



## MADRAS REDEVELOPMENT COMMISSION

125 SW "E" Street Madras, OR 97741  
Phone: 541-475-2344 Fax: 541-475-7061

City Hall  
Council Chambers  
Special Meeting

August 8, 2018  
5:30 PM

### Agenda

1. Call Meeting to Order
2. Consent Agenda
  - A. July Vouchers
3. Visitor Comments
4. Jefferson County Arts Association (dba Art Adventure Gallery) Loan for Water Line Repairs.

Nicholas Snead, Community Development Director
5. MRC Project Updates

Nicholas Snead, Community Development Director
6. Additional Discussion
7. Adjourn Meeting

Pursuant to ORS 192.640, this agenda includes a list of the principal subjects anticipated to be considered at the above referenced meeting; however, the agenda does not limit the ability of the Madras Redevelopment Commission to consider additional subjects. Meetings are subject to cancellation without notice. This meeting is open to the public and interested citizens are invited to attend. This is an open meeting under Oregon Revised Statutes, not a community forum; audience participation is at the discretion of the Madras Redevelopment Commission. **Anyone wishing to address the Commission will need to register prior to the meeting.** The meeting will be audio taped; minutes of this and all public meetings are available for review at the Madras City Hall. The meeting place is handicapped accessible; those needing assistance please contact the City of Madras Community Development two (2) days in advance of the meeting.

## Report Criteria:

Report type: Summary  
Bank.Bank number = 2

GL Period	Check Issue Date	Check Number	Payee	Description	Check Amount
07/18	07/13/2018	4098	REYNOSO, ISRAEL dba	Water downtown flower pots - June 2018	1,240.00
07/18	07/13/2018	4099	State of Oregon	MRC Financial Statement Audit Filing	150.00
Grand Totals:					<u>1,390.00</u>

Bank of America Purchase Cards

June 2018

<u>Date</u>	<u>Payee</u>	<u>Description</u>	<u>Amount</u>
Bank of America Purchase Cards-MRC			
Jun-18			
6/11/2018	TERRA CASA LLC	TERRA CASA LLC - Replacement Flower Pots	749.00
6/20/2018	SUBWAY 03116878	SUBWAY - Dinner for MRC Brewery Committee	65.47
6/6/2018	BRYANT LOVLIE & JARVI	BRYANT LOVLIE & JARVIS - Legal Bill May-18	2,986.00
MRC Total \$			3,800.47

**MADRAS REDEVELOPMENT COMMISSION**  
**Request for Action**

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**Date Submitted:** August 2, 2018  
**Agenda Date Requested:** August 8, 2018  
**To:** Madras Redevelopment Commission  
**From:** Nicholas Snead, Community Development Director  
**Subject:** **Jefferson County Arts Association Loan for Water Line Repairs.**

**TYPE OF ACTION REQUESTED:** (Check One)

- |  |                                    |
|--|------------------------------------|
| <input type="checkbox"/> Resolution                      | <input type="checkbox"/> Ordinance |
| <input checked="" type="checkbox"/> Formal Action/Motion | <input type="checkbox"/> Other     |
| <input type="checkbox"/> No Action - Report Only         |                                    |

**OVERVIEW:**

At the July 18, 2018 Special MRC meeting Brenda Curnutt, Treasurer, of the Jefferson County Arts Association requested financial assistance from the Madras Redevelopment Commission (MRC) to pay for needed water line repairs in their building located at 185 SW 5<sup>th</sup> Street. After discussing the request with staff, the MRC took formal action at the July 18, 2018 MRC meeting to direct staff to prepare loan documents up to \$7,500.00 for the necessary repairs at Art Adventure Gallery for which they do not know the exact cost. Accordingly staff requests the MRC to approve the loan and the related documents, allow the water line improvements to be made by the Association, and thereafter modify the loan documents to reflect the actual cost to repair the water line.

At the August 8, 2018 MRC meeting staff will request the MRC to approve the Jefferson County Arts Adventure Association loan in the amount not to exceed \$7,500.00, approve the related loan documents, and authorize the City Attorney and Community Development Director to make any changes to the loan documents.

**DISCUSSION:**

**Property Information:**

Property Address: 185 SW 5<sup>th</sup> Street  
Map & Tax Lot: 11-13-12BB-3300  
Current Property Owner: Jefferson County Arts Association (dba Art Adventure Gallery)

**Loan Terms:**

Principal: \$7,500.00 or less as determined by actual water line repair costs  
Interest Rate: 4.5%  
Term: 5 years/60 months  
Loan Dispersal: 1 payment to borrower, upon execution of the loan documents

**SUMMARY:**

**A. Fiscal Impact:**

\$7,500 in loan funding.

**B. Funding Source:**

Loan Funding: MRC Program Income, Loan Distributions, 705-705-545-6200 in in FY 2018-19.

**D. Supporting Documentation:**

Attachment A: Urban Renewal Loan Agreement

Attachment B: Promissory Note

Attachment C: Trust Deed, Assignment of Leases and Rents, and Fixture Filing

**STAFF RECOMMENDATION:**

That the MRC approve the Jefferson County Arts Adventure Association loan in the amount not to exceed \$7,500.00, approve the related loan documents, and authorize the City Attorney and Community Development Director to make any changes to the loan documents.

**MOTION FOR COMMISSION ACTION:**

That the MRC approve the Jefferson County Arts Adventure Association loan in the amount not to exceed \$7,500.00, approve the related loan documents, and authorize the City Attorney and Community Development Director to make any changes to the loan documents.

## MADRAS REDEVELOPMENT COMMISSION – URBAN RENEWAL LOAN AGREEMENT

This Madras Redevelopment Commission – Urban Renewal Loan Agreement (this “Agreement”) is made and entered into effective on \_\_\_\_\_, 2018 (the “Effective Date”) between Madras Redevelopment Commission (“Lender”), whose address is 125 SW “E” Street, Madras, Oregon 97741, and Jefferson County Arts Association (“Borrower”), an Oregon nonprofit corporation, whose address is 185 SE Fifth Street, Madras, Oregon 97741.

### RECITAL:

Borrower owns certain real property (and all improvements located thereon) located at 185 SE Fifth Street, Madras, Oregon 97741, which real property is more particularly described on the attached Exhibit A (collectively, the “Property”). Subject to the terms and conditions contained in this Agreement, Borrower desires to borrow funds from Lender, and Lender desires to loan funds to Borrower, to enable Borrower to complete certain remedial and repair work in and to the Property.

### AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions. Unless defined elsewhere in this Agreement, capitalized terms contained in this Agreement have the meanings assigned to them in the attached Appendix A.
2. Loan. Subject to the terms and conditions contained in this Agreement, Lender will loan to Borrower and Borrower will borrow from Lender the sum of Seven Thousand Five Hundred Dollars (\$7,500.00) (the “Loan”). The Loan will be evidenced by a promissory note in the principal amount of Seven Thousand Five Hundred Dollars (\$7,500.00) dated as of the Effective Date (the “Note”). The Note will be in form and substance acceptable to Lender. The Loan will be paid in accordance with the terms of the Note.
3. Loan Purpose; Remedial Work.
  - 3.1 Loan Purpose. Lender will disburse the Loan to Borrower for Borrower’s payment of the Remedial Work. Borrower must use the Loan for payment of the Remedial Work and for no other purpose. Borrower will provide Lender evidence to Lender’s satisfaction that the Remedial Work has been properly completed immediately upon Lender’s request.
  - 3.2 Remedial Work. Borrower has completed the Remedial Work at Borrower’s cost and expense. Borrower furnished (or caused to be furnished) all labor, materials, equipment, and services required for the completion of the Remedial Work. Borrower completed (or caused to be completed) the Remedial Work in a good workmanlike manner. Borrower paid (or will pay) for all labor, materials, equipment, tools, equipment, machinery, transportation, and any other services or materials necessary for the completion of the Remedial Work. The Remedial Work has been completed subject to and in compliance with all applicable Laws. In connection with the Remedial Work, Borrower has and/or will properly manage and dispose of all waste and hazardous substances, including, without limitation, sediment, paint, cement wash, asphalt, motor oil, asbestos, and grease, subject to and in accordance with all applicable Laws.

4. Lender Security. Borrower's obligations to Lender concerning the Loan will be secured by a perfected security interest in the Collateral. Lender's security interest in the Collateral will be evidenced by the Trust Deed (which will be delivered by Borrower to Lender contemporaneously with Borrower's execution of this Agreement). Borrower will execute and deliver all Loan Documents Lender may require concerning the Transaction. All Loan Documents will be in form and substance acceptable to Lender.

5. No Prior Encumbrances. The Trust Deed will be a first position trust deed on and concerning the Property.

6. Conditions Precedent to Disbursement. Lender will not be obligated to disburse any Loan proceeds to Borrower unless and until each of the following conditions have been satisfied or waived by Lender: (a) Lender has received a commitment from a title insurance company (the "Title Insurer") acceptable to Lender to issue to Lender a mortgagee's title insurance policy (the "Title Policy") in the principal amount of Seven Thousand Five Hundred Dollars (\$7,500.00) in such form and with such endorsements as may be required by Lender, insuring that Borrower holds fee simple title to the Property and that the Trust Deed is, and will continue to be, an Encumbrance against the Property prior to and paramount to all Encumbrances of any nature or kind whatsoever except the Encumbrance(s) created by the Permitted Encumbrance(s) and such other Encumbrance(s) which Lender approves prior in writing; (b) Lender must have received fully executed originals of the Loan Documents; (c) Lender must have received such environmental studies and reports as Lender may require, each of which must be satisfactory to Lender; (d) all required insurance (including, without limitation, the Title Policy) must be in full force and effect and Lender must have received such evidence thereof as it requires; (e) each of Borrower's representations and warranties contained in the Loan Documents must be true and accurate; (f) Lender must have a valid and perfected security interest in the Collateral (with a priority acceptable to Lender) and will have received satisfactory evidence of perfection and the priority of its security interest; and (g) any other condition that Lender may impose from time to time.

7. Representations; Warranties. In addition to any other representation and/or warranty made by Borrower under this Agreement, Borrower represents and warrants the following to Lender:

7.1 Authority; Binding Obligation; No Conflicts. Borrower is an Oregon nonprofit corporation duly organized and validly existing under the laws of the State of Oregon. Borrower has full power and authority to sign and deliver this Agreement and to perform all Borrower's obligations under this Agreement. This Agreement is the legal, valid, and binding obligation of Borrower, enforceable against Borrower in accordance with its terms. The signing and delivery of this Agreement by Borrower and the performance by Borrower of all of Borrower's obligations under this Agreement will not (a) breach any agreement to which Borrower is a party, or give any person the right to accelerate any obligation of Borrower, (b) violate any law, judgment, or order to which Borrower is subject, and/or (c) require the consent, authorization, or approval of any person, including, without limitation, any governmental body.

7.2 Compliance; No Misstatements; Encumbrances. Borrower and the Collateral are in compliance with all applicable Laws. No report, financial statement, representation, and/or other information furnished by Borrower to Lender in connection with the Loan contains any misstatement of fact or omits to state any fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Borrower owns fee simple title to the Collateral, free from all Encumbrances except the Encumbrance(s) created by the Permitted Encumbrance(s). No claim



of right, title, and/or interest adverse to Borrower in or to the Collateral has been or will be made by any person. There are no pending or threatened claims or actions against Borrower and/or the Collateral. The Property is, and at all times that any amounts remain owing on the Loan will be, used exclusively as a commercial property and will not be used as a personal residence.

8. Covenants. In addition to any other Borrower covenant contained in this Agreement, Borrower covenants the following to Lender:

8.1 Insurance. Borrower will obtain and maintain at all times insurance policies that provide adequate insurance coverage for the Property for all risks normally insured against by a person owning similar real property in a similar location, and for any other risks to which the Property is normally exposed. Each insurance policy that covers the Property will (a) be in form and substance satisfactory to Lender, (b) name Lender as a loss payee, and (c) will provide that the insurance policy may not be amended or cancelled without ten (10) days' prior written notice to Lender. Immediately upon Lender's request, Borrower will deliver a copy of each policy to Lender.

WARNING

(Provided pursuant to ORS 746.201(2))

Unless you [Borrower] provide us [Lender] with evidence of the insurance coverage as required by our contract or loan agreement, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the Collateral becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

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

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

8.2 Encumbrances; Transfer. Borrower will keep the Collateral free from all Encumbrances except the Permitted Encumbrances. Borrower will not Transfer all or any portion of the Collateral without Lender's prior written consent. Upon Lender's request, Borrower will permit Lender to (a) inspect the Property (and any other Collateral), and (b) inspect and copy Borrower's books of account and records related to the Property, including, without limitation, all contracts involving the ownership, lease, use, and/or operation of the Property. Borrower and the Collateral will comply with all Laws.

8.3 Indemnification. Borrower will defend, indemnify, and hold Lender and each Lender Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, obligations, costs, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees and costs, resulting from or arising out of, whether directly or indirectly, the

following: (a) any breach and/or inaccuracy of any Borrower representation, warranty, and/or covenant made in this Agreement and/or any other Loan Document; (b) any failure by Borrower to pay and/or perform any covenant and/or obligation required to be performed by Borrower under this Agreement and/or any other Loan Document; (c) the Remedial Work; and/or (d) the Loan. This indemnification provision will survive the termination of this Agreement and the satisfaction of the obligations of Borrower to Lender under this Agreement.

8.4 Sales; Reorganizations. Borrower will not enter into any transaction or series of transactions involving the sale and/or transfer of substantially all of Borrower's assets and/or the reorganization, recapitalization, consolidation, conversion, and/or merger of Borrower.

9. Defaults; Remedies.

9.1 Events of Default. The occurrence of any one or more of the following events constitutes a default by Borrower under this Agreement and each Loan Document (each an "Event of Default"): (a) Borrower's failure to make any payment required under the Note and/or this Agreement when due; (b) Borrower's failure to perform any covenant, agreement, and/or obligation contained in this Agreement and/or any other Loan Document (other than making any payment required under the Note and/or this Agreement as provided in Section 9.1(a)) within ten (10) days after written notice from Lender specifying the failure with reasonable particularity; (c) any warranty, representation, statement, and/or information made or furnished to Lender by or on behalf of Borrower proves to have been false or misleading in any respect when made or furnished or when deemed made or furnished, or becomes false or misleading at any time thereafter; (d) any default occurs under, or Borrower fails to pay, perform, and/or comply with, the terms of any Loan Document or any other agreement, document, and/or instrument between Borrower and Lender, and such failure is not remedied within any applicable grace period, if any; (e) any default occurs under any security instrument securing any indebtedness or obligation of Borrower to Lender and/or any lien created or purported to be created by the Trust Deed ceases to be, or is asserted by any person not to be, a valid, perfected priority security interest or lien, subject only to liens and encumbrances accepted by Lender; (f) Borrower voluntarily or involuntarily dissolves or ceases to exist, or any final nonappealable order or judgment is entered against Borrower decreeing its dissolution; (g) Lender determines that there has been an adverse change in the operations, business, management, prospects, and/or condition (financial or otherwise) of Borrower or in any Collateral and/or Lender deems itself insecure with respect to the payment or performance of any obligations of Borrower to Lender; and/or (h) the occurrence of any event that has or may reasonably be expected to have an adverse effect on Borrower's financial condition and/or Borrower's ability to pay and perform its obligations under this Agreement and/or any other Loan Document.

9.2 Remedies in the Event of Default. On and after an Event of Default, Lender may exercise the following remedies, which remedies are cumulative and which may be exercised singularly or concurrently: (a) upon notice to Borrower, the right to accelerate the due dates of the Loan so that the Loan is immediately due, payable, and performable in its entirety; (b) upon notice to Borrower, the right to take possession, control, and charge of the Property and/or any other Collateral; (c) the right to institute an action to appoint a receiver to take charge of the Property and/or any other Collateral; (d) any remedy available to Lender under any Loan Document and/or any agreement evidencing, guaranteeing, and/or securing the payment or performance of the Loan and/or any of the obligations of Borrower, including, without limitation, the Trust Deed; and/or (e) any other remedy available to Lender at law or in equity.

10. Miscellaneous.

10.1 No Lender Waiver. No failure and/or delay of Lender in exercising any right, power, and/or remedy under this Agreement and/or any other Loan Document will operate as a waiver of such right, power, and/or remedy of Lender or of any other right. A waiver of any provision of this Agreement and/or any other Loan Document will not constitute a waiver of or prejudice Lender's right to demand strict compliance with that provision and/or any other provision. Any waiver, permit, consent, and/or approval of any kind or character on the part of Lender must be in writing and will be effective only to the extent specifically set forth in writing.

10.2 Costs and Fees; Attorney Fees. Without otherwise limiting any other provision contained in this Agreement, Borrower will pay Lender immediately on demand an amount equal to all costs and expenses incurred by Lender in connection with the Loan, Title Insurance, enforcement of the Loan Documents, and/or collection of amounts due to Lender, including, without limitation, all recording costs, filing fees, costs of appraisals, title insurance, inspection, collateral audits, costs of perfecting, protecting, and defending Lender's security interest in the Collateral and attorney fees. Notwithstanding the foregoing, if any arbitration, action, suit, and/or proceeding is instituted to interpret, enforce, and/or rescind this Agreement and/or any other Loan Document, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

10.3 Legal Representation; Notices; Attorney in Fact. The law firm of Bryant, Lovlien & Jarvis, P.C. has been employed by Lender to prepare this Agreement and such attorneys represent only Lender in this matter. Borrower has employed Borrower's own independent legal counsel to assist in Borrower's review and negotiation of this Agreement (and any document referenced herein) or has knowingly waived Borrower's right to do so. Any notice required under this Agreement must be in writing. Any notice will be deemed given when personally delivered or delivered by facsimile or email transmission (with electronic confirmation of delivery), or will be deemed given three business days following delivery of the notice by U.S. mail, postage prepaid, certified, return receipt requested, by the applicable party to the address of the other party first shown above (or any other address that a party may designate by notice to the other party), unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed given on the next following business day. So long as any amount remains due hereunder to Lender and during the continuance of any default hereunder, Borrower hereby irrevocably appoints Lender its attorney-in-fact with full power and authority to execute, file, and record any notice or other document which Lender deems necessary or advisable to establish or perfect Lender's security interest in the Collateral.

10.4 Successors; Severability; Governing Law. This Agreement will be binding upon and inure to the benefit of the parties and their respective successors and assigns, except that Borrower may not assign or transfer any of its rights or obligations under this Agreement and/or any other Loan Document without the prior written consent of Lender. Each provision contained in this Agreement will be treated as a separate and independent provision. The unenforceability of any one provision will in no way impair the enforceability of any other provision contained herein. Any reading of a provision

causing unenforceability will yield to a construction permitting enforcement to the maximum extent permitted by applicable law. This Agreement is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Agreement. Any action, suit, or proceeding arising out of the subject matter of this Agreement will be litigated in courts located in Jefferson County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon.

10.5 Interpretation; Discretion. Upon request by Lender, Borrower will from time to time provide such information, execute such documents, and do such acts as may reasonably be required by Lender in connection with any indebtedness or obligations of Borrower to Lender. All information, documents, and instruments required to be executed or delivered to Lender will be in form and substance satisfactory to Lender. All pronouns contained herein and any variations thereof will be deemed to refer to the masculine, feminine, or neutral, singular or plural, as the identity of the parties may require. The singular includes the plural and the plural includes the singular. The word "or" is not exclusive. The words "include," "includes," and "including" are not limiting. The titles, captions, or headings of the sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. When Lender is exercising any consent, approval, determination, and/or similar discretionary action under this Agreement, the standard will be Lender's sole discretion. For purposes of this Agreement, the term "person" means any natural person, corporation, limited liability company, partnership, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision, or any other entity.

10.6 Integration; Conflicting Terms. This Agreement, together with the other Loan Documents and the Grant Agreement, comprises the entire agreement of the parties on the subject matter hereof and supersedes and replaces all prior agreements, oral and written, on such subject matter. If any term of any of the other Loan Documents expressly conflicts with the provisions of this Agreement, the provisions of this Agreement will control; provided, however, that the inclusion of supplemental rights and remedies of Lender in any of the other Loan Documents will not be deemed a conflict with this Agreement. Any exhibits, schedules, and other attachments referenced in this Agreement are part of this Agreement. This Agreement may be signed in counterparts. A fax or email transmission of a signature page will be considered an original signature page. At the request of a party, the other party will confirm a fax or email transmitted signature page by delivering an original signature page to the requesting party. This Agreement may be amended only by a written agreement signed by each party.

10.7 Survival. Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement and/or in any certificate or other instrument delivered by Borrower under this Agreement and/or any Loan Document. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties, and covenants will survive the making of the Loan and delivery to Lender of the Loan Documents, will be continuing in nature, and will remain in full force and effect until such time as Borrower has satisfied its obligations under the Loan Documents in full.

10.8 Disclosure. **Under Oregon law, most agreements, promises, and commitments made by Lender concerning loans and other credit extensions which are not for personal, family, or household purposes or secured solely by the borrower's residence must be in writing, express consideration, and be signed by Lender to be enforceable.**

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed and effective for all purposes of the Effective Date.

Lender:  
Madras Redevelopment Commission

Borrower:  
Jefferson County Arts Association

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

DRAFT

Appendix A  
Definitions

“Agreement” has the meaning assigned to such term in the preamble.

“Borrower” has the meaning assigned to such term in the preamble.

“Collateral” means the Property and all other collateral described in the Trust Deed.

“Effective Date” has the meaning assigned to such term in the preamble.

“Encumbrance(s)” means any liens, mortgages, pledges, security interests, reservations, restrictions, changes, claims, and/or any other encumbrances.

“Event of Default” has the meaning assigned to such term under Section 9.1.

“Law(s)” means all leases, covenants, conditions, restrictions, easements, declarations, laws, statutes, liens, ordinances, orders, codes, rules, ordinances, and regulations directly or indirectly concerning or affecting the Collateral (including, without limitation, the Property), Borrower, and/or the Loan, including, without limitation, the Americans with Disabilities Act of 1990 (and the rules and regulations promulgated thereunder), any environmental laws, and any building and safety codes and zoning ordinances, all as now in force and/or which may hereafter be amended, modified, enacted, or promulgated.

“Lender Representative(s)” means Lender and its successors, assigns, and affiliates, and all past, present, and future officers, employees, attorneys, agents, volunteers, contractors, representatives, and insurers of the aforementioned.

“Loan” means the loan provided by Lender to Borrower under this Agreement.

“Loan Document(s)” means, individually and collectively, (a) this Agreement, (b) the Note, (c) the Trust Deed, and (d) such other documents and/or instruments as Lender may require from time to time.

“Note” means that certain Promissory Note in the principal amount of Seven Thousand Five Hundred Dollars (\$7,500.00) dated as of the Effective Date.

“Permitted Encumbrance(s)” means (a) any lien, mortgage, pledge, security interest, and/or other encumbrance in favor of Lender, and (b) any lien, mortgage, pledge, security interest, or other encumbrance arising by operation of law for taxes, assessments, or government charges not yet due.

“Property” has the meaning assigned to such term in the Recital.

“Remedial Work” means certain repair work to the Property, including, without limitation, replacement of a water line and water meter and related improvements, including, without limitation, minor concrete repair work.

“Title Insurer” has the meaning assigned to such term under Section 6.

“Title Policy” has the meaning assigned to such term under Section 6.

“Transaction” means the line of credit loan transaction contemplated under this Agreement and the Loan Documents.

“Transfer” means (a) any transfer, including, without limitation, any sale, conveyance, exchange, gift, lease, Encumbrance, foreclosure of an Encumbrance, or attachment, regardless of whether the transfer occurs voluntarily or involuntarily, by operation of law, or because of any act or occurrence, and (b) any agreement involving the ownership, lease, and/or use of all or any portion of the Property for a period longer than thirty (30) days.

“Trust Deed” means that certain Trust Deed, Assignment of Leases and Rents, and Fixture Filing dated as of the Effective Date made by Borrower in favor of Lender. The Trust Deed will be delivered by Borrower to Lender upon the funding of the Loan and the Trust Deed will be in form and substance acceptable to Lender.

Exhibit A  
Legal Description

The subject real property is legally described as follows:

**South 25 feet of Lot 9, Block 20, Map of Palmain, in the City of Madras, Volume 1 of Plats,  
Page 10, Jefferson County, Oregon.**



**This Note (as defined below) has not been registered under the Securities Act of 1933 or any state securities laws. This Note may not be sold, assigned, and/or otherwise negotiated to any person unless pursuant to an effective registration statement filed under the Securities Act of 1933 and applicable state securities laws, or unless Maker (as defined below) receives an opinion of counsel, in form and from counsel acceptable to Maker, that the sale, assignment, and/or other negotiation is exempt from the registration requirements of the Securities Act of 1933 and applicable state securities laws.**

## PROMISSORY NOTE

\$7,500.00

Effective Date: \_\_\_\_\_, 2018

This Promissory Note (this "Note") is made by Jefferson County Arts Association ("Maker"), an Oregon nonprofit corporation, whose address is 185 SE Fifth Street, Madras, Oregon 97741, in favor of Madras Redevelopment Commission ("Holder"), whose address is 125 SW "E" Street, Madras, Oregon 97741.

1. Payment. Maker promises to pay to the order of Holder in immediately available funds the principal amount of Seven Thousand Five Hundred Dollars (\$7,500.00), together with interest on the unpaid principal amount from the date of this Note in accordance with Section 2, below, in 60 monthly payments of principal and accrued interest. The first payment is due on September 1, 2018 and subsequent payments are due on the same day of each following month until August 1, 2023 at which time the unpaid principal amount, together with accrued interest, is due in its entirety. All payments under this Note will be made to Holder at Holder's address first set forth above or any other address that Holder may designate by written notice to Maker. The due date and amount of each payment are set forth on the payment schedule attached hereto as Schedule 1.

2. Interest; Late Charges. Maker will pay interest on the unpaid principal amount at an annual rate of four and one-half percent (4.5%). On and after an Event of Default, Maker will pay interest on the unpaid principal amount at the annual rate of eight percent (8.0%). Interest will be computed on the basis of a 365-day year. If Maker fails to make any payment required under this Note within ten (10) days after the payment is due, a late charge equal to \$25.00 will be immediately due and payable.

3. Application of Payments; Prepayment. All payments under this Note will apply first to any costs and expenses due to Holder, then to accrued interest to date of payment, and then to the unpaid principal amount. Maker may prepay all or any part of the unpaid principal amount at any time. Excess payments or prepayments will not be credited as future scheduled payments required under this Note.

4. Loan Agreement; Security. Maker's obligations under this Note are subject to the terms and conditions of the Madras Redevelopment Commission – Urban Renewal Loan Agreement dated effective \_\_\_\_\_, 2018 between Maker and Holder (the "Loan Agreement"). Maker's obligations under this Note are guaranteed or secured by that certain Trust Deed, Assignment of Leases and Rents, and Fixture Filing dated effective \_\_\_\_\_, 2018 made by Maker in favor of Holder (the "Trust Deed").

5. Event of Default. The occurrence of any one or more of the following events constitutes a default by Maker under this Note (each an "Event of Default"): (a) Maker fails to make any payment required under this Note when due; (b) the occurrence of any event that has or may reasonably be expected to have an adverse effect on Maker's financial condition and/or Maker's ability to make any

payment required under this Note; (c) Maker fails to pay, becomes insolvent or unable to pay, or admits in writing an inability to pay Maker's debts as and when they become due, or Maker makes a general assignment for the benefit of creditors; (d) a proceeding with respect to Maker and/or the Property is commenced under any applicable law for the benefit of creditors, including, without limitation, any bankruptcy or insolvency law, or an order for the appointment of a receiver, liquidator, trustee, custodian, or other officer having similar powers over Maker is entered; (e) Maker voluntarily or involuntarily dissolves or ceases to exist, or any final nonappealable order or judgment is entered against Maker decreeing its dissolution; (f) Holder determines that there has been an adverse change in the operations, business, management, prospects, and/or condition (financial or otherwise) of Maker and/or Holder deems itself insecure with respect to the payment or performance of any obligations of Maker to Holder; and/or (g) an event of default occurs under (1) any Loan Document, and/or (2) any agreement securing the performance of any of the obligations of any guarantor of this Note. For purposes of this Note, the term "Loan Document(s)" means (w) the Loan Agreement, (x) the Trust Deed, (y) this Note, and (z) all other agreement and/or instrument evidencing, guaranteeing, and/or securing the performance of any of Maker's obligations under this Note.

6. Remedies. On and after an Event of Default, Holder may exercise the following remedies, which remedies are cumulative and which may be exercised singularly or concurrently: (a) upon notice to Maker, the right to accelerate the due dates under this Note so that the unpaid principal amount, together with accrued interest, is immediately due and payable in its entirety; (b) any remedy available to Holder under any Loan Document; (c) any remedy available to Holder under any agreement securing the performance of any of the obligations of any guarantor of this Note; and/or (d) any other remedy available to Holder at law or in equity.

7. Time of Essence; Amendment; Waiver; Severability. Time is of the essence with respect to all dates and time periods in this Note. This Note may be amended only by a written document signed by the party against whom enforcement is sought. Maker waives demand, presentment for payment, notice of dishonor or nonpayment, protest, notice of protest, and lack of diligence in collection, and agrees that Holder may extend or postpone the due date of any payment required by this Note without affecting Maker's liability. No waiver will be binding on Holder unless it is in writing and signed by Holder. Holder's waiver of a breach of a provision of this Note will not be a waiver of any other provision or a waiver of a subsequent breach of the same provision. If a provision of this Note is determined to be unenforceable in any respect, the enforceability of the provision in any other respect and of the remaining provisions of this Note will not be impaired.

8. Governing Law; Venue. This Note is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Note. Any action, suit, and/or proceeding arising out of the subject matter of this Note will be litigated in courts located in Jefferson County, Oregon. Maker consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon.

9. Attorney's Fees. If any arbitration, action, suit, and/or proceeding is instituted to interpret, enforce, and/or rescind this Note, or otherwise in connection with the subject matter of this Note, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

10. Costs and Expenses. If an Event of Default occurs and Holder does not institute any arbitration, action, suit, and/or proceeding, Maker will pay Holder, immediately upon Holder's demand, all costs and expenses, including, without limitation, attorney fees and collection fees, incurred by Holder in attempting to enforce this Note and/or collect the indebtedness evidenced by this Note.

11. Notices; Legal Representation. Any notice required under this Note must be in writing. Any notice will be deemed given when personally delivered or delivered by facsimile or email transmission (with electronic confirmation of delivery), or will be deemed given three business days following delivery of the notice by U.S. mail, postage prepaid, certified, return receipt requested, by the applicable party to the address of the other party first shown above (or any other address that a party may designate by notice to the other party), unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed given on the next following business day. The law firm of Bryant, Lovlien & Jarvis, P.C. has been employed by Holder to prepare this Note and such attorneys represent only Holder in this matter. Maker has employed Maker's own independent legal counsel to assist in Maker's review and negotiation of this Note (and any document referenced herein) or has knowingly waived Maker's right to do so.

12. Disclosure. **Under Oregon law, most agreements, promises and commitments made by Holder concerning loans and other credit extensions which are not for personal, family or household purposes or secured solely by the borrower's residence must be in writing, express consideration and be signed by Holder to be enforceable.**

MAKER:  
Jefferson County Arts Association  
an Oregon nonprofit corporation

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By:  
Its:

Schedule 1  
Payment Schedule

[to be inserted]

## Art Adventure Gallery Loan

Compounding Period: Monthly

Nominal Annual Rate: 4.500%

## Cash Flow Data - Loans and Payments

Event	Date	Amount	Number	Period	End Date
1 Loan	08/01/2018	7,500.00	1		
2 Payment	09/01/2018	139.82	60	Monthly	08/01/2023

## TValue Amortization Schedule - Normal, 365 Day Year

	Date	Payment	Interest	Principal	Balance
Loan	08/01/2018				7,500.00
1	09/01/2018	139.82	28.13	111.69	7,388.31
2	10/01/2018	139.82	27.71	112.11	7,276.20
3	11/01/2018	139.82	27.29	112.53	7,163.67
4	12/01/2018	139.82	26.86	112.96	7,050.71
<b>2018 Totals</b>		<b>559.28</b>	<b>109.99</b>	<b>449.29</b>	
5	01/01/2019	139.82	26.44	113.38	6,937.33
6	02/01/2019	139.82	26.01	113.81	6,823.52
7	03/01/2019	139.82	25.59	114.23	6,709.29
8	04/01/2019	139.82	25.16	114.66	6,594.63
9	05/01/2019	139.82	24.73	115.09	6,479.54
10	06/01/2019	139.82	24.30	115.52	6,364.02
11	07/01/2019	139.82	23.87	115.95	6,248.07
12	08/01/2019	139.82	23.43	116.39	6,131.68
13	09/01/2019	139.82	22.99	116.83	6,014.85
14	10/01/2019	139.82	22.56	117.26	5,897.59
15	11/01/2019	139.82	22.12	117.70	5,779.89
16	12/01/2019	139.82	21.67	118.15	5,661.74
<b>2019 Totals</b>		<b>1,677.84</b>	<b>288.87</b>	<b>1,388.97</b>	
17	01/01/2020	139.82	21.23	118.59	5,543.15
18	02/01/2020	139.82	20.79	119.03	5,424.12
19	03/01/2020	139.82	20.34	119.48	5,304.64
20	04/01/2020	139.82	19.89	119.93	5,184.71
21	05/01/2020	139.82	19.44	120.38	5,064.33
22	06/01/2020	139.82	18.99	120.83	4,943.50
23	07/01/2020	139.82	18.54	121.28	4,822.22
24	08/01/2020	139.82	18.08	121.74	4,700.48

## Art Adventure Gallery Loan

	Date	Payment	Interest	Principal	Balance
25	09/01/2020	139.82	17.63	122.19	4,578.29
26	10/01/2020	139.82	17.17	122.65	4,455.64
27	11/01/2020	139.82	16.71	123.11	4,332.53
28	12/01/2020	139.82	16.25	123.57	4,208.96
<b>2020 Totals</b>		<b>1,677.84</b>	<b>225.06</b>	<b>1,452.78</b>	
29	01/01/2021	139.82	15.78	124.04	4,084.92
30	02/01/2021	139.82	15.32	124.50	3,960.42
31	03/01/2021	139.82	14.85	124.97	3,835.45
32	04/01/2021	139.82	14.38	125.44	3,710.01
33	05/01/2021	139.82	13.91	125.91	3,584.10
34	06/01/2021	139.82	13.44	126.38	3,457.72
35	07/01/2021	139.82	12.97	126.85	3,330.87
36	08/01/2021	139.82	12.49	127.33	3,203.54
37	09/01/2021	139.82	12.01	127.81	3,075.73
38	10/01/2021	139.82	11.53	128.29	2,947.44
39	11/01/2021	139.82	11.05	128.77	2,818.67
40	12/01/2021	139.82	10.57	129.25	2,689.42
<b>2021 Totals</b>		<b>1,677.84</b>	<b>158.30</b>	<b>1,519.54</b>	
41	01/01/2022	139.82	10.09	129.73	2,559.69
42	02/01/2022	139.82	9.60	130.22	2,429.47
43	03/01/2022	139.82	9.11	130.71	2,298.76
44	04/01/2022	139.82	8.62	131.20	2,167.56
45	05/01/2022	139.82	8.13	131.69	2,035.87
46	06/01/2022	139.82	7.63	132.19	1,903.68
47	07/01/2022	139.82	7.14	132.68	1,771.00
48	08/01/2022	139.82	6.64	133.18	1,637.82
49	09/01/2022	139.82	6.14	133.68	1,504.14
50	10/01/2022	139.82	5.64	134.18	1,369.96
51	11/01/2022	139.82	5.14	134.68	1,235.28
52	12/01/2022	139.82	4.63	135.19	1,100.09
<b>2022 Totals</b>		<b>1,677.84</b>	<b>88.51</b>	<b>1,589.33</b>	
53	01/01/2023	139.82	4.13	135.69	964.40
54	02/01/2023	139.82	3.62	136.20	828.20
55	03/01/2023	139.82	3.11	136.71	691.49
56	04/01/2023	139.82	2.59	137.23	554.26
57	05/01/2023	139.82	2.08	137.74	416.52
58	06/01/2023	139.82	1.56	138.26	278.26
59	07/01/2023	139.82	1.04	138.78	139.48
60	08/01/2023	139.82	0.34	139.48	0.00
<b>2023 Totals</b>		<b>1,118.56</b>	<b>18.47</b>	<b>1,100.09</b>	

## Art Adventure Gallery Loan

	Date	Payment	Interest	Principal	Balance
<b>Grand Totals</b>		<b>8,389.20</b>	<b>889.20</b>	<b>7,500.00</b>	

Last interest amount decreased by 0.18 due to rounding.

<b>ANNUAL PERCENTAGE RATE</b>	<b>FINANCE CHARGE</b>	<b>Amount Financed</b>	<b>Total of Payments</b>
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after you have made all payments as scheduled.
<b>4.499%</b>	<b>\$889.20</b>	<b>\$7,500.00</b>	<b>\$8,389.20</b>

**After recording, return to:**

City of Madras  
Attn: Madras Redevelopment Commission  
125 SW "E" Street  
Madras, Oregon 97741

**Beneficiary's name and address:**

City of Madras  
Attn: Madras Redevelopment Commission  
125 SW "E" Street  
Madras, Oregon 97741

**TRUST DEED, ASSIGNMENT OF LEASES AND RENTS, AND FIXTURE FILING**

This Trust Deed, Assignment of Leases and Rents, and Fixture Filing (this "Trust Deed") is made and entered into effective on \_\_\_\_\_, 2018 (the "Effective Date") by Jefferson County Arts Association ("Grantor"), an Oregon nonprofit corporation, whose address is 185 SE Fifth Street, Madras, Oregon 97741, in favor of AmeriTitle ("Trustee"), whose address is 748 SW 5<sup>th</sup> Street, Madras, Oregon 97741, for the benefit of Madras Redevelopment Commission ("Beneficiary"), whose address is 125 SW "E" Street, Madras, Oregon 97741.

**RECITAL:**

Beneficiary and Grantor have entered into a certain Madras Redevelopment Commission – Urban Renewal Loan Agreement dated \_\_\_\_\_, 2018 (the "Agreement"). Pursuant to the Agreement, Beneficiary has extended to Grantor a certain loan in the principal amount of Seven Thousand Five Hundred Dollars (\$7,500.00) which loan is evidenced by a certain Promissory Note dated as of the Effective Date as it may be modified, extended, or replaced from time to time (the "Note"). The Note is due and payable in full on or before August 1, 2023. As a condition to making the loan to Grantor and accepting the Note, Beneficiary has required, and Grantor has agreed to execute and deliver, this Trust Deed.

**AGREEMENT:**

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the purpose of securing the Obligations, the parties hereto hereby agree as follows:

1. Definitions.

1.1 Capitalized Terms. Unless defined elsewhere in this Trust Deed, capitalized terms used in this Trust Deed have the meanings assigned to them in the attached Appendix A.

1.2 ORS Chapter 86. Unless the context clearly indicates otherwise, terms used in this Trust Deed that are defined in ORS Chapter 86 have the meanings assigned to them in ORS Chapter



86.

1.3 UCC Terms. Unless the context clearly indicates otherwise, terms used in this Trust Deed that are defined in the Uniform Commercial Code have the meanings assigned to them in the Uniform Commercial Code. The term “instrument” has the meaning assigned to it in ORS Chapter 79 rather than ORS Chapter 73.

2. Trust Deed.

2.1 Transfer. As security for the full and prompt payment and performance of the Obligations, Grantor transfers and assigns to Trustee in trust for the benefit of Beneficiary, with power of sale, all of Grantor’s right, title, and interest in and to the Trust Property, subject to the provisions of this Trust Deed.

2.2 Recording and Perfection. Beneficiary may record this Trust Deed in the mortgage records in Jefferson County, Oregon. Upon Trustee’s or Beneficiary’s request, Grantor will take any actions that Trustee or Beneficiary deems necessary to perfect and continue Trustee’s and/or Beneficiary’s rights under this Trust Deed. Grantor will pay all the fees, costs, and expenses of recording this Trust Deed and any other document that Trustee or Beneficiary deems necessary to perfect and continue Trustee’s and/or Beneficiary’s rights under this Trust Deed.

2.3 Reconveyance. Within ninety (90) days after the full payment and performance of the Obligations, Beneficiary will deliver a written request to Trustee to reconvey the Trust Property to Grantor. Within thirty (30) days after Beneficiary delivers the written request to reconvey to Trustee, Trustee will reconvey the Trust Property to Grantor.

3. Assignment of Lease Rights.

3.1 Assignment. Grantor assigns and transfers to Beneficiary all of Grantor’s rights under each Lease, together with all prepaid rent and existing and future security or other deposits that each Tenant has paid and will pay with respect to the Tenant’s Lease.

3.2 No Assumption. Beneficiary will not assume any of Grantor’s liabilities or obligations under any Lease.

3.3 Revocable License. Beneficiary grants Grantor a revocable and exclusive license to (a) retain, collect, and receive any prepaid rent and existing and future security or other deposits that each Tenant has paid or will pay with respect to the Tenant’s Lease, but only to the extent that the prepaid rent and deposits are applied for the purposes required by the Tenant’s Lease, to the Obligations, or to any other commercially reasonable purpose, (b) collect and receive the rent and other payments due to Beneficiary under the Leases, but only to the extent that the payments are applied to the Obligations or to any other commercially reasonable purpose, and (c) enforce Beneficiary’s rights under the Leases.

3.4 Automatic Reassignment and Termination. Upon the full payment and performance of the Obligations, (a) all of Beneficiary’s rights under the Leases, together with all prepaid rent and existing security or other deposits that each Tenant has paid to Grantor or Beneficiary with

respect to the Tenant's Lease, will be automatically reassigned and transferred to Grantor, and (b) the license described in Section 3.3 will automatically terminate.

3.5 Indemnification. Grantor will defend, indemnify, and hold Beneficiary and each Beneficiary Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees, resulting from or arising out of, whether directly or indirectly, any liability and/or obligation of Grantor under any Lease.

4. Representations and Warranties of Grantor. In addition to any other representation and/or warranty made by Grantor under this Trust Deed, Grantor represents and warrants to Beneficiary as follows:

4.1 Authority; Binding Obligation; No Conflicts. Grantor is an Oregon nonprofit corporation duly organized and validly existing under the laws of the State of Oregon. Grantor has full power and authority to sign and deliver this Trust Deed and to perform all of Grantor's obligations under this Trust Deed. This Trust Deed is the legal, valid, and binding obligation of Grantor, enforceable against Grantor in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, or other similar laws of general application or by general principles of equity. The signing and delivery of this Trust Deed by Grantor and the performance by Grantor of all of Grantor's obligations under this Trust Deed will not (a) breach any agreement to which Grantor is a party, or give any person the right to accelerate any obligation of Grantor, (b) violate any law, judgment, or order to which Grantor is subject, and/or (c) require the consent, authorization, and/or approval of any person, including, without limitation, any governmental body.

4.2 Real Property. Grantor's use of the Trust Property complies with all applicable zoning laws. Grantor's use of the Trust Property is not subject to any permitted nonconforming use and/or to any structure classification. No fixture and/or improvement on any parcel of land not included in the Trust Property encroaches onto the Trust Property. The Trust Property abuts and has direct vehicular access to a public road or to a permanent, irrevocable, appurtenant easement that provides direct vehicular access to a public road.

4.3 Title to Trust Property. Except as encumbered by any Permitted Encumbrances, Grantor has good title to the Trust Property free from all Encumbrances.

4.4 Commercial Purposes. Grantor has used the Trust Property exclusively for commercial purposes.

4.5 Name of Grantor. The exact full legal name of Grantor is Jefferson County Arts Association.

4.6 Lease. Grantor has delivered to Beneficiary copies of all Leases in effect as of the Effective Date. The Leases are legal, valid, and binding obligations of Grantor and the Tenants and both Grantor and the Tenants are in full compliance with the Leases.

4.7 Compliance With Laws. Grantor will comply with all applicable laws relating to the ownership, lease, use, and/or operation of the Trust Property. No event has occurred or

circumstances exist that will likely result in Grantor's failure to comply with any applicable law relating to the ownership, lease, use, and/or operation of the Trust Property.

4.8 Environmental. Grantor has delivered to Beneficiary complete copies of all environmental reports, studies, analyses, tests, and site assessments relating to the Trust Property. Grantor has no liabilities and/or obligations of any kind arising out of or related to, whether directly or indirectly, any Environmental Law, whether known or unknown, fixed or contingent, disputed or undisputed, matured or unmatured, liquidated or unliquidated, or secured or unsecured. Grantor is not a party to any contract, settlement agreement, or other similar arrangement that requires or may require Grantor to have any liability or obligation of any kind arising out of any Environmental Law. No event has occurred or circumstances exist that will likely result in Grantor having any liability or obligation of any kind arising out of any Environmental Law. Grantor has complied with all applicable Environmental Laws. No event has occurred or circumstances exist that will likely result in Grantor's failure to comply with any applicable Environmental Law. Grantor has not received any notice from any governmental authority or other person regarding (a) any actual, alleged, and/or potential failure by Grantor to comply with any Environmental Law, and/or (b) any actual or threatened liability or obligation of Grantor arising out of any Environmental Law with respect to the Trust Property. No action, arbitration, audit, hearing, investigation, litigation, suit, and/or other proceeding relating to any Environmental Law is pending or, to Grantor's Knowledge, threatened against Grantor. Grantor is not subject to any judgment or order relating to any Environmental Law. No Hazardous Substance is present on the Trust Property. No Hazardous Substance has been spilled, discharged, and/or otherwise released on and/or into the Trust Property. To Grantor's Knowledge, no Hazardous Substance is present on any real property that geologically or hydrologically adjoins the Trust Property. To Grantor's Knowledge, no Hazardous Substance has been spilled, discharged, or otherwise released on and/or into any real property that geologically or hydrologically adjoins the Trust Property. No underground storage tank is present on the Trust Property. The Trust Property does not contain any wetlands or other protected areas, flora, or fauna.

4.9 Taxes. Grantor has filed on a timely basis all tax returns and reports required to be filed by applicable laws. All of Grantor's filed tax returns are complete and accurate in all respects. Grantor has paid – or made provision for the payment of – all taxes that have become due for all periods. No taxing authority has asserted – or informed Grantor that it intends to assert – any deficiency in the payment of any taxes by Grantor. Grantor is not the beneficiary of any extension of time within which to file a tax return.

4.10 No Material Adverse Change. Grantor has no Knowledge of any facts or circumstances that will likely result in a material adverse change in the financial condition of Grantor.

4.11 Non-foreign Person. Grantor is not a "foreign person" for purposes of Section 1445 of the Internal Revenue Code.

5. Covenants of Grantor. Grantor covenants to Beneficiary that Grantor will perform the following obligations and observe the following conditions until the Obligations are fully paid and performed:

5.1 Obligations. Grantor will fully and promptly pay and perform the Obligations when due.

5.2 Ownership of Trust Property. Grantor will defend Trustee's and Beneficiary's rights under this Trust Deed against the adverse claim of any person.

5.3 Restriction on Transfer. Grantor will not Transfer all or any interest in the Trust Property without Beneficiary's prior written consent.

5.4 Condition of Trust Property. Grantor will keep the Trust Property in good repair and condition, reasonable wear and tear excepted, and will not commit or permit any waste of the Trust Property. Grantor will not remove, demolish, and/or materially alter any improvement on the Trust Property, except in connection with the replacement of an improvement in the ordinary course of Grantor's business.

5.5 Use of Trust Property. Grantor will not initiate, support, and/or consent to any rezoning of the Trust Property and/or any change in any public or private covenant, condition, and/or restriction relating to the use of the Trust Property. Grantor will use the Trust Property exclusively for commercial purposes, and will ensure that this Trust Deed does not become a residential trust deed.

5.6 Name of Grantor. Grantor will not change Grantor's legal name.

5.7 Leases. Grantor will fully and promptly pay and perform all of Grantor's obligations under each Lease. Unless and until the license described in Section 3.3 is revoked by Beneficiary, Grantor will, at Grantor's own cost and expense, use commercially reasonable efforts to (a) collect the rent and other payments due to Beneficiary under the Leases, except that Grantor will not collect any prepaid rent or other payments that are due under any Lease more than thirty (30) days before the due date of the payment, and (b) enforce Beneficiary's rights under the Leases. Grantor will promptly notify Beneficiary if Grantor or any Tenant materially breaches any Lease. Grantor will not renew, materially amend, waive any right under, and/or terminate any Lease without the prior written consent of Beneficiary. Grantor will not enter into any new Lease without the prior written consent of Beneficiary. Grantor will not pay, contest, and/or settle any claim relating to any Lease without the prior written consent of Beneficiary.

5.8 Estoppel Certificates. Upon Beneficiary's request, Grantor will use commercially reasonable efforts to obtain from each Tenant an estoppel certificate signed by the Tenant, in form and substance reasonably satisfactory to Beneficiary.

5.9 Notification. Grantor will promptly notify Beneficiary if any of the following occurs: (a) any material change in the business of Grantor; (b) any material loss or damage with respect to the Trust Property with a value over Five Thousand Dollars (\$5,000.00), whether or not the loss or damage is covered by insurance; (c) any adverse change in the financial condition of Grantor; and/or (d) an Event of Default.

5.10 Future Commercial Tort Claims. Grantor will promptly notify Beneficiary if Grantor obtains any rights to any commercial tort claim relating to the ownership, lease, use, and/or operation of the Trust Property. Grantor will ensure that the notice includes the adverse parties to the claim and the specific facts out of which the claim arose.

5.11 Inspection. Upon Beneficiary's request, Grantor will permit Beneficiary to (a) inspect the Trust Property, and (b) inspect and copy Grantor's books of account and records related to

the Trust Property including, without limitation, all contracts involving the ownership, lease, use, and/or operation of the Trust Property.

5.12 Compliance With Laws. Grantor will comply with all laws, ordinances, regulations, directions, rules, and requirements of all governmental authorities and others applicable to the use and/or occupancy of the Trust Property.

5.13 Environmental. Grantor will comply with all applicable Environmental Laws. Grantor will comply with the terms and conditions of each judgment and order relating to any Environmental Law to which Grantor is subject. Grantor will not cause or permit any Hazardous Substance to be present on or to be spilled, discharged, and/or otherwise released on and/or into the Trust Property. Grantor will fully and promptly pay and perform all of Grantor's obligations arising out of any Environmental Law. Grantor will comply with the terms and conditions of any contract, settlement agreement, and/or other similar arrangement that requires or may require Grantor to have any liability or obligation of any kind arising out of any Environmental Law. Grantor will promptly notify Beneficiary if Grantor obtains Knowledge of the occurrence after the Effective Date of any fact or condition that would cause Grantor to breach any representation or warranty in Section 4.8 if the representation or warranty were made as of the date of the occurrence.

5.14 Taxes. Grantor will file on a timely basis all tax returns and reports required to be filed by applicable laws. All of Grantor's filed tax returns will be complete and accurate in all respects. Grantor will pay – or make provision for the payment of – all taxes that become due for all periods. Grantor will promptly notify Beneficiary if any taxing authority asserts – or informs Grantor that it intends to assert – any deficiency in the payment of any taxes by Grantor. Grantor will not seek any extension of time within which to file a tax return.

5.15 Insurance. Grantor will obtain and maintain at all times during the term of this Trust Deed insurance policies that provide adequate insurance coverage for the Trust Property for all risks normally insured against by a person owning similar real property in a similar location, and for any other risks to which the Trust Property is normally exposed. If any portion of the Trust Property is located in a special flood hazard area, Grantor will obtain flood insurance under the National Flood Insurance Program. Each insurance policy that covers the Trust Property will (a) be in form and substance reasonably satisfactory to Beneficiary, (b) name Beneficiary as a loss payee, and (c) provide that the insurance policy may not be amended or cancelled without ten (10) days' prior written notice to Beneficiary. Upon Beneficiary's request, Grantor will deliver a copy of each insurance policy to Beneficiary.

5.16 Sales. Grantor will not enter into any transaction or series of transactions involving the sale and/or transfer of substantially all of Grantor's assets and/or the reorganization, recapitalization, consolidation, conversion, and/or merger of Grantor.

6. Damage or Destruction. Grantor will perform the following obligations and observe the following conditions until the Obligations are fully paid and performed:

6.1 Assignment of Proceeds. Grantor assigns and transfers to Beneficiary all of Grantor's rights to receive insurance proceeds under all insurance policies that provide coverage to Grantor for the Trust Property.

6.2 Application of Proceeds. If any damage or destruction occurs with respect to the Trust Property, and if Beneficiary receives any insurance proceeds under any insurance policy that provides coverage to Grantor for the Trust Property, (a) Beneficiary may hold the proceeds as additional security for the full and prompt payment and performance of the Obligations, subject to the provisions of this Section 6.2, and (b) Beneficiary may, in Beneficiary's sole discretion, apply the proceeds (1) to the Obligations, whether or not the Obligations are then due, and/or (2) to the cost and expense of restoring the portion of the Trust Property that was damaged or destroyed, subject to any conditions that Beneficiary deems reasonably necessary to ensure that the Trust Property is properly restored, including, without limitation, holding the proceeds until the restoration is complete.

7. Prior Encumbrance. This Trust Deed will be subordinate only to the Permitted Encumbrances.

8. Condemnation. Grantor will perform the following obligations and observe the following conditions until the Obligations are fully paid and performed:

8.1 Notice. Grantor will promptly notify Beneficiary if all or any portion of the Trust Property is condemned or threatened with condemnation. The notice will include a copy of all correspondence relating to the condemnation or the threat that Grantor received from any third-party.

8.2 Proceeding. Beneficiary may elect to control the condemnation matter described in Grantor's notice by notifying Grantor within twenty (20) days after the delivery of Grantor's notice. If Beneficiary elects to control the condemnation matter within the twenty-day period after the delivery of Grantor's notice Beneficiary may institute a condemnation proceeding, in which case (1) Beneficiary must diligently prosecute the proceeding, with counsel reasonably satisfactory to Grantor, (2) Grantor may participate in the prosecution of the proceeding, at Grantor's own cost and expense, and (3) Beneficiary may settle the matter with the consent of Grantor, which Grantor may not unreasonably withhold, condition, and/or delay. If Beneficiary does not elect to control the condemnation matter within the twenty-day period after the delivery of Grantor's notice Grantor may institute a condemnation proceeding, in which case (1) Grantor will diligently prosecute the proceeding, with counsel reasonably satisfactory to Beneficiary, (2) Beneficiary may participate in the prosecution of the proceeding, at Beneficiary's own cost and expense, and (3) Grantor may settle the matter with the consent of Beneficiary. In any condemnation proceeding that is subject to the provisions in this Section 8.2, Grantor and Beneficiary will keep each other fully informed of the status of the proceeding, cooperate with each other with respect to the prosecution of the proceeding, and attempt to preserve in full any attorney-client and work-product privileges and the confidentiality of any confidential information.

8.3 Assignment of Compensation. Grantor assigns and transfers to Beneficiary all of Grantor's rights to receive compensation as a result of any condemnation of all or any portion of the Trust Property.

8.4 Application of Compensation. If all or any portion of the Trust Property is condemned, and if Beneficiary receives any compensation as a result of the condemnation, (a) Beneficiary may hold the compensation as additional security for the full and prompt payment and performance of the Obligations, subject to the provisions of this Section 8.4, and (b) Beneficiary may, in Beneficiary's sole discretion, apply the compensation (1) to the Obligations, whether or not the

Obligations are then due, and/or (2) to the cost and expense of restoring or improving the remaining portion of the Trust Property, if any, subject to any conditions that Beneficiary deems reasonably necessary to ensure that the remaining portion of the Trust Property is properly restored or improved, including, without limitation, holding the proceeds until the restoration or improvement is complete.

9. Payment of Taxes and Other Charges by Beneficiary. Whenever Grantor fails to pay when due any taxes, assessments, interest on prior mortgages, insurance premiums, and/or other charges necessary to be paid for the protection of Trustee's and/or Beneficiary's rights under this Trust Deed, Beneficiary may pay the same. Such payments will be added to the Obligations and will bear interest at the default interest rate specified in the Note.

#### BENEFICIARY'S WARNING TO GRANTOR

Unless you [Grantor] provide us [Beneficiary] with evidence of the insurance coverage as required by our contract or loan agreement, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the collateral becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

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

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

10. Defaults and Remedies.

10.1 Events of Default. The occurrence of any one or more of the following events constitutes an event of default under this Trust Deed (each an "Event of Default"): (a) Grantor fails to make any payment Obligation when due; (b) Grantor fails to perform any non-payment Obligation within ten (10) days after Beneficiary notifies Grantor of the failure to perform the Obligation when due; (c) any representation or warranty made by Grantor in this Trust Deed is found to have been untrue or misleading in any respect as of the Effective Date; (d) an Encumbrance other than a Permitted Encumbrance attaches to the Trust Property; (e) any Transfer of the Trust Property and/or any interest in the Trust Property to any person other than Trustee or Beneficiary, unless the Transfer is expressly permitted by this Trust Deed; (f) any material loss or damage with respect to the Trust Property occurs that is not covered by insurance; (g) any material portion of the Trust Property is condemned; (h) Grantor fails to pay, becomes insolvent or unable to pay, or admits in writing an inability to pay Grantor's debts as they become due, or makes a general assignment for the benefit of creditors; (i) a proceeding with respect to Grantor is commenced under any applicable law for the benefit of creditors, including, without limitation, any bankruptcy or insolvency law, or an order for the appointment of a receiver, liquidator, trustee, custodian, or other officer having similar powers over Grantor and/or the

Trust Property is entered; (j) an event of default occurs under (1) any Loan Document, and/or (2) any agreement securing the performance of any of the obligations of any guarantor of the Obligations; (k) Grantor voluntarily or involuntarily dissolves or ceases to exist, or any final nonappealable order or judgment is entered against Grantor decreeing its dissolution; (l) Beneficiary determines that there has been an adverse change in the operations, business, management, prospects, and/or condition (financial or otherwise) of Grantor or in any Trust Property and/or Beneficiary deems itself insecure with respect to the payment or performance of any obligations of Grantor to Beneficiary; and/or (m) the occurrence of any event that has or may reasonably be expected to have an adverse effect on Grantor's and/or any guarantor's financial condition and/or Grantor's ability to pay and perform the Obligations.

10.2 Remedies. On and after an Event of Default, Beneficiary may exercise the following remedies, which remedies are cumulative and which may be exercised singularly or concurrently: (a) upon notice to Grantor, the right to accelerate the due dates of the Obligations so that the Obligations are immediately due, payable, and performable in their entirety; (b) upon notice to Grantor, the right to take possession, control, and charge of the Trust Property; (c) the right to institute an action to appoint a receiver to take charge of the Trust Property; (d) the right to institute an action to obtain a temporary restraining order; (e) upon notice to Grantor, the right to pay and perform any of the Obligations; (f) any remedy available to Beneficiary under any Loan Document and/or any agreement securing the performance of any of the obligations of any guarantor of the Obligations; (g) any remedy available to Beneficiary under ORS Chapter 86, including, without limitation, the foreclosure of this Trust Deed by advertisement and sale in the manner provided in ORS 86.705 to ORS 86.795; (h) the right to foreclose this Trust Deed as provided by law for the foreclosure of mortgages on real property; (i) any remedy available to Beneficiary under the Uniform Commercial Code; (j) the right to revoke the license described in Section 3.3 and to (1) retain, collect, and receive all prepaid rent and existing and future security or other deposits that each Tenant has paid and will pay with respect to the Tenant's Lease, (2) collect and receive the rent and other payments due to Beneficiary under the Leases, and (3) enforce Beneficiary's rights under the Leases; (k) the right to deliver to each Tenant a letter, in form and substance reasonably satisfactory to Beneficiary, notifying the Tenant that (1) all of Grantor's rights under the Tenant's Lease have been assigned to Beneficiary, and (2) all future rent and other payments must be paid to Beneficiary; and/or (l) any other remedy available to Beneficiary at law or in equity.

10.3 Additional Rights and Obligations. After an Event of Default, (a) upon Beneficiary's request, Grantor will sign for each Tenant the letter described in Section 10.2, and (b) upon Beneficiary's request, Grantor will otherwise assist Beneficiary in exercising any remedy available to Beneficiary under this Trust Deed.

10.4 Possession and Protection of Trust Property. If Beneficiary or a receiver takes possession, control, and/or charge of the Trust Property after an Event of Default, Grantor will peacefully relinquish possession of the Trust Property upon Beneficiary's or the receiver's request. After taking possession, control, and/or charge of the Trust Property, Beneficiary or the receiver may (a) manage, develop, improve, partition, change the character of, or abandon the Trust Property, (b) make ordinary or extraordinary repairs or alterations to the Trust Property, demolish any improvements, and raze existing or erect new party walls or buildings, (c) subdivide the Trust Property, make or obtain the vacation of plats, or adjust boundaries, (d) enter into a lease of all or any portion of the Trust Property, (e) insure the Trust Property against damage or loss, (f) borrow and advance money for the protection



of the Trust Property, and for all expenses, losses, and liability sustained in the protection of the Trust Property, (g) pay, contest, and/or settle any claim relating to the Trust Property, (h) pay taxes, assessments, and other expenses incurred in the protection of the Trust Property, (i) employ persons to advise or assist Beneficiary or the receiver in the protection of the Trust Property, and act without independent investigation upon their recommendations, (j) prosecute or defend actions, claims, and/or proceedings for the protection of the Trust Property, and/or (k) take any other actions that Trustee or the receiver deems reasonably necessary to protect the Trust Property. Any payments made or indebtedness incurred by Beneficiary or the receiver in connection with protecting the Trust Property will be added to the Obligations and will bear interest at the default rate specified in the Note. If Beneficiary or the receiver receives any rent or other payments after taking possession, control, and/or charge of the Trust Property, (y) Beneficiary may hold the payments as additional security for the full and prompt payment and performance of the Obligations, subject to the provisions of this Section 10.4, and (z) Beneficiary may, in Beneficiary's sole discretion, apply the payments (1) to the Obligations, whether or not the Obligations are then due, and/or (2) to the cost and expense of protecting the Trust Property.

10.5 Sale of Trust Property. After an Event of Default, Trustee may sell the Trust Property at auction to the highest bidder for cash. Any person, including Beneficiary, but excluding Trustee, may bid at the sale. The attorney for Trustee, or any agent designated by Trustee or the attorney, may conduct the sale and act in the sale as the auctioneer of Trustee.

10.6 Proceeds of Sale of Trust Property. After an Event of Default and a sale of the Trust Property by Trustee, Trustee must apply the proceeds of the sale as follows: (a) to the expenses of the sale, including the compensation of Trustee, and a reasonable charge by the attorney for Trustee; (b) to the Obligations; (c) to all persons having recorded liens subsequent to the interest of Trustee in this Trust Deed as their interests may appear in the order of their priority; and (d) the surplus, if any, to Grantor or to the successor in interest of Grantor entitled to such surplus.

10.7 No Obligation to Pay or Perform. Beneficiary has no obligation to pay or perform any Obligation.

## 11. Release, Indemnification, and Waivers.

11.1 Release and Indemnification. Grantor releases and will defend, indemnify, and hold Trustee, Beneficiary, and each Beneficiary Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, obligations, costs, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees, resulting from or arising out of, whether directly or indirectly, the following: (a) any action that Trustee, Beneficiary, and/or any Beneficiary Representative take to perfect or continue Trustee's and/or Beneficiary's rights under this Trust Deed; (b) the exercise of any remedy available to Beneficiary under this Trust Deed, without regard to cause or the negligence of Trustee, Beneficiary, any Beneficiary Representative, and/or any other person; (c) any breach and/or inaccuracy of any Grantor representation, warranty, and/or covenant made in this Trust Deed and/or any Loan Document; and/or (d) any failure by Grantor to pay and/or perform any covenant and/or obligation required to be performed by Grantor under this Trust Deed and/or any Loan Document. This indemnification and hold harmless provision will survive the termination of this Trust Deed and the satisfaction of the obligations of Grantor to Beneficiary under this Trust Deed.

11.2 Waiver by Grantor. Grantor waives demand, presentment for payment, notice of dishonor or nonpayment, protest, notice of protest, and lack of diligence in collection, and agrees that Beneficiary may amend any agreement evidencing, guaranteeing, or securing any of the Obligations or extend or postpone the due dates of the Obligations without affecting Grantor's liability.

11.3 No Waiver by Beneficiary. No waiver will be binding on Beneficiary unless it is in writing and signed by Beneficiary. Beneficiary's waiver of a breach of a provision of this Trust Deed or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be a waiver of any other provision or a waiver of a subsequent breach of the same provision. Beneficiary's failure to exercise any remedy under this Trust Deed or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be considered a waiver by Beneficiary of Beneficiary's right to exercise the remedy.

12. Environmental Indemnification.

12.1 Indemnification. Grantor will defend, indemnify, and hold Trustee, each Trustee Representative, Beneficiary, and each Beneficiary Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees, resulting from or arising out of, whether directly or indirectly, Grantor's breach of any representation, warranty, covenant, and/or other obligation of Grantor in Section 4.8 and/or Section 5.13.

12.2 Survival. All representations, warranties, covenants, and other obligations of Grantor in Section 4.8, Section 5.13, and Section 12.1 will survive the reconveyance of the Trust Property to Grantor and the foreclosure of this Trust Deed.

13. Successor Trustee. At any time, Beneficiary may appoint in writing a successor to Trustee. If the appointment of the successor to Trustee is recorded in the mortgage records in Jefferson County, Oregon, the successor to Trustee will be vested with all the powers of Trustee.

14. Non-foreign Affidavit. Contemporaneously with the signing and delivery of this Trust Deed, Grantor will deliver to Beneficiary a non-foreign affidavit signed by Grantor for purposes of Section 1445 of the Internal Revenue Code, in form and substance reasonably satisfactory to Beneficiary.

15. Miscellaneous.

15.1 Time of Essence; No Assignment; Binding Effect. Time is of the essence with respect to all dates and time periods in this Trust Deed. Grantor may not assign or delegate any of Grantor's rights or obligations under this Trust Deed to any person without the prior written consent of Beneficiary, which Beneficiary may withhold in Beneficiary's sole discretion. This Trust Deed will be binding on the parties and their respective heirs, personal representatives, successors, and permitted assigns, and will inure to their benefit.

15.2 Amendment; Notice. This Trust Deed may be amended only by a written document signed by the party against whom enforcement is sought. Any notice required under this Trust Deed must be in writing. Any notice will be deemed given when personally delivered or delivered by facsimile or email transmission (with electronic confirmation of delivery), or will be deemed given

three business days following delivery of the notice by U.S. mail, postage prepaid, certified, return receipt requested, by the applicable party to the address of the other party first shown above (or any other address that a party may designate by notice to the other party), unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed given on the next following business day.

15.3 Severability; Further Assurances; Remedies. If a provision of this Trust Deed is determined to be unenforceable in any respect, the enforceability of the provision in any other respect and of the remaining provisions of this Trust Deed will not be impaired. The parties will sign other documents and take other actions reasonably necessary to further effect and evidence this Trust Deed. Beneficiary will have all remedies available to it at law or in equity. All available remedies are cumulative and may be exercised singularly or concurrently.

15.4 Governing Law; Venue. This Trust Deed is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Trust Deed. Any action or proceeding arising out of this Trust Deed will be litigated in courts located in Jefferson County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon.

15.5 Attorney Fees; Legal Representation. If any arbitration or litigation is instituted to interpret, enforce, and/or rescind this Trust Deed, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, the litigation, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court. The law firm of Bryant, Lovlien & Jarvis, P.C. has been employed by Beneficiary to prepare this Trust Deed and such attorneys represent only Beneficiary in this matter. Grantor has employed Grantor's own independent legal counsel to assist in Grantor's review and negotiation of this Trust Deed (and any document referenced herein) or has knowingly waived Grantor's right to do so.

15.6 Entire Agreement. This Trust Deed contains the entire understanding of the parties regarding the subject matter of this Trust Deed and supersedes all prior and contemporaneous negotiations and agreements, whether written or oral, between the parties with respect to the subject matter of this Trust Deed.

15.7 No Waiver by Beneficiary. No failure and/or delay of Beneficiary in exercising any right, power, and/or remedy under this Trust Deed and/or any other Loan Document will operate as a waiver of such right, power, and/or remedy of Beneficiary or of any other right. A waiver of any provision of this Trust Deed and/or any other Loan Document will not constitute a waiver of or prejudice Beneficiary's right to demand strict compliance with that provision and/or any other provision. Any waiver, permit, consent, and/or approval of any kind or character on the part of Beneficiary must be in writing and will be effective only to the extent specifically set forth in writing.

15.8 Interpretation and Exercise of Discretion. All pronouns contained herein and any variations thereof will be deemed to refer to the masculine, feminine, or neutral, singular or plural, as the identity of the parties may require. The singular includes the plural and the plural includes the

singular. The word “or” is not exclusive. The words “include,” “includes,” and “including” are not limiting. The titles, captions, or headings of the sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Trust Deed. When Beneficiary is exercising any consent, approval, determination, and/or similar discretionary action under this Trust Deed, the standard will be Beneficiary’s sole discretion. For purposes of this Trust Deed, the term “person” means any natural person, corporation, limited liability company, partnership, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision, or any other entity.

15.9 Attachments. Any exhibits, schedules, and other attachments referenced in this Trust Deed are part of this Trust Deed.

15.10 Waiver of Jury Trial and Hearing. GRANTOR IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING HEREAFTER INSTITUTED BY OR AGAINST GRANTOR IN RESPECT TO THIS TRUST DEED, THE NOTE, AND/OR ANY OTHER DOCUMENT PERTAINING TO THIS LOAN TRANSACTION. GRANTOR ACKNOWLEDGES THAT THE TRANSACTION OF WHICH THIS TRUST DEED IS A PART IS A COMMERCIAL TRANSACTION. TO THE EXTENT PERMITTED BY ANY STATE OR FEDERAL LAW, GRANTOR WAIVES ANY RIGHT GRANTOR MAY HAVE TO PRIOR NOTICE OF AND A HEARING ON THE RIGHT OF ANY HOLDER OF THIS TRUST DEED, THE NOTE, AND/OR ANY OTHER DOCUMENT PERTAINING TO THIS LOAN TRANSACTION TO ANY REMEDY OR COMBINATION OF REMEDIES THAT ENABLES SAID HOLDER, BY WAY OF FORECLOSURE, ATTACHMENT, GARNISHMENT, OR REPLEVIN, TO DEPRIVE GRANTOR OF ANY PROPERTY, AT ANY TIME, PRIOR TO FINAL JUDGMENT IN ANY LITIGATION INSTITUTED IN CONNECTION WITH THIS TRUST DEED, THE NOTE, AND/OR ANY OTHER DOCUMENT PERTAINING TO THIS LOAN TRANSACTION.

[signature page immediately follows]

IN WITNESS WHEREOF, the undersigned has caused this Trust Deed to be duly executed and effective as of the Effective Date.

**GRANTOR:**

Jefferson County Arts Association  
an Oregon nonprofit corporation

\_\_\_\_\_  
By:  
Its:

State of Oregon            )  
                                  )        ss.  
County of Jefferson        )

I certify that I know or have satisfactory evidence that \_\_\_\_\_ signed this instrument, that s/he is authorized to execute this instrument and acknowledge it to be her/his free and voluntary act for the uses and purposes contained in this instrument.

Before me:

\_\_\_\_\_  
Notary Public for Oregon  
Commission No.: \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

Appendix A  
Definitions

“Beneficiary Representative(s)” means Beneficiary and its successors, assigns, divisions, affiliates, and related entities, and all past, present, and future officers, directors, shareholders, members, managers, employees, attorneys, agents, volunteers, contractors, representatives, and insurers of the aforementioned.

“Encumbrance(s)” means any liens, mortgages, pledges, security interests, reservations, restrictions, changes, claims, and/or any other encumbrances.

“Environmental Law(s)” means any law designed to minimize, prevent, punish, and/or remedy the consequences of actions that damage or threaten the environment or public health and safety.

“Event of Default” means any event specified in Section 10.1.

“Hazardous Substance(s)” means any hazardous or toxic substance, material, and/or waste, including, without limitation, the following: (a) any hazardous or toxic substance, material, and/or waste that is defined as such under any Environmental Law; and (b) petroleum, petroleum products, asbestos, presumed asbestos-contaminating materials, asbestos-contaminating materials, urea formaldehyde, and polychlorinated biphenyls.

“Knowledge” means, with respect to Grantor, the actual knowledge of each Grantor and any knowledge that each Grantor would have obtained if such individual(s) had conducted a reasonably comprehensive investigation of the relevant matter.

“Lease(s)” means any lease affecting the Trust Property to which Grantor is or becomes a party.

“Loan Document(s)” means (a) the Agreement, (b) this Trust Deed, (c) the Note, and (d) any agreement evidencing, guaranteeing, and/or securing the performance of any of Grantor’s obligations arising out of or under the aforementioned.

“Note” means the Promissory Note dated as of the Effective Date in the principal amount of Seven Thousand Five Hundred Dollars (\$7,500.00) made by Grantor in favor of Beneficiary and referenced in the recital.

“Obligation(s)” means all present and future obligations of any kind owed by Grantor to Beneficiary, including, without limitation, all of Grantor’s obligations arising out of or under (a) the Note, (b) the Agreement, (c) this Trust Deed, and (d) any other agreement evidencing, guaranteeing, and/or securing the performance of any of Grantor’s obligations arising out of or under the aforementioned agreements.

“Permitted Encumbrance(s)” means (a) any lien, mortgage, pledge, security interest, and/or other encumbrance in favor of Beneficiary, and (b) any lien, mortgage, pledge, security interest, or other encumbrance arising by operation of law for taxes, assessments, or government charges not yet due.

“Real Property” means the real property (and all improvements located thereon) located at 185 SE Fifth Street, Madras, Oregon 97741 as more particularly described on the attached Exhibit A. The tax parcel numbers for the real property subject to this instrument are: (a) Account No. 9961 Map/Tax Lot No. 11-13-12BB-3300; and (b) Account No. 19108 Map/Tax Lot No. 11-13-12BB-3300N1;

“Tenant(s)” means any person other than Grantor that is a party to any Lease.

“Transfer(s)” means (a) any transfer, including, without limitation, any sale, conveyance, exchange, gift, lease, encumbrance, foreclosure of an encumbrance, or attachment, regardless of whether the transfer occurs voluntarily or involuntarily, by operation of law, or because of any act or occurrence, and (b) any agreement involving the ownership, lease, and/or use of all or any portion of the Real Property for a period longer than thirty (30) days.

“Trust Property” means all of Grantor’s right, title, and interest in and to the Real Property, together with the following:

- (a) all interests, estates, and rights that Grantor now has and/or may acquire in the Real Property;
- (b) all options, agreements, and contracts for the purchase or sale of all or any part or parts of the Real Property or interests in the Real Property;
- (c) all easements, rights-of-way, and rights used in connection with the Real Property and/or as a means of access to the Real Property;
- (d) all tenements, hereditaments, and appurtenances in any manner belonging, relating, and/or appertaining to the Real Property;
- (e) all interests, estates, and rights of Grantor, now owned or hereafter acquired, in and to any land lying within any streets, sidewalks, alleys, strips, and/or gores adjacent to or used in connection therewith;
- (f) all Grantor rights, titles, and interests, now owned or hereafter acquired, in and to all buildings and other improvements of every nature now or hereafter located on the Real Property and all fixtures, machinery, equipment, and other personal property located on the Real 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 Real Property (all of the foregoing being collectively referred to below as the “Improvements”);
- (g) all mineral, oil and gas rights, air rights, development rights, water rights, water stock, and water service contracts, drainage rights, zoning rights, and other similar rights or interests that benefit or are appurtenant to the Real Property or the Improvements or both, and any of their proceeds;
- (h) all Grantor rights, titles, and interests 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 Real Property to the extent assignable by law; and all other general intangibles relating to the Real Property, the Improvements, or their use and operation;

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

(j) Grantor's rights under any payment, performance, and/or other bond in connection with construction of any Improvements, and all construction materials, supplies, and equipment delivered to the Real Property or intended to be used in connection with the construction of any Improvements; and

(k) 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 Real Property and/or the Improvements, including, without limitation, all proceeds of insurance in effect with respect to the Improvements, all awards made for taking by eminent domain or by any proceeding or purchase in lieu thereof, of the whole or any part of the Real Property or the Improvements, and all awards resulting from any other damage to the Real Property or the Improvements, all of which are assigned to Beneficiary under this Trust Deed.

"Trustee Representative(s)" means each present and future director, officer, shareholder, employee, member, assignee, manager, partner, and authorized representative of Trustee.



Exhibit A  
Legal Description

The subject real property is legally described as follows:

**South 25 feet of Lot 9, Block 20, Map of Palmain, in the City of Madras, Volume 1 of Plats,  
Page 10, Jefferson County, Oregon.**

DRAFT