

After recording return to:
CETAN FUNDS, LLC
Attn: Loan Operations
PO Box 41997
Eugene, OR 97404



MITC 656604AM

2024-010804
Klamath County, Oregon
12/13/2024 11:56:02 AM
Fee: \$147.00

**LINE OF CREDIT INSTRUMENT
CONSTRUCTION DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**

PARTIES:

KT Homes LLC, a Washington limited liability company (“Grantor”)
Address: 6400 NE Hwy 99 #H, Vancouver, WA 98665

CETAN FUNDS, LLC, an Oregon limited liability company (“Beneficiary”)
Address: 72C Centennial Loop, Suite 500, Eugene, OR 97401

AmeriTitle (“Trustee”)
Address: 404 Main St. Ste 1, Klamath Falls, OR 97601

The maximum principal amount secured by this instrument is **\$1,070,000.00**, plus all other sums which may now or hereafter be loaned to the Grantor pursuant to ORS 86.155(2)(c).

The maturity date of the loan that is secured by this instrument is **01/01/2026**.

Tax Account Number(s) of Trust Property: **894884; 894885; 894883; 894882**

THIS DOCUMENT CONSTITUTES A FIXTURE FILING IN ACCORDANCE WITH ORS 79.0502(3). THE COLLATERAL IS OR INCLUDES FIXTURES.

THIS DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this “Trust Deed”) is dated December 9, 2024, by Grantor to Trustee for the benefit of Beneficiary, on the terms and conditions contained herein.

1. **GRANT OF SECURITY.** For good and valuable consideration, Grantor hereby irrevocably grants, bargains, sells, transfers, assigns and conveys to Trustee, as Trustee, WITH POWER OF SALE AND RIGHT OF ENTRY AND POSSESSION, for the benefit and security of Beneficiary, under and subject to the terms and conditions hereinafter set forth, the following property, rights, interests and estates now owned, or hereafter acquired by Grantor (collectively, the “Property”) (a) the real property described on Exhibit A, all rights to the alleys, streets and roads adjoining or abutting the real property, all easements, access, air and development rights, minerals and oil, gas and other hydrocarbon substances, water, water rights, water stock, water permits, water shares, well rights related to the Land, and all other rights, hereditaments, privileges

and appurtenances now or hereafter belonging or in any way appertaining to such real property (the "Land"), (b) all buildings, improvements and tenements now or hereafter located on the Land (the "Improvements"), including, without limitation, all fixtures, articles and accessions of property attached to, or used or adapted for use in the ownership, development, operation or maintenance of the Land and Improvements (whether such items are leased, owned or subject to any title-retaining or security instrument), (c) all heating, cooling, air-conditioning, ventilating, refrigerating, plumbing, generating, power, lighting, laundry, maintenance, incinerating, lifting, cleaning, fire prevention and extinguishing, security and access control, cooking, gas, electric and communication fixtures, equipment and apparatus, all engines, motors, conduits, pipes, pumps, tanks, ducts, compressors, boilers, water heaters and furnaces, appliances, all escalators and elevators, baths, sinks, cabinets, partitions, mantels, built-in mirrors, window shades, blinds, screens, awnings, storm doors, windows and sash, carpeting, covering, paneling, draperies, shrubbery and plants, (d) all of the present and future rents, issues, and profits of the Land and Improvements, whether now due or hereafter to become due, (e) all permits, permissions, entitlements, prepaid accounts or credits for system development charges or other rights related to the development of the Land and Improvements, (f) all designs, plans, specifications, reports, agreements, licenses, and other agreements relating to the use of occupation of the Land and Improvements, (g) all equipment, inventory, goods, accounts, general intangibles, chattel paper, documents, instruments, contracts, investment property, deposit accounts, and letter-of-credit rights (collectively, "Personal Property Collateral"), and (h) all proceeds (including claims and demands therefor) of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including, without limitation, all insurance proceeds and condemnation awards.

2. **OBLIGATIONS SECURED.** This Trust Deed secures (a) a Line of Credit Promissory Note dated 12/09/2024 evidencing a promise to repay up to a maximum principal amount of \$1,070,000.00, payable to Beneficiary and the final payment of principal and interest, if not sooner paid or otherwise extended in accordance with the terms thereof, is due and payable on 01/01/2026 (the "Promissory Note"); (b) a Commercial Construction Loan Agreement between Grantor and Beneficiary dated 12/09/2024 (the "Loan Agreement"); and (c) the performance of all of the covenants and obligations of the Grantor in this Trust Deed (the "Secured Obligations"). The maximum principal amount to be advanced under the Promissory Note may be exceeded by advances to complete construction of improvements required to be completed by Grantor. This Trust Deed secures an obligation incurred for the construction of an improvement on land and is a "construction mortgage" as provided in ORS 79.334(8).

3. **FIXTURE FILING.** This Trust Deed covers any equipment or goods that are or will be affixed to the Property and is a financing statement recorded as a fixture filing. For purposes of this fixture filing the Grantor is the debtor, and the Beneficiary is the secured party, with the addresses listed above. Grantor is the record owner of the Property.

4. **TAXES.** The Grantor will pay when due all taxes, assessments and other governmental rates and charges against the Property (whether already due or forthcoming), and will furnish to the Beneficiary, upon request, duplicate receipts showing payment, and all items extended against the Property shall be conclusively deemed valid for the purpose of this requirement.

5. **ASSIGNMENT OF RENTS.** As security for the Secured Obligations, Grantor assigns and transfers to Beneficiary and grants Beneficiary a security interest in and to all right, title and interest of Grantor in and to (a) any and all present and future leases, subleases, and licenses and other agreements for the occupancy or use of all or any part of the Property, and any and all extensions, renewals and replacements thereof (the "Leases"), (b) all cash or security deposits, advance rentals and deposits of a similar nature under the Leases, (c) any and all guarantees of tenants' or occupants' performances under any and all Leases, and (d) all rents, issues, profits, accounts and revenues (the "Rents") now due or which may become due or to which Grantor may now or shall hereafter become entitled or may demand or claim (including Rents coming due during any redemption period), arising or issuing from or out of any and all Leases, including, without limitation, minimum, additional, percentage and deficiency rents and liquidated damages. Prior to any Event of Default hereunder, Grantor will have a license to, and shall, collect and receive all Rents of the Property as trustee for the benefit of Beneficiary and Grantor, apply the Rents so collected first to the payment of taxes, assessments and other charges on the Property prior to delinquency, second to the cost of insurance, maintenance and repairs required by the terms of this Deed of Trust, third to the costs of discharging any obligation or liability of Grantor under the Leases, and fourth to the Secured Obligations, with the balance, if any, to the account of Grantor so long as there is no Event of Default. Upon delivery of written notice by Beneficiary to Grantor of an Event of Default hereunder and stating that Beneficiary exercises its rights to the Rents, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Property in person, by agent or by a court-appointed receiver, Beneficiary shall immediately be entitled to possession of all Rents from the Property as the same become due and payable, including, without limitation, Rents then due and unpaid, and all such Rents shall immediately upon delivery of such notice be held by Grantor as trustee for the benefit of Beneficiary only. Upon delivery of such written notice by Beneficiary, Grantor hereby agrees to direct each tenant or occupant of the Property to pay all Rents to Beneficiary on Beneficiary's written demand therefor, without any liability on the part of said tenant or occupant to inquire further as to the existence of an Event of Default by Grantor. Grantor hereby authorizes Beneficiary as Grantor's attorney-in-fact to make such direction to tenants and occupants upon Grantor's failure to do so as required herein. Payments made to Beneficiary by tenants or occupants shall, as to such tenants and occupants, be in discharge of the payors' obligations to Grantor. Beneficiary may exercise, in Beneficiary's or Grantor's name, all rights and remedies available to Grantor with respect to collection of Rents. Nothing herein contained shall be construed as obligating Beneficiary to perform any of Grantor's obligations under any of the Leases. Out of the amount or amounts so received Beneficiary may, but shall not be obligated to, pay the necessary operating expenses and retain or pay the customary charges for thus managing the Property, satisfy any amount due upon the Secured Obligations, pay taxes, assessments, and premiums of insurance policies, or amounts necessary to carry out any covenant in this Trust Deed or as are necessary to preserve and protect the Property. Beneficiary may determine in its sole and absolute discretion which items are to be met first. In no event will the right to management and collection of rents affect or restrict the right of Beneficiary to foreclose this Trust Deed upon a Default.

6. **SECURITY INTEREST.** Grantor hereby grants to Beneficiary a security interest in the Personal Property Collateral to secure the obligations of Grantor under the Promissory Note and this Trust Deed. Beneficiary shall have all of the rights of a secured party under the Oregon

Uniform Commercial Code, as in effect from time to time, or under the Uniform Commercial Code in force, from time to time, in any other state to the extent the same is applicable law. In the event of a foreclosure sale, whether made by Trustee by advertisement and sale, or under judgment of a court, the Collateral and the other Property may, at the option of Beneficiary, be sold as a whole, and with all proceeds applied as required for the foreclosure sale. Grantor hereby irrevocably authorizes Beneficiary at any time and from time to time to file in any relevant jurisdiction any financing statements and amendments thereto that contain the information required by Article 9 of the UCC or any other statute of each applicable jurisdiction for the filing of any financing statement or amendment relating to Property, and to describe the collateral as "All assets, whether now owned or hereafter acquired."

7. EFFECTIVE AS A FINANCING STATEMENT. This Trust Deed shall be effective as a financing statement filed as a fixture filing with respect to all fixtures attached to or to be attached to the Property and is to be filed for record in the real estate records of each county where any part of the Property (including said fixtures) is situated. This Trust Deed shall also be effective as a financing statement covering any other Property and may be filed in any other appropriate filing or recording office.

8. INSURANCE. Upon foreclosure of this Trust Deed or other transfer of title to the Property in extinguishment of the Secured Obligations, all right, title and interest of Grantor in and to any insurance policies then in force are passed to the purchaser or grantee. In case of loss, Grantor shall give immediate notice of such loss by mail to Beneficiary. In the event of destruction or damage, all insurance proceeds shall be held by Beneficiary, and Beneficiary is entitled to an administrative fee based on Beneficiary's then current-fees out of the proceeds for holding and administering the insurance proceeds as provided in this section. If no Event of Default has occurred and is continuing, Grantor may elect to rebuild and restore any improvements destroyed or damaged located on the Property by giving written notice to Beneficiary within 60 days from such destruction or damage. If Grantor so elects, such rebuilding or restoration shall be promptly commenced and diligently prosecuted. Upon satisfactory proof of expenditure and satisfactory construction lien waivers, Beneficiary shall at its option pay directly to any contractor or reimburse Grantor from the insurance proceeds for the reasonable costs of repair or restoration. Any insurance proceeds not applied to the cost of repair or restoration shall be applied to the Secured Obligations, in addition to any other payments coming due thereon. If an Event of Default exists or Grantor does not give a timely notice of election to rebuild or restore, all insurance proceeds shall be paid to Beneficiary to apply upon the Secured Obligations, in addition to any other payments coming due thereon.

9. COVENANTS OR RESTRICTIONS. The Grantor will not initiate, join in or consent to any easements, change in any private restrictive covenant or condition, zoning ordinances or changes, or any other public or private restriction that limits or defines the uses which may be made of the Property or any part thereof, without the prior written consent of the Beneficiary.

10. IMPROVEMENTS. Grantor shall not make any improvements or alterations to the Property that reduce the value of the Property. Grantor shall not remove any fixtures, portions or attached items of the Property, except that 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.

11. **SALE OF PROPERTY.** Grantor shall not sell, assign, or otherwise transfer title to or possession of all or part of the Property by deed, land sale contract, lease for a term in excess of three years, or similar agreement without Beneficiary's prior written consent (which consent may be given or withheld in Beneficiary's sole discretion). No transfer or consent pursuant to this section shall relieve Grantor, wholly or partially, from the obligations under the terms of this Trust Deed and the obligations and Secured Obligations.

12. **LIENS.** As provided for in the Loan Agreement, Grantor shall keep the Property free and clear of all other Liens, except for Permitted Encumbrances.

13. **SUCCESSOR IN INTEREST.** All of the covenants, agreements, conditions and terms contained in this Trust Deed are binding upon and apply and inure to the benefit of the successors and assigns of the parties. However, nothing in this section modifies in any way any restrictions on assignment or transfer provided in this Trust Deed. If the ownership of the Property or any part of the Property becomes vested in a person other than the Grantor, the Beneficiary may, without notice to the Grantor, deal with such successor or successors in interest with reference to this Trust Deed and the obligations hereby secured, either by forbearance to sue or by extending the time for payment of the indebtedness hereby secured, without in any way releasing, discharging or otherwise affecting the Grantor's liability hereunder for the Secured Obligations.

14. **CONDEMNATION.** In case the Property, or any portion thereof, is taken under the right of eminent domain or condemnation, then, as between the Grantor and the Beneficiary, the Beneficiary is entitled to collect and receive all compensation which may be paid for any property taken or for damage to property not taken. All compensation so received will be applied first upon any reasonable costs, expenses and attorney's fees necessarily paid or incurred by the Beneficiary in such proceeding; and the balance will be applied to the Secured Obligations. The Grantor agrees, at Grantor's expense, to take such action or to execute such instruments as may be necessary in obtaining such compensation promptly upon the Beneficiary's request. An agreed sale to a public body or quasi-public body of all or any portion of the Property after threat of condemnation constitutes a condemnation as used in this section.

15. **TIME OF THE ESSENCE.** Time is material and of the essence for each of the covenants and obligations under this Trust Deed.

16. **EVENT OF DEFAULT.** An "Event of Default" under the Loan Agreement is an "Event of Default" under this Trust Deed.

17. **REMEDIES.** Upon the occurrence of any Event of Default, Trustee or Beneficiary, at its option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by Law:

17.1 Beneficiary shall have the right at its option to declare the entire Indebtedness immediately due and payable, including any prepayment fee or premium that Grantor is required to pay.

17.2 With respect to all or any part of the Property, the Trustee and Beneficiary shall have the right to foreclose by notice and sale or advertisement and sale and to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law. If this Deed of Trust is foreclosed (whether by judicial foreclosure or otherwise), Beneficiary will to the fullest extent permitted by Law be entitled to a judgment that provides that if the foreclosure sale proceeds are insufficient to satisfy the judgment, execution may issue for the amount of the unpaid balance of the judgment.

17.3 With respect to all or any part of the Personal Property Collateral, Beneficiary shall have all the rights and remedies of a secured party under the Uniform Commercial Code, including without limitation the right to recover any deficiency in the manner and to the full extent provided by applicable law.

17.4 Beneficiary shall have the right, without notice to Grantor, to take possession of and manage the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Beneficiary's costs, against the Indebtedness. In furtherance of this right, Beneficiary may require any tenant or other user of the Property to make payments of rent or use fees directly to Beneficiary. If the Rents are collected by Beneficiary, then Grantor irrevocably designates Beneficiary as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. This power of attorney is irrevocable and is coupled with an interest. Payments by tenants or other users to Beneficiary in response to Beneficiary's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Beneficiary may exercise its rights under this section either in person, by agent, or through a receiver.

17.5 Beneficiary shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, to sell the Property, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Beneficiary's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Secured Obligations by a substantial amount. Employment by Beneficiary shall not disqualify a Person from serving as a receiver.

17.6 If any Grantor remains in possession of the Property after the Property is sold as provided above or Beneficiary otherwise becomes entitled to possession of the Property upon an Event of Default, Grantor shall become a tenant at sufferance of Beneficiary or the purchaser of the Property and shall, at Beneficiary's option, either (a) pay a reasonable rental for the use of the Property, or (b) vacate the Property immediately upon the demand of Beneficiary.

At Beneficiary's option, any written notice of default given to Grantor may be given in the form of a statutory notice of default under Oregon Revised Statutes Chapter 86 or any other form as Beneficiary may elect.

18. **PRESERVATION OF PROPERTY.** Should Grantor fail to perform any of the covenants of this Trust Deed, Beneficiary may carry out the same on behalf of Grantor without waiver of any Default, and Beneficiary may perform any act that Beneficiary deems is necessary to protect or preserve the Property or Beneficiary's security interest. Any expenditures made or charges incurred by Beneficiary for the foregoing purposes shall be repayable by Grantor on demand and shall be secured by this Trust Deed, and shall accrue interest until repaid at the Default Rate. Beneficiary may sue to collect all or any part of the aforementioned expenditures without foreclosing this Trust Deed and without affecting Beneficiary's right to foreclose this Trust Deed at any future time. Nothing in this section requires Beneficiary to advance any money for any purpose or to perform any act. Beneficiary shall not incur any personal liability because of Beneficiary's acts or omissions under this section.

19. **MARSHALLING.** Beneficiary shall not be required to marshal security and may proceed to foreclose or otherwise realize upon security in such order and in such manner as Beneficiary may determine in Beneficiary's sole discretion.

20. **TRUSTEE.** Trustee accepts this trust when this Trust Deed, fully executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of a pending sale under any other trust deed or of any action or proceeding in which Grantor, Beneficiary or Trustee shall be a party unless such action or proceeding is brought by Trustee.

21. **SUCCESSOR TRUSTEE.** Beneficiary may from time to time appoint a successor or successors to any trustee named herein or to any successor trustee appointed hereunder. Upon such appointment and without conveyance to the successor trustee, the latter shall be vested with all title, powers and duties conferred upon any trustee herein or appointed hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary containing reference to this Trust Deed. When recorded in the official records of the county in which this Trust Deed is recorded, the appointment will be conclusive proof of proper appointment of the successor trustee.

22. **Waiver of Jury Trial.** TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, GRANTOR HEREBY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO ANY OF THE LOAN DOCUMENTS, THE OBLIGATIONS THEREUNDER, ANY COLLATERAL SECURING THE INDEBTEDNESS, OR ANY TRANSACTION ARISING THEREFROM OR CONNECTED THERETO. GRANTOR ACKNOWLEDGES AND AGREES THAT THIS WAIVER IS KNOWINGLY, WILLINGLY, AND VOLUNTARILY GIVEN.

23. **COMMERCIAL TRUST DEED.** Grantor represents that this Trust Deed is not and at no time will constitute a "residential trust deed" as defined under Oregon law (ORS 86.705(6)). Where this Trust Deed is foreclosed by judicial procedure, the Beneficiary shall be entitled to

recover a deficiency judgment against the Grantor and any surety, guarantor, successor in interest and other person obligated upon the obligations secured hereby, and the Beneficiary may bring actions, suits and proceedings against the Grantor and any surety, guarantor, successor in interest and any other person obligated upon the obligations secured hereby, for any amount by which the unpaid balance of the obligations secured by this Trust Deed exceed the net sale proceeds payable to the Beneficiary.

24. SEVERABILITY. If a court of competent jurisdiction finds any provision of this Trust Deed to be invalid or unenforceable as to any Person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other Persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Trust Deed in all other respects shall remain valid and enforceable.

25. INTERPRETATION. In interpreting this Trust Deed, (a) headings and captions are for convenience only and are not to be used in the interpretation of this Trust Deed and are not a limitation on the scope of the particular section to which each refers; (b) the term “including” is always deemed to mean “including, without limitation”; (c) the rule of construction that a written agreement is construed against the party preparing or drafting an agreement is specifically not applicable to the interpretation of this Trust Deed; and (d) any reference in this Trust Deed to a particular statute shall apply to any revisions or successors of that statute.

[SIGNATURES ON FOLLOWING PAGE]

EXHIBIT A

REAL PROPERTY DESCRIPTION

ADDRESS:

1185, 1189, 1195, 1199 Orange Blossom Dr., Klamath Falls, OR 97601

MAP AND TAX LOT:

3808-036DB-03900

3808-036DB-04000

3808-036DB-03800

3808-036DB-03700

LEGAL DESCRIPTION:

Lots 124, 125, 126 and 127 of Tract 1461 - The Woodlands-Phase 3, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.