

AFTER RECORDING RETURN TO:
CASCADE TITLE COMPANY
811 WILLAMETTE ST., EUGENE, OR 97401

6093-0880/596073 AM NRS

2023-004978

Klamath County, Oregon

06/28/2023 01:15:02 PM

Fee: \$152.00

AFTER RECORDING, RETURN TO:

Arnold Gallagher P.C.

Attn: Andrew P. Parks

800 Willamette Street, Suite 800

Eugene, OR 97401

Beneficiary:

Calcone, LLC, an Oregon limited liability company

4467 Kalmia Street

Springfield, OR 97478

TRUST DEED

THIS TRUST DEED is made on June 28, 2023.

BY "Grantor"
whose address is:

Patrick J. Thompson and Heidi K. Thompson, as tenants by the entirety
69866 Pine Ridge Rd.
Sisters, OR 97759

TO "Trustee"
having its office at:

Cascade Title Co.
811 Willamette Street
Eugene, OR 97401

FOR THE BENEFIT OF:
whose address is:

Calcone, LLC, an Oregon limited liability company
4467 Kalmia Street
Springfield, OR 97478

Grantor owes Beneficiary the principal sum of ****Six Hundred Fifty Thousand Dollars**** (\$650,000.00), which is evidenced by a promissory note (the "Note") of even date herewith. The Note, if not sooner paid, is due and payable in full on the date that is thirty (30) years from the date of this Trust Deed (the "Trust Deed").

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and for the purpose of securing the Obligations described in section 1.1 below, Grantor irrevocably grants, bargains, sells, conveys, assigns, and transfers to Trustee in trust for the benefit and security of Beneficiary, with power of sale and right of entry and possession, all of Grantor's right, title, and interest in and to the real property (the "Property") located in Klamath County, Oregon, and more particularly described as:

See Exhibit A

Address:

18315 Sugar Cone Court, Crescent, Oregon

Tax Account No.:

9715

TOGETHER WITH all interests, estates, including leasehold estates, and rights that Grantor now has or may acquire in (1) the Property; (2) any and all options, agreements, and contracts for the purchase or sale of all or any part or parts of the Property or interests in the Property and all proceeds of them; (3) all easements, rights-of-way, and rights used in connection with the Property or as a means of access to the

Property; and (4) all tenements, hereditaments, and appurtenances in any manner belonging, relating, or appertaining to the Property;

TOGETHER WITH all interests, estates, and rights of Grantor, now owned or hereafter acquired, lying within any streets, sidewalks, alleys, and strips adjacent to or used in connection with them;

TOGETHER WITH all rights, titles, and interests of Grantor, now owned or hereafter acquired, in and to any and all buildings and other improvements of every nature now or hereafter located on the Property and all fixtures, machinery, equipment, and other personal property located on the Property or attached to, contained in, or used in any such buildings and other improvements, and all appurtenances and additions to and substitutions and replacements of the Property (all of the foregoing being collectively referred to below as the "Improvements");

TOGETHER WITH all mineral rights, oil and gas rights, air rights, development rights, water rights, drainage rights, zoning rights, and other similar rights or interests that benefit or are appurtenant to the Property or the Improvements or both, and any of their proceeds;

TOGETHER WITH all present and future rights in and to the trade name by which all or any portion of the Property and the Improvements are known; all books and records relating to the use and operation of all or any portion of the Property and Improvements; all right, title, and interest of Grantor in, to, and under all present and future plans, specifications, and contracts relating to the design, construction, management, or inspection of any Improvements; all rights, titles, and interests of Grantor in and to all present and future licenses, permits, approvals, and agreements with or from any municipal corporation, county, state, or other governmental or quasi-governmental entity or agency relating to the development, improvement, division, or use of all or any portion of the Property to the extent that the trade names, licenses, permits, approvals, and agreements are assignable by law; and all other general intangibles relating to the Property, the Improvements, or their use and operation;

TOGETHER WITH all rights of Grantor in and to any escrow agreements, title insurance, surety bonds, warranties, management contracts, construction contracts, leasing and sales agreements, and service contracts that are in any way relevant to the ownership, development, improvement, management, construction, sale, or use of all or any portion of the Property or any of the Improvements;

TOGETHER WITH Grantor's rights under any payment, performance, or bond relating to construction of any Improvements, and all construction materials, supplies, equipment, and other personal property delivered to the Property or relating to the construction of any Improvements;

TOGETHER WITH all rights, interests, and claims that Grantor now has or may acquire with respect to any damage to or taking of all or any part of the Property or the Improvements, including any proceeds of insurance on the Improvements, any awards made for taking by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Property or the Improvements, and any and all awards resulting from any other damage to the Property or the Improvements.

All of the above is sometimes referred to below as the "Trust Property."

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

PROVIDED ALWAYS that if all the Obligations (as defined in section 1.1 below) are paid, performed, and satisfied in full, then the lien and estate granted by this Trust Deed will be reconveyed.

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

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

ARTICLE 1
PARTICULAR COVENANTS AND WARRANTIES OF GRANTOR

1.1 Obligations Secured. This Trust Deed secures the payment of all indebtedness, including but not limited to principal and interest, and the performance of all covenants and obligations of Grantor under the Note and this Trust Deed, including any extension or modification of either, collectively referred to as the "Obligations."

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

1.3 Property. Grantor warrants that it holds good and merchantable title to the Property and the Improvements, free and clear of all liens, encumbrances, reservations, restrictions, easements, and adverse claims except for those specifically listed related to or disclosed in the Loan Documents. Grantor covenants that it will forever defend Beneficiary's and Trustee's rights under this Trust Deed against the adverse claims and demands of all persons.

1.4 Further Assurances. Grantor will execute, acknowledge, and deliver any further instruments that Beneficiary or Trustee may require to accomplish the purposes of this Trust Deed.

1.5 Compliance with Laws. Grantor further represents, warrants, and covenants that the Property will at all times be maintained in material compliance with all applicable laws and all covenants, conditions, easements, and restrictions affecting the Property.

1.6 Environmental Compliance.

(1) For purposes of this section, "Environmental Law" means any federal, state, or local law, statute, ordinance, or regulation pertaining to Hazardous Substances (as defined below), health, industrial hygiene, or environmental conditions. "Hazardous Substance" includes without limitation any material, substance, or waste that is or becomes regulated or that is or becomes classified as hazardous, dangerous, or toxic under any federal, state, or local statute, ordinance, rule, regulation, or law.

(2) Grantor will not use, generate, manufacture, produce, store, release, discharge, or dispose of on, under, or about the Property or the Property's groundwater, or transport to or from the Property, any Hazardous Substance and will not permit any other person to do so, except for any Hazardous Substances that may be used in the ordinary course of Grantor's business and in compliance with all Environmental Laws, including those relating to licensure, notice, and recordkeeping.

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

(4) Grantor will give prompt written notice to Beneficiary of any proceeding, inquiry, or notice from any governmental authority with respect to any alleged violation of any Environmental Law or the presence of any Hazardous Substance on the Property.

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

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

(7) If any investigation, site monitoring, containment, cleanup, removal, restoration, or other remedial work of any kind or nature (the "Remedial Work") is required under any applicable Environmental Law, by any judicial order, or by any governmental agency or person because of, or in connection with, the current or future presence, suspected presence, release, or suspected release of a Hazardous Substance on, under, or about all or any portion of the Property, or the contamination (whether currently existing or occurring after the date of this Trust Deed) of the buildings, facilities, soil, groundwater, surface water, air, or other elements on or under any other property as a result of Hazardous Substances emanating from the Property, Grantor will, within 30 days after written demand by Beneficiary for Grantor's performance under this provision, commence and thereafter diligently prosecute to completion the Remedial Work. Grantor will pay all costs and expenses of that Remedial Work, including without limitation Beneficiary's reasonable attorney fees and costs incurred in connection with monitoring or reviewing the legal aspects of the Remedial Work, all costs and expenses incurred in connection with the Remedial Work will become part of the Obligations secured by this Trust Deed.

1.7 Maintenance and Improvements. Grantor shall not make any improvements or alterations to the Trust Property which reduce the value of the Trust Property for security purposes without first obtaining the consent of Beneficiary. Grantor will not remove any portion of the Trust Property without first obtaining the written consent of Beneficiary, provided, items of equal or greater value may be substituted for any improvements, apparatus, appurtenances, fixtures, built-in appliances or equipment now or hereafter used on the Property. Grantor will maintain every portion of the Property and Improvements in good repair, working order, and condition, and will at Beneficiary's election restore, replace, or rebuild all or any part of the Improvements now or hereafter damaged or destroyed by any casualty. Grantor will not commit, permit, or suffer any waste, strip, or deterioration of the Trust Property.

1.8 Liens. Grantor will timely pay all claims for labor, materials, or supplies that if unpaid might become a lien on the Trust Property. Grantor will not create or permit to be created, any mortgage, deed of trust, lien, security interest, charge, or encumbrance on the Trust Property prior to, on a parity with, or subordinate to this Trust Deed, except as approved in writing by Beneficiary.

1.9 Impositions. Grantor will timely pay all taxes, assessments, fees, levies, and other governmental charges of every nature now or hereafter assessed or levied against any Trust Property, or on the lien or estate of Beneficiary or Trustee (collectively, the "Impositions"). Grantor will furnish to Beneficiary, promptly on request, satisfactory evidence of the payment of all Impositions.

1.10 Records and Inspection of Property. Grantor will keep complete and accurate records and books of account with respect to the Trust Property and its operation. Grantor will permit Trustee, Beneficiary, and their authorized representatives to enter and inspect and appraise the Property and the Improvements, and to examine and make copies or extracts of Grantor's records and books of account with respect to the Property and the Improvements, all at any reasonable times that Beneficiary or Trustee may choose.

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

1.12 Insurance.

(1) *Property and Other Insurance.* Grantor will obtain and maintain in full force and effect during the term of this Trust Deed: (a) property insurance together with endorsements for replacement-cost, inflation-adjustment, malicious-mischief, and sprinkler-damage coverages in amounts not less than the full replacement cost of all Improvements; and (b) commercial general liability insurance, including liabilities assumed under contract, with limits, coverages, and risks insured acceptable to Beneficiary, and in no event less than \$1,000,000 combined single-limit coverage.

(2) *Insurance Companies and Policies.* All insurance must (a) be written by a company or companies reasonably acceptable to Beneficiary with a rating of A-, VIII, or better; (b) contain a long-form mortgagee clause in favor of Beneficiary with loss proceeds under any policy payable to Beneficiary, subject to the terms of this Trust Deed or as provided in section 5.10; (c) require 30 days' prior written notice to Beneficiary of cancellation or reduction in coverage; (d) contain waivers of subrogation and endorsements that no act or negligence of Grantor or any occupant, and no occupancy or use of the Property for purposes more hazardous than permitted by the terms of the policy, will affect the validity or enforceability of the insurance as against Beneficiary; (e) be in full force and effect on the date of this Trust Deed; and (f) be accompanied by proof of premiums paid. Beneficiary must be named as an additional insured on all liability policies. Grantor will forward to Beneficiary, on request, certificates executed by the insurer evidencing the coverages required herein and copies of all policies.

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

(4) *Notice and Proof of Loss.* After the occurrence of any casualty to the Property, Grantor will give prompt written notice of the casualty to Beneficiary, specifically describing the nature and cause of the casualty and the extent of the damage to or

destruction of the Trust Property. Beneficiary may make proof of loss if it is not made promptly and to Beneficiary's satisfaction by Grantor.

(5) *Restoration and Use of Proceeds.* Grantor assigns to Beneficiary all insurance proceeds that Grantor may be entitled to receive with respect to any casualty. All insurance proceeds will be held by Beneficiary as collateral to secure performance of the Obligations secured by this Trust Deed.

1.13 Actions to Protect Trust Property; Reserves. If Grantor fails to obtain the insurance required by section 1.12, fails to make the payments required by section 1.9 or fails to perform or observe any of its other covenants or agreements under this Trust Deed, Beneficiary may, without obligation to do so, obtain or pay them or take other action that it deems appropriate to remedy the failure. All sums, including reasonable attorneys' fees, so expended or expended to maintain the lien or estate of this Trust Deed or its priority, or to protect or enforce any of Beneficiary's rights, or to recover any indebtedness secured by this Trust Deed, will be a lien on the Trust Property, will be secured by this Trust Deed, and will be paid by Grantor on demand, together with interest at the rate provided in the Note. No payment or other action by Beneficiary under this section will impair any other right or remedy available to Beneficiary or constitute a waiver of any default. The following notice is provided in accordance with ORS 746.201(1):

WARNING:

Unless Grantor provides Beneficiary with evidence of the insurance coverage as required by the Note, Beneficiary may purchase insurance at Grantor's expense to protect Beneficiary's interest. This insurance may, but need not, also protect Grantor's interest. If the Trust Property becomes damaged, the coverage that Beneficiary purchases may not pay any claim Grantor makes or any claim made against Grantor. Grantor may later cancel this coverage by providing evidence that Grantor has obtained property coverage elsewhere. Grantor is responsible for the cost of any insurance purchased by Beneficiary. The cost of this insurance may be added to Grantor's loan balance. If the cost is added to Grantor's loan balance, the interest rate on the underlying loan will apply to this added amount. The effective date of coverage may be the date on which Grantor's prior coverage lapsed or the date on which Grantor failed to provide proof of coverage. The coverage that Beneficiary purchases may be considerably more expensive than insurance that Grantor can obtain on its own and may not satisfy any need for property-damage coverage or any mandatory liability insurance requirements imposed by law.

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

1.15 Financial Information. Within 120 days after the end of each of each calendar year, Grantor will give Beneficiary a complete copy of Grantor's filed tax returns for the prior year. Grantor will promptly provide to Beneficiary any and all other financial information that Beneficiary may reasonably request from time to time.

1.16 No Residential Trust Deed. The Trust Deed granted to Beneficiary is not a residential trust deed and Grantor is acquiring the Property solely as a vacation home and/or for business investment

purposes. Neither of the Grantor nor his/her immediate family members intend to occupy the Property as a primary residence for as long as the Obligations remain outstanding.

1.17 Condemnation.

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

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

(3) Beneficiary may, at its sole option, apply the Condemnation Proceeds to the reduction of the Obligations in any order that Beneficiary may determine, or allow all or any portion of the Condemnation Proceeds to be applied by Grantor to the cost of restoring the remaining Trust Property. If Beneficiary elects to apply the Condemnation Proceeds to restoration, the proceeds will be held by Beneficiary and will be released only on any terms and conditions that Beneficiary may require in its sole discretion. No Condemnation Proceeds will be released if Grantor is in default under this Trust Deed. Any Condemnation Proceeds remaining after restoration of the Improvements will be applied to reduce the Obligations in the order that Beneficiary determines.

ARTICLE 2

ASSIGNMENT OF LEASES, RENTS, ISSUES, AND PROFITS

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

2.2 Rights of Beneficiary. Subject to the provisions of section 2.4 below giving Grantor a revocable, limited license, Beneficiary has the right, power, and authority to: (1) Notify any and all tenants, renters, licensees, and other obligors under any of the Leases that the Leases have been assigned to Beneficiary and that all Rents are to be paid directly to Beneficiary, whether or not Beneficiary has foreclosed or commenced foreclosure proceedings against the Trust Property, and whether or not Beneficiary has taken possession of the Trust Property; (2) Discount, settle, compromise, release, or extend the time for payment of any amounts owing under any of the Leases and any Rents, in whole or in part, on terms acceptable to Beneficiary; (3) Collect payment of Rents and enforce all provisions of the Leases, and prosecute any action, in the name of Grantor or Beneficiary, with respect to any and all Leases and Rents; and (4) Exercise any and all other rights and remedies of the lessor in connection with any of the Leases and Rents.

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

2.4 License. Beneficiary hereby grants to Grantor a revocable license to collect and receive the Rents. This license may be revoked by Beneficiary upon the occurrence of an event of default and following written notice to Grantor specifying with reasonable particularity the basis for the event of default, and further provided the alleged default is not cured by Grantor within any applicable cure period. Unless and until the license is revoked, Grantor agrees to apply the proceeds of Rents to the payment of the Obligations and to the payment of taxes, assessments, governmental charges, insurance premiums, and other obligations in connection with the Trust Property, and to the maintenance of the Trust Property, before using the proceeds for any other purpose.

2.5 Covenants Regarding Leases. Grantor agrees (1) to observe and perform every obligation of Grantor under the Leases; (2) to enforce or secure at its expense the performance of every obligation to be performed by any lessee or other party under the Leases; (3) to promptly give notice to Beneficiary of any default by a lessee or other party under any of the Leases, and promptly provide Beneficiary with a copy of any notice of default given to the lessee or other party; (4) not to collect any Rents more than 30 days in advance of the time when they become due, or anticipate any other payments under the Leases, except for bona fide security deposits not in excess of an amount equal to two months' rent; (5) not to further assign or hypothecate any of the Leases or Rents; (6) except with Beneficiary's prior written consent, not to waive, release, or in any other manner discharge any lessee or other party from any of its obligations under any of the Leases; (7) except with Beneficiary's prior written consent, not to modify or amend any of the Leases; (8) except with Beneficiary's prior written consent, not to cancel, terminate, or accept surrender of any of the Leases unless Grantor has entered into a Lease for the space to be vacated on terms at least as favorable to Grantor, commencing within 30 days after the cancellation, termination, or surrender; (9) except with Beneficiary's prior written approval, not to enter into any future Lease or any modifications of any present or future Lease; (10) to deliver copies of all present and future Leases to Beneficiary promptly; and (11) to appear in and defend, at Grantor's sole cost and expense, any action or proceeding arising out of or in connection with the Leases or the Rents.

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

2.7 Limitation of Beneficiary's Obligations. Notwithstanding the assignment provided above, Beneficiary is not obligated to perform or discharge any obligation or liability with respect to the Leases or the Rents. This assignment does not operate to place responsibility for the control, care, maintenance, or repair of the Trust Property on Beneficiary, or to make Beneficiary responsible for any condition of the Property. Beneficiary is accountable to Grantor only for the sums actually collected and

received by Beneficiary under this assignment. Grantor will hold Beneficiary fully harmless from, indemnify Beneficiary for, and defend Beneficiary against any and all claims, demands, liabilities, losses, damages, and expenses, including attorney fees, arising out of any of the Leases, with respect to any of the Rents, or in connection with any claim that may be asserted against Beneficiary on account of this assignment or any obligation or undertaking alleged to arise from it.

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

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

ARTICLE 3 SECURITY AGREEMENT AND FIXTURE FILING

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

ARTICLE 4 EVENTS OF DEFAULT AND REMEDIES

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

(1) *Nonpayment.* Grantor's failure to pay any of the Obligations within five (5) days after the same becomes due.

(2) *Breach of Trust Deed Covenants.* Grantor's failure to perform or abide by any covenant in this Trust Deed within ten (10) days after written notice of the failure by Beneficiary to Grantor specifying with reasonable particularity the basis for the event of

default, and further provided the alleged default is not cured by Grantor within said 10-day period.

(3) *Breach of Other Loan Documents.* Grantor's failure to perform or abide by any covenant included in any Loan Document, including those covenants in the Note or any other Loan Document, after the expiration of any notice or cure period provided for in the other Loan Document.

(4) *Misinformation.* Falsity when made in any material respect of any representation, warranty, or information furnished by Grantor or its agents to Beneficiary in or in connection with any of the Obligations, including the breach of any representation or warranty in this Trust Deed.

(5) *Other Indebtedness, Secondary Financing.* Grantor's default beyond any applicable grace periods in the payment of any other indebtedness owed by Grantor to any person, if the indebtedness is secured by all or any portion of the Trust Property.

(6) *Bankruptcy.* The occurrence of any of the following with respect to Grantor, any guarantor of the Obligations, or the then-owner of the Trust Property: (a) the appointment of a receiver or trustee for such a party or any of its properties; (b) adjudication as bankrupt or insolvent; (c) the filing of any petition by or against such a party under any bankruptcy, reorganization, moratorium, or insolvency law; (d) the institution of any proceeding for dissolution or liquidation; (e) the inability to pay debts when due; (f) any general assignment for the benefit of creditors; or (g) abandonment of the Trust Property.

(7) *Transfer; Due-on-Sale.* Any sale, gift, conveyance, contract for conveyance, transfer, assignment, mortgage, encumbrance, pledge, or grant of a security interest in all or any part of the Trust Property, voluntarily, involuntarily, or by the operation of law (a "Transfer"), without Beneficiary's prior written consent. The occurrence of any sale, conveyance, assignment, or other transfer of any equity or other beneficial interest in Grantor, including any shares of capital stock, limited liability membership interest, or partnership interest in Grantor, is a Transfer herein. The provisions of this subsection apply to each and every Transfer, regardless of whether or not Beneficiary has consented to or waived its rights in connection with any previous Transfer. Beneficiary may attach any conditions to its consent under this subsection that Beneficiary may determine in its sole discretion, including an increase in the interest rate on the Note, and the payment of administrative and legal fees and costs incurred by Beneficiary.

(8) *Loan Agreement.* Any event of default under the Loan Agreement delivered herewith.

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

(1) *Acceleration.* Beneficiary may declare all or any portion of the Obligations immediately due and payable.

(2) *Receiver.* Beneficiary may have a receiver appointed for the Trust Property. Beneficiary is entitled to the appointment of a receiver as a matter of right whether or not the apparent value of the Trust Property exceeds the amount of the indebtedness secured

by this Trust Deed. Grantor consents to the appointment of a receiver and waives any and all defenses to such an appointment.

(3) *Possession.* Beneficiary may, either through a receiver or as lender-in-possession, enter and take possession of all or any part of the Trust Property and use, operate, manage, and control the Trust Property as Beneficiary deems appropriate in its sole discretion. Upon request after an event of default, Grantor will peacefully relinquish possession and control of the Trust Property to Beneficiary or any receiver appointed under this Trust Deed.

(4) *Rents.* Beneficiary may revoke Grantor's license to collect the Rents, and may, either itself or through a receiver, collect the Rents. Beneficiary will not be deemed to be in possession of the Property solely by reason of its exercise of the rights contained in this subsection (4). If Beneficiary collects the Rents under this subsection, Grantor hereby irrevocably appoints Beneficiary as Grantor's attorney-in-fact, with power of substitution, to endorse instruments received in payment of the Rents in the name of Grantor and to negotiate those instruments and collect their proceeds. After payment of all Obligations, any remaining amounts will be paid to Grantor and this power will terminate.

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

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

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

(8) *Abandonment.* Beneficiary may abandon all or any portion of the Trust Property.

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

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

4.5 Receiver. Upon taking possession of all or any part of the Trust Property, Trustee, Beneficiary, or a receiver may: (1) use, operate, manage, control, and conduct business with the Trust Property and make expenditures for any purpose and for any maintenance and improvements that it deems necessary; (2) collect all Rents, revenues, income, and profits from the Trust Property and apply those sums to the expenses of use, operation, management, maintenance, and Improvements; and (3) complete any construction in progress on the Property and pay bills, borrow funds, employ contractors, and make any changes in plans and specifications as it deems appropriate.

4.6 Application of Proceeds. All proceeds realized from the exercise of the rights and remedies under section 4.2 will be applied as follows: (1) to pay all costs of exercising the rights and remedies, including the costs of maintaining and preserving the Trust Property, the costs and expenses of any receiver, the costs of any sale, and the costs and expenses provided herein; (2) to pay all Obligations, in any order that Beneficiary may determine in its sole discretion; and (3) the surplus, if any, remaining after satisfaction of all the Obligations to pay the clerk of the court in the case of a judicial foreclosure proceeding, and otherwise to pay the person or persons legally entitled to the surplus.

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

4.8 Waiver of Stay, Extension, Moratorium. To the fullest extent permitted by law, Grantor waives the benefit of any existing or future stay, extension, or moratorium law that may affect observance or performance of the provisions of this Trust Deed.

ARTICLE 5 GENERAL PROVISIONS

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

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

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

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

5.5 Trust Deed Binding on Successors and Assigns. This Trust Deed is binding on and inures to the benefit of the successors and assigns of Grantor, Trustee, and Beneficiary. If the Trust Property or

any portion of it becomes vested in any person other than Grantor, Beneficiary will have the right to deal with the successor regarding this Trust Deed, the Trust Property, and the Obligations in any manner that Beneficiary deems appropriate in its sole discretion, without notice to or approval by Grantor and without impairing Grantor's liability for the Obligations.

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

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

5.8 Applicable Law. The Trust Deed and its validity, interpretation, performance, and enforcement are governed by Oregon law, without regard to principles of conflicts of laws.

5.9 Rights of Prior Mortgagee. If any portion of the Trust Property is subject to a superior mortgage or trust deed, the rights of Beneficiary with respect to insurance proceeds and Condemnation Proceeds, and all other rights granted herein that have also been granted to a superior mortgagee or trust-deed beneficiary, are subject to the rights of the superior mortgagee or trust-deed beneficiary. Grantor hereby authorizes all such superior mortgagees and beneficiaries, on satisfaction of the indebtedness secured by their mortgage or trust deed, to remit all remaining insurance or Condemnation Proceeds to Beneficiary, to be applied in accordance with this Trust Deed.

5.10 "Person" Defined. As used in this Trust Deed, the word "person" means any natural person, limited liability company, partnership, trust, corporation, or other legal entity of any nature.

5.11 Severability. If any provision of this Trust Deed is held to be invalid, illegal, or unenforceable, that invalidity, illegality, or unenforceability will not affect any other provisions of this Trust Deed, and the other provisions will be construed as if the invalid, illegal, or unenforceable provision had never been contained in the Trust Deed.

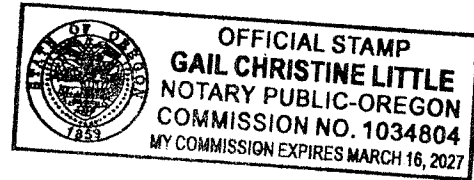
5.12 Entire Agreement. This Trust Deed contains the entire agreement of the parties with respect to the Trust Property. No prior agreement, statement, or promise made by any party to this Trust Deed that is not contained in this Trust Deed is binding or valid.

[SIGNATURE & NOTARY PAGES FOLLOW]

GRANTOR:

Patrick J. Thompson
Patrick J. Thompson

Heidi K. Thompson
Heidi K. Thompson



STATE OF OREGON)
) ss.
County of ~~Lane~~ Deschutes)

Personally appeared before me on June 26, 2023, the above-named Patrick J. Thompson, and acknowledged the foregoing instrument to be his voluntary act and deed.

Gail Christine Little
Notary Public for Oregon

STATE OF OREGON)
) ss.
County of ~~Lane~~ Deschutes)

Personally appeared before me on June 26, 2023, the above-named Heidi K. Thompson, and acknowledged the foregoing instrument to be her voluntary act and deed.

Gail Christine Little
Notary Public for Oregon

Exhibit A

Legal Description

Lot 25 in Block 5 of TRACT 1119, LEISURE WOODS, UNIT 2, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.