenue
Klamath Falls, OR 97601

552750.AM(dg)

COMMERCIAL DEED OF TRUST AND SECURITY AGREEMENT
WITH ASSIGNMENT OF RENT

THIS DOCUMENT CONSTITUTES A FIXTURE
FILING IN ACCORDANCE WITH THE OREGON
UNIFORM COMMERCIAL CODE

THIS DEED OF TRUST AND SECURITY AGREEMENT WITH ASSIGNMENT OF RENT (herein "Deed of Trust") is made this 27th day of October 2022, by and between Brendan Fowler, as grantor (herein "Grantor"), whose address is 1540 Pacific Terrace, Klamath Falls, OR 97601, AmeriTitle, 300 Klamath Ave., Klamath Falls, OR 97601, as trustee (herein "Trustee"), and Karen L. Felstein as beneficiary and secured party (herein "Beneficiary"), whose address is 3456 Bahia West, Unit A, Laguna Woods, CA 92637.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is acknowledged, the parties agree as follows:

SECTION 1
GRANT AND CONVEYANCE

1. Grantor grants, conveys, bargains and sells to Trustee, in trust, with power of sale, all of Grantor's right, title and interest, now owned and hereafter acquired, in and to the following described and defined Real Property, Personal Property, Tenant Leases, and Proceeds (which are herein sometimes referred to collectively as the "Premises"):

1.1 The Real Property: The real property described on Exhibit "A" hereto, including all of Grantor's right, title and interest now held or hereafter acquired in and to all the lands and improvements belonging or in any way pertaining to the real property, and all rights of ingress and egress thereto (herein the "Real Property"), together with all equipment situated upon or used in connection with the Real Property, and all rent payable by any tenants.

1.2 Promissory Note. This Deed of Trust is given to secure payment and performance of that certain Promissory Note of even date herewith (the "Note") which requires

and any other indebtedness owed by Grantor to Beneficiary. The final payment of principal and accrued interest under the Note, if not sooner paid, is due and payable on November 10, 2026 ("Maturity Date").

SECTION 2 GRANTOR'S COVENANTS AND WARRANTIES

2. Grantor warrants, covenants and agrees to Trustee and Beneficiary as follows:

2.1 Warranty of Title. Grantor warrants that Grantor is the absolute legal and equitable owner of, and has good and marketable title to, the Premises free of all liens, claims, security interests, encumbrances, easements or restrictions whatsoever, except that the Real Property is subject to those matters set forth on Exhibit "B" hereto (the "Permitted Exceptions").

2.2 Document. The execution, delivery and performance by Grantor of this Deed of Trust and the borrowing evidenced by the Note: (a) are within the power of Grantor.

2.3 Payment of Taxes. Grantor shall pay, when due and before delinquency, all taxes (as defined below) with respect to the Real Property. Grantor shall have the right to pay any taxes in installments pursuant to and subject to any statute or ordinance allowing such method of payment. Upon demand, Grantor shall provide beneficiary with evidence, satisfactory to beneficiary, of all such payments. "Taxes" or "Tax" shall mean and include, without limitation, all personal and real property taxes and assessments, both general and special, and all other taxes or imposition, whether public or private of any kind and nature, levied, assessed or imposed upon the Real Property.

2.4 Construction, Maintenance and Repair. Without limiting Grantor's obligations under any other agreement executed in favor of Beneficiary, Grantor shall keep the Real Property and Personal Property in as good an operating order, repair and condition as they presently exist, and shall not commit or permit any waste thereof.

2.5 Alteration. Grantor shall not, without the prior written consent of Beneficiary, which consent may be granted or withheld in Beneficiary's sole discretion, erect any buildings or additions to existing buildings or other structures on the Premises or demolish or remove any improvements on the Premises.

2.6 Compliance with Laws. Grantor shall comply with all laws, ordinances, regulations, easement agreements, covenants, conditions and restrictions affecting the Premises or the operation thereof. Grantor shall not cause, permit nor suffer any violation of any of the foregoing and shall pay all fees or charges of any kind in connection therewith.

2.7 Obligation to Insure. Grantor shall at all times provide, maintain and keep in force, at its own cost and expense, the following policies of insurance, and such other insurance as Beneficiary may require from time to time:

(a) Property Damage Insurance. Until the Note is paid in full, Grantor will procure and maintain policies of all-risk insurance with standard extended coverage endorsements on a replacement-cost basis covering all improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause and with loss payable to Holder under a standard mortgagee's clause, and Maker as their respective interests may appear. The policies must be primary with respect to all covered risks and must be written in such form with such terms and by such insurance companies reasonably acceptable to Holder. Maker will deliver to Holder certificates of coverage from each insurer containing a stipulation that coverage will not be canceled or diminished without a minimum of 30 days' written notice to Holder. In the event of loss, Maker will give immediate notice to Holder. Holder may make proof of loss if Maker fails to do so within 15 days of the casualty.

(b) Liability Insurance. During the term of this Note, Maker will maintain commercial general liability insurance with a combined single limit of not less than \$3,000,000, with limits of not less than \$1,000,000 for injury to one person and \$2,000,000 for injury to two or more persons in one occurrence, and \$500,000 for damage to property. Such insurance must be written on an occurrence basis and must be primary with respect to all other insurance covering any of the insured risks; must cover all risks arising directly or indirectly out of Maker's activities on or any condition of the Real Property, whether or not related to an occurrence caused or contributed to by Holder's negligence; must include a contractual liability clause to protect Maker against the claims of Holder on account of the obligations assumed by Maker under Section 7; and must protect Holder and Holder against claims of third persons. Such policies must be written in such form, with such terms and by such insurance companies reasonably acceptable to Holder. Maker will deliver to Holder certificates of coverage from each insurer containing a stipulation that coverage will not be canceled or diminished without a minimum of 30 days' written notice to Holder.

(c) Application of Proceeds. All proceeds of any insurance on the Real Property must be paid to and held by Holder. If Maker elects to restore the Real Property, Maker will repair or replace the damaged or destroyed improvements in a manner satisfactory to Holder. On satisfactory proof of lien-free restoration of the Real Property to at least its condition and value immediately before the damage or destruction, Holder will pay or reimburse Maker from the proceeds (net of Holder's cost of recovering and administering such proceeds and monitoring Maker's restoration activities) for the reasonable cost of repair or restoration to the extent of such proceeds received by Holder. If Maker elects not to restore the Real Property, and the net proceeds are sufficient to pay all amounts owed Holder under this Note, Holder will retain a sufficient amount of the proceeds to pay all amounts owed Holder under this Note and will pay the balance to Maker. Any proceeds that have not been paid out within 60 days after their receipt and that Maker has not committed to the repair or restoration of the Real Property must be used to prepay first accrued interest and then principal of Maker's indebtedness.

(d) "All Risk" insurance against loss or damage to the improvements Real Property and the Personal on the Property by fire and any and all of the risks covered by insurance of the type known as of the date hereof as "fire and extended coverage," in an amount not less than the full replacement cost of the and Personal Property, as determined from time to time by Beneficiary, without deduction for depreciation. The amount deductible from the loss payable for any casualty shall not exceed \$1,000. Such policy of insurance shall contain (a) the "replacement cost endorsement", (b) a loss payable endorsement in favor of Beneficiary in form reasonably acceptable to Beneficiary, and (c) an endorsement waiving any breach of warranty by Grantor.

2.8 Delivery of Insurance Policies, Payment of Premiums. Grantor shall furnish Beneficiary with a copy of each policy of insurance required hereunder and a certificate of each policy of insurance required hereunder, each such certificate setting forth the coverage, the limits of liability, the name of the carrier, the policy number and the expiration date.

2.9 Casualty Insurance Proceeds. Insurance proceeds shall be paid directly to Beneficiary, who may deal directly with any insurance company. All proceeds from insurance shall be held by Beneficiary as collateral to secure performance of the obligations secured by this Deed of Trust. Beneficiary shall permit such amounts of the insurance proceeds to be used by Grantor for repair or restoration of on the Real Property (subject to reasonable disbursement procedures established by Beneficiary) if, in Beneficiary's reasonable judgment, the loss or damage to the Premises amounts to less than 50% of the net rentable building space and Grantor desires to rebuild.

2.10 Condemnation. If all or a major portion of the Real Property is condemned, the Indebtedness shall become immediately due and payable. If only a minor portion of the Real Property is condemned and the remainder of the Real Property is, in Beneficiary's reasonable judgment, capable of being repaired or restored to the use and value of the Real Property prior to the condemnation, then Beneficiary shall make the net proceeds of the award available to Grantor to so repair and restore the remainder of the Real Property. The proceeds of any award or claim for damages, direct or consequential, regardless of the extent of the condemnation, are hereby assigned to Beneficiary and shall be paid to Beneficiary for such purpose, and Beneficiary shall have the right to participate in the condemnation proceedings. If, in connection with a minor condemnation, the net proceeds of the award cannot, in Beneficiary's discretion, reasonably be used to restore or repair the remainder of the Real Property as above described, Beneficiary may, at its election, apply all or any portion of the net proceeds of the award to the Indebtedness. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses and attorneys' fees necessarily paid or incurred by Grantor, Beneficiary and Trustee in connection with the condemnation.

2.11 Indemnification. Grantor shall appear in and defend any suit, action or proceeding that might in any way in the sole but reasonable judgment of Beneficiary affect the value of the Premises, the title to the Premises or the rights and powers of Trustee or Beneficiary. Grantor shall indemnify Beneficiary and Trustee from and against any claim, loss, cost, damage or expense (including attorneys fees) arising out of or related to this Deed of Trust, the Premises or the condition (whether or not now existing) thereof and any claims of tenants. The indemnity

obligations of Grantor shall survive the reconveyance or foreclosure hereof if the obligation arose before reconveyance or foreclosure.

SECTION 3 DEFAULT

3. Events of Default. Time is of the essence in the performance of each and every obligation of Grantor contained herein. The following, in addition to all other acts, events, and conditions declared to be such herein, are events of default hereunder (herein "Events of Default"):

3.1 Failure by Grantor to make any payment, to Beneficiary or to any third party, when due in accordance with the terms of this Deed of Trust.

3.2 The occurrence of any Event of Default under any of the Loan Documents, or the failure by Grantor to perform, when due, any of the other terms, covenants and conditions set forth in this Deed of Trust or any of the Loan Documents; provided that Grantor shall have a period of 30 days following notice from Beneficiary to cure any such Event of Default under this Deed of Trust if (a) Grantor promptly requests such cure period and (b) in Beneficiary's opinion, (i) such Event of Default can be cured within such time period, and (ii) the lapse of such time period would not jeopardize Beneficiary's interest in the Premises or Beneficiary's ability to collect all amounts secured hereby.

3.3 Breach of any warranty or representation given by Grantor to Trustee or Beneficiary.

3.4 Institution of foreclosure or other proceedings (either judicial or nonjudicial) to enforce any security interest or other lien or encumbrance (junior or senior) of any kind upon the Real Property or any portion thereof or interest therein. Grantor shall have 30 days from the date of recording or filing to remove any non-consensual lien before Grantor shall be considered in default under this provision.

3.5 Remedies. In addition to any other rights and remedies provided herein, in the Note, or in any document evidencing or securing the Loan Documents, or available at law or in equity, Beneficiary shall have the following rights and remedies upon and after any Event of Default.

3.6 Acceleration. The Beneficiary, without notice to Grantor, may declare the entire principal of the Note then outstanding, and all accrued and unpaid interest thereon, and all other obligations of Grantor to Beneficiary related to any Secured Obligation (including any prepayment penalty due under the Note upon acceleration thereof), to be due and payable immediately, anything in the Note or in this Deed of Trust to the contrary notwithstanding.

3.7 Sale. The Trustee may, and upon the written request of Beneficiary, shall, and the Beneficiary may to the extent permitted by law, with or without entry, personally or by its agents or attorneys, insofar as applicable:

(a) Sell the Premises and otherwise exercise the power of sale granted herein in the manner provided by Oregon law;

(b) Institute proceedings for the complete or partial foreclosure of this Deed of Trust as a mortgage in the manner provided by Oregon law; or

(c) Apply to any court of competent jurisdiction for the appointment of a receiver or receivers for the Premises to operate the same and collect all the earnings, revenues, rents, issues, profits and income therefrom.

3.8 Remedies Not Exclusive. No remedy granted herein is intended to be exclusive of any other remedy in law or equity, but each shall be cumulative. Each such remedy may be exercised singly, collectively or seriatim, and as often as may be deemed expedient by Trustee or Beneficiary. If there exists additional security for the performance of the obligations secured hereby, Beneficiary, at its sole option and without limiting or affecting any rights or remedies hereunder, may exercise any of the rights and remedies to which it may be entitled hereunder, either concurrently with whatever other rights it may have in connection with such other security, or in such order as it may determine.

SECTION 4 MISCELLANEOUS TERMS AND CONDITIONS

4.1 Modifications. This Deed of Trust may not be amended, modified or changed, nor shall any waiver of any provisions hereof be effective, except only by an instrument in writing and signed by the party against whom enforcement of any waiver, amendment, change, modification or discharge is sought.

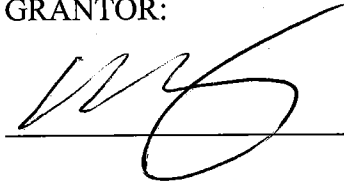
4.2 Attorney Fees. If Holder refers this Agreement to an attorney for enforcement, seeks legal advice following a default, or if Holder or any other person initiates any judicial or non-judicial proceeding concerning in any way this Agreement or the Real Property, Buyer shall pay the attorney fees, costs and expenses incurred by Holder, including expert

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witness fees. "Any proceeding" shall include bankruptcy proceedings, any appeal, eminent domain, probate or tax lien proceedings.

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

GRANTOR:



STATE OF OREGON)
) ss:
County of Klamath)

On this 27th day of October 2022, personally appeared the above-named Brendan Fowler and acknowledged the foregoing instrument to be his voluntary act and deed.

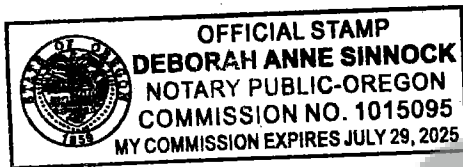

NOTARY PUBLIC FOR OREGON

EXHIBIT "A"
LEGAL DESCRIPTION

Lots 10A, 10B and 11A Block 6 of Railroad Addition to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

Unofficial
Copy

EXHIBIT "B"
ENCUMBRANCES

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Facts, rights, interests or claims which are not shown by the Public Records but which could be ascertained by an inspection of the Land or by making inquiry of persons in possession thereof.
3. Easements, or claims of easement, not shown by the Public Records; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
4. Any encroachment (of existing improvements located on the subject Land onto adjoining Land or of existing improvements located on adjoining Land onto the subject Land) encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the subject Land.
5. Any lien, or right to a lien, for services, labor, material, equipment rental, or workers compensation heretofore or hereafter furnished, imposed by law and not shown by the Public Records.
6. Taxes assessed under Code No. 0014 Account No. 477941 Map No. 3809-033BC-03000
The 2022-2023 Taxes: A lien not yet due or payable.
7. City liens, if any, of the City of Klamath Falls.
8. Local Improvement Contract, including the terms and provisions thereof,
Recorded: March 21, 2003
Instrument No.: M03, page 17227
9. An unrecorded lease with certain terms, covenants, conditions and provisions set forth therein and such other exceptions as may appear necessary upon recording thereof,
Lessor: Gerald W. Bercovitz Trust
Lessee: Klamath Energy, LLC
Disclosed by: Commercial Real Estate Sale Agreement
Date: August 31, 2021
10. Rights of tenants under existing leases or tenancies.