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## TRUST DEED

98-42259

STATE OF OREGON,

County of \_\_\_\_\_ } ss.

I certify that the within instrument was received for record on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M., and recorded in book/reel/volume No. \_\_\_\_\_ on page \_\_\_\_\_ and/or as fee/file/instrument/microfilm/reception No. \_\_\_\_\_, Record of \_\_\_\_\_ of said County.

Witness my hand and seal of County affixed.

By \_\_\_\_\_, NAME \_\_\_\_\_, TITLE \_\_\_\_\_, Deputy.

High Mountain Properties, L.L.C.

Grantor's Name and Address

Ni-Lah-Sha Village, Inc.

SPACE RESERVED  
FOR  
RECORDER'S USE

Beneficiary's Name and Address

After recording, return to (Name, Address, Zip):

FIRST AMERICAN TITLE

INSURANCE COMPANY OF OREGON

P.O. BOX 323

BEND, OR 97709

THIS TRUST DEED, made this 14th day of Sept, 1998, between High Mountain Properties, L.L.C., an Oregon Limited Liability Company, as Grantor, Title Insurance Company of Oregon, as Trustee, and Ni-Lah-Sha Village, Inc., an Oregon Corporation, as Beneficiary,

## WITNESSETH:

Grantor irrevocably grants, bargains, sells and conveys to trustee in trust, with power of sale, the property in Deschutes County, Oregon, described as:

See Exhibit "A" attached hereto, and by this reference incorporated herein.

For additional terms and conditions see Exhibit "B" attached hereto, and by this reference incorporated herein.

together with all and singular the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in anywise now or hereafter appertaining, and the rents, issues and profits thereof and all fixtures now or hereafter attached to or used in connection with the property.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of Five hundred seventy five thousand (\$575,000.00)-----

Dollars, with interest thereon according to the terms of a promissory note of even date herewith, payable to beneficiary or order and made by grantor, the final payment of principal and interest hereof, if not sooner paid, to be due and payable Sept. 22, 2005

The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of the note becomes due and payable. Should the grantor either agree to, attempt to, or actually sell, convey, or assign all (or any part) of the property or all (or any part) of grantor's interest in it without first obtaining the written consent or approval of the beneficiary, then, at the beneficiary's option, all obligations by this instrument, irrespective of the maturity dates expressed therein, or herein, shall become immediately due and payable. The execution by grantor of an earnest money agreement\*\* does not constitute a sale, conveyance or assignment.

To protect the security of this trust deed, grantor agrees:

1. To protect, preserve and maintain the property in good condition and repair; not to remove or demolish any building or improvement thereon; not to commit or permit any waste of the property.

2. To complete or restore promptly and in good and habitable condition any building or improvement which may be constructed, damaged or destroyed thereon, and pay when due all costs incurred therefor.

3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property; if the beneficiary so requests, to join in executing such financing statements pursuant to the Uniform Commercial Code as the beneficiary may require and to pay for filing same in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by the beneficiary.

4. To provide and continuously maintain insurance on the buildings now or hereafter erected on the property against loss or damage by fire and such other hazards as the beneficiary may from time to time require, in an amount not less than \$ \_\_\_\_\_ written in companies acceptable to the beneficiary, with loss payable to the latter; all policies of insurance shall be delivered to the beneficiary as soon as insured; if the grantor shall fail for any reason to procure any such insurance and to deliver the policies to the beneficiary at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on the buildings, the beneficiary may procure the same at grantor's expense. The amount collected under any fire or other insurance policy may be applied by beneficiary upon any indebtedness secured hereby and in such order as beneficiary may determine, or at option of beneficiary the entire amount so collected, or any part thereof, may be released to grantor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

5. To keep the property free from construction liens and to pay all taxes, assessments and other charges that may be levied or assessed upon or against the property before any part of such taxes, assessments and other charges become past due or delinquent and promptly deliver receipts therefor to beneficiary; should the grantor fail to make payment of any taxes, assessments, insurance premiums, liens or other charges payable by grantor, either by direct payment or by providing beneficiary with funds with which to make such payment, beneficiary may, at its option, make payment thereof, and the amount so paid, with interest at the rate set forth in the note secured hereby, together with the obligations described in paragraphs 6 and 7 of this trust deed, shall be added to and become a part of the debt secured by this trust deed, without waiver of any rights arising from breach of any of the covenants hereof and for such payments, with interest as aforesaid, the property hereinbefore described, as well as the grantor, shall be bound to the same extent that they are bound for the payment of the obligation herein described, and all such payments shall be immediately due and payable without notice, and the nonpayment thereof shall, at the option of the beneficiary, render all sums secured by this trust deed immediately due and payable and constitute a breach of this trust deed.

6. To pay all costs, fees and expenses of this trust including the cost of title search as well as the other costs and expenses of the trustee incurred in connection with or in enforcing this obligation and trustee's and attorney's fees actually incurred.

7. To appear in and defend any action or proceeding purporting to affect the security rights or powers of beneficiary or trustee; and in any suit, action or proceeding in which the beneficiary or trustee may appear, including any suit for the foreclosure of this deed or any suit or action related to this instrument, including but not limited to its validity and its enforceability, to pay all costs and expenses, including evidence of title and the beneficiary's or trustee's attorney fees, the amount of attorney fees mentioned in this paragraph 7 in all cases shall be fixed by the trial court and in the event of an appeal from any judgment or decree of the trial court, grantor further agrees to pay such sum at the appellate court shall adjudge reasonable as the beneficiary's or trustee's attorney fees on such appeal. It is mutually agreed that:

8. In the event that any portion or all of the property shall be taken under the right of eminent domain or condemnation, beneficiary shall have the right, if it so elects, to require that all or any portion of the monies payable as compensation for such taking.

NOTE: The Trust Deed Act provides that the trustee hereunder must be either an attorney, who is an active member of the Oregon State Bar, a bank, trust company or savings and loan association authorized to do business under the laws of Oregon or the United States, a title insurance company authorized to insure title to real property of this state, its subsidiaries, affiliates, agents or branches, the United States or any agency thereof, or an escrow agent licensed under ORS 696.505 to 696.585.

\*WARNING: 12 USC 1701j-3 regulates and may prohibit exercise of this option.

\*\*The publisher suggests that such an agreement address the issue of obtaining beneficiary's consent in complete detail.

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which are in excess of the amount required to pay all reasonable costs, expenses and attorney's fees necessarily paid or incurred by grantor in such proceedings, shall be paid to beneficiary and applied by it first upon any reasonable costs and expenses and attorney's fees, both in the trial and appellate courts, necessarily paid or incurred by beneficiary in such proceedings, and the balance applied upon the indebtedness secured hereby; and grantor agrees, at its own expense, to take such actions and execute such instruments as shall be necessary in obtaining such compensation, promptly upon beneficiary's request.

9. At any time and from time to time upon written request of beneficiary, payment of its fees and presentation of this deed and the note for endorsement (in case of full reconveyances, for cancellation), without affecting the liability of any person for the payment of the indebtedness, trustee may (a) consent to the making of any map or plat of the property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this deed or the lien or charge thereof; (d) reconvey, without warranty, all or any part of the property. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof. Trustee's fees for any of the services mentioned in this paragraph shall be not less than \$5.

10. Upon any default by grantor hereunder, beneficiary may at any time without notice, either in person, by agent or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of the property or any part thereof, in its own name sue or otherwise collect the rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees upon any indebtedness secured hereby, and in such order as beneficiary may determine.

11. The entering upon and taking possession of the property, the collection of such rents, issues and profits, or the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

12. Upon default by grantor in payment of any indebtedness secured hereby or in grantor's performance of any agreement hereunder, time being of the essence with respect to such payment and/or performance, the beneficiary may declare all sums secured hereby immediately due and payable. In such an event the beneficiary may elect to proceed to foreclose this trust deed in equity as a mortgage or direct the trustee to foreclose this trust deed by advertisement and sale, or may direct the trustee to pursue any other right or remedy, either at law or in equity, which the beneficiary may have. In the event the beneficiary elects to foreclose by advertisement and sale, the beneficiary or the trustee shall execute and cause to be recorded a written notice of default and election to sell the property to satisfy the obligation secured hereby whereupon the trustee shall fix the time and place of sale, give notice thereof as then required by law and proceed to foreclose this trust deed in the manner provided in ORS 86.735 to 86.795.

13. After the trustee has commenced foreclosure by advertisement and sale, and at any time prior to 5 days before the date the trustee conducts the sale, the grantor or any other person so privileged by ORS 86.753, may cure the default or defaults. If the default consists of a failure to pay, when due, sums secured by the trust deed, the default may be cured by paying the entire amount due at the time of the cure other than such portion as would not then be due had no default occurred. Any other default that is capable of being cured may be cured by tendering the performance required under the obligation or trust deed. In any case, in addition to curing the default or defaults, the person effecting the cure shall pay to the beneficiary all costs and expenses actually incurred in enforcing the obligation of the trust deed together with trustee's and attorney's fees not exceeding the amounts provided by law.

14. Otherwise, the sale shall be held on the date and at the time and place designated in the notice of sale or the time to which the sale may be postponed as provided by law. The trustee may sell the property either in one parcel or in separate parcels and shall sell the parcel or parcels at auction to the highest bidder for cash, payable at the time of sale. Trustee shall deliver to the purchaser its deed in form as required by law conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters of fact shall be conclusive proof of the truthfulness thereof. Any person, excluding the trustee, but including the grantor and beneficiary, may purchase at the sale.

15. When trustee sells pursuant to the powers provided herein, trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including the compensation of the trustee and a reasonable charge by trustee's attorney, (2) to the obligation secured by the trust deed, (3) to all persons having recorded liens subsequent to the interest of the trustee in the trust deed as their interests may appear in the order of their priority and (4) the surplus, if any, to the grantor or to any successor in interest entitled to such surplus.

16. Beneficiary may from time to time appoint a successor or successors to any trustee named herein or to any successor trustee appointed hereunder. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers and duties conferred upon any trustee herein named or appointed hereunder. Each such appointment and substitution shall be made by written instrument executed by beneficiary, which, when recorded in the mortgage records of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee.

17. Trustee accepts this trust when this deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which grantor, beneficiary or trustee shall be a party unless such action or proceeding is brought by trustee.

The grantor covenants and agrees to and with the beneficiary and the beneficiary's successor in interest that the grantor is lawfully seized in fee simple of the real property and has a valid, unencumbered title thereto, except as may be set forth in an addendum or exhibit attached hereto, and that the grantor will warrant and forever defend the same against all persons whomsoever.

**WARNING:** Unless grantor provides beneficiary with evidence of insurance coverage as required by the contract or loan agreement between them, beneficiary may purchase insurance at grantor's expense to protect beneficiary's interest. This insurance may, but need not, also protect grantor's interest. If the collateral becomes damaged, the coverage purchased by beneficiary may not pay any claim made by or against grantor. Grantor may later cancel the coverage by providing evidence that grantor has obtained property coverage elsewhere. Grantor is responsible for the cost of any insurance coverage purchased by beneficiary, which cost may be added to grantor's contract or loan balance. If it is so added, the interest rate on the underlying contract or loan will apply to it. The effective date of coverage may be the date grantor's prior coverage lapsed or the date grantor failed to provide proof of coverage. The coverage beneficiary purchases may be considerably more expensive than insurance grantor might otherwise obtain alone and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

The grantor warrants that the proceeds of the loan represented by the above described note and this trust deed are:

(a) ~~for the grantor's personal, family or household use~~ *for the grantor's business or commercial purposes*

(b) for an organization, or (even if grantor is a natural person) are for business or commercial purposes.

This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors and assigns. The term beneficiary shall mean the holder and owner, including pledgee, of the contract secured hereby, whether or not named as a beneficiary herein.

In construing this trust deed, it is understood that the grantor, trustee and/or beneficiary may each be more than one person; that if the context so requires, the singular shall be taken to mean and include the plural, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

**IN WITNESS WHEREOF**, the grantor has executed this instrument the day and year first above written.

\* IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is not applicable, if warranty (a) is applicable and the beneficiary is a creditor as such word is defined in the Truth-in-Lending Act and Regulation Z, the beneficiary MUST comply with the Act and Regulation by making required disclosures; for this purpose use Stevens-Ness Form No. 1319, or equivalent. If compliance with the Act is not required, disregard this notice.

STATE OF OREGON, County of \_\_\_\_\_ ss.

This instrument was acknowledged before me on \_\_\_\_\_, 19\_\_\_\_

This instrument was acknowledged before me on \_\_\_\_\_, 19\_\_\_\_

by \_\_\_\_\_  
as **SEE ATTACHED ACKNOWLEDGMENT**  
of \_\_\_\_\_

Notary Public for Oregon My commission expires \_\_\_\_\_

REQUEST FOR FULL RECONVEYANCE (To be used only when obligations have been paid.)

TO:

Trustee

The undersigned is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sums secured by the trust deed have been fully paid and satisfied. You hereby are directed, on payment to you of any sums owing to you under the terms of the trust deed or pursuant to statute, to cancel all evidences of indebtedness secured by the trust deed (which are delivered to you herewith together with the trust deed) and to reconvey, without warranty, to the parties designated by the terms of the trust deed the estate now held by you under the same. Mail reconveyance and documents to \_\_\_\_\_

DATED: \_\_\_\_\_, 19\_\_\_\_

Do not lose or destroy this Trust Deed OR THE NOTE which it secures.

Both must be delivered to the trustee for cancellation before reconveyance will be made.

Beneficiary

## LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

513 - 0614

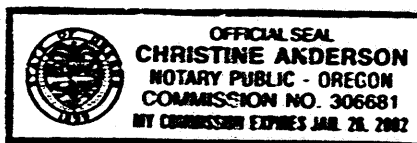
STATE OF Oregon )  
COUNTY OF Deschutes )ss

On this 11th day of Sept, 1998, before me, the undersigned Notary Public, personally appeared RICHARD A. BORO, MEMBER OF HIGH MOUNTAIN PROPERTIES, LLC, and known to me to be a member or designated agent of the limited liability company that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, for the uses and purposes therein mentioned, an on oath stated that he or she is authorized to execute this Deed of Trust and in fact executed the Deed of Trust on behalf of the limited liability company.

By Christine Anderson Residing at Oregon

Notary Public in and for the State of Oregon

My commission expires \_\_\_\_\_



## LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

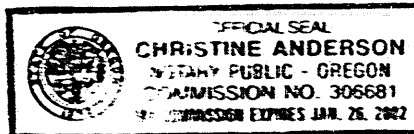
STATE OF Oregon )  
COUNTY OF Deschutes )ss

On this 11th day of Sept, 1998, before me, the undersigned Notary Public, personally appeared KATHLEEN M. BORO, MEMBER OF HIGH MOUNTAIN PROPERTIES, LLC, and known to me to be a member or designated agent of the limited liability company that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Deed of Trust and in fact executed the Deed of Trust on behalf of the limited liability company.

By Christine Anderson Residing at Oregon

Notary Public in and for the State of Oregon

My commission expires \_\_\_\_\_



LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

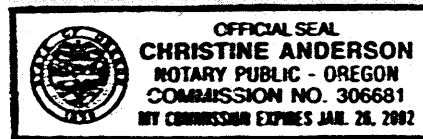
STATE OF Oregon )  
COUNTY OF Deschutes )ss

513 - 0615

On this 11th day of Sept, 19 98, before me, the undersigned Notary Public, personally appeared DAVID L. STRAIGHT, MEMBER OF HIGH MOUNTAIN PROPERTIES, LLC, and known to me to be a member or designated agent of the limited liability company that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, for the uses and purposes therein mentioned, an on oath stated that he or she is authorized to execute this Deed of Trust and in fact executed the Deed of Trust on behalf of the limited liability company.

By Christine Anderson Residing at Oregon  
Notary Public in and for the State of Oregon

My commission expires \_\_\_\_\_



## EXHIBIT "A"

PARCEL II:

Beginning at a point on the North/South center Section line of Section Three (3), TOWNSHIP FIFTEEN (15) SOUTH, RANGE THIRTEEN (13), EAST OF THE WILLAMETTE MERIDIAN, Deschutes County, Oregon, said point leaving said North/South center Section line and running parallel with the South line of the Northeast Quarter of the Southwest Quarter (NE¼ SW¼) of said Section 3 South 89° 47' 51" West 50.00 feet to the true point of beginning; thence continuing parallel with the South line of the Northeast Quarter of the Southwest Quarter (NE¼ SW¼) of said Section 3 South 89° 47' 51" West 680.91 feet; thence North 75° 47' 15" West 313.45 feet; thence North 66° 10' 25" West 66.25 feet; thence North 17° 03' 23" East 68.22 feet; thence along the arc of a 165.00 foot radius curve right (the chord of which bears North 17° 07' 21" East 0.43 feet) a distance of 0.43 feet; thence along the arc of a 37.50 foot radius curve right (the chord of which bears North 65° 30' 27" East 56.01 feet) a distance of 63.25 feet; thence South 66° 10' 25" East 69.69 feet; thence along the arc of a 215.00 foot radius curve left (the chord of which bears South 70° 58' 50" East 36.03 feet) a distance of 36.08 feet; thence South 75° 47' 15" East 156.30 feet; thence along the arc of a 215.00 foot radius curve left (the chord of which bears South 82° 54' 04" East 53.25 feet) a distance of 53.39 feet; thence North 89° 59' 06" East 85.65 feet; thence along the arc of a 265.00 foot radius curve left (the chord of which bears North 69° 41' 42" East 183.79 feet) a distance of 187.69 feet; thence along the arc of a 37.50 foot radius curve right (the chord of which bears South 87° 46' 48" East 50.97 feet) a distance of 56.04 feet; thence South 44° 57' 54" East 36.33 feet; thence along the arc of a 10.00 foot radius curve right (the chord of which bears South 13° 56' 30" East 10.31 feet) a distance of 10.83 feet; thence along the arc of a 38.00 foot radius curve left (the chord of which bears North 45° 02' 06" East 35.63 feet) a distance of 201.68 feet; thence along the arc of a 10.00 foot radius curve right (the chord of which bears North 75° 59' 18" West 10.31 feet) a distance of 10.83 feet; thence North 44° 57' 54" West 35.45 feet; thence along the arc of a 37.50 foot radius curve right (the chord of which bears North 00° 02' 06" East 53.03 feet) a distance of 58.90 feet; thence North 45° 02' 06" East 52.87 feet; thence along the arc of a 37.50 foot radius curve right (the chord of which bears North 87° 45' 57" East 50.89 feet) a distance of 55.93 feet; thence South 49° 30' 12" East 176.93 feet; thence along the arc of a 10.00 foot radius curve right (the chord of which bears South 18° 28' 48" East 10.31 feet) a distance of 10.83 feet; thence along the arc of a 38.00 foot radius curve left (the chord of which bears North 40° 29' 48" East 35.63 feet) a distance of 201.68 feet; thence along the arc of a 10.00 foot radius curve right (the chord of which bears North 80° 31' 37" West 10.31 feet) a distance of 10.83 feet; thence North 49° 30' 12" West 177.63 feet; thence along the arc of a 37.50 foot radius curve right (the chord of which bears North 08° 34' 51" West 49.13 feet) a distance of 53.57 feet; thence along the arc of a 315.00 foot radius curve left (the chord of which bears North 23° 34' 19" East 30.45 feet) a distance of 30.46 feet; thence North 26° 48' 06" East 48.60 feet; thence along the arc of a 37.50 foot radius curve right (the chord of which bears North 71° 48' 06" East 53.03 feet) a distance of 58.90 feet; thence South 63° 11' 54" East 57.40 feet; thence along the arc of a 10.00 foot radius curve right (the chord of which bears South 32° 10' 30" East 10.31 feet) a distance of 10.83 feet; thence along the arc of a 38.00 foot radius curve left (the chord of which bears North 26° 48' 06" East 35.63 feet) a distance of 201.68 feet; thence along the arc of a 10.00 foot radius curve right (the chord of which bears South 85° 46' 42" West 10.31 feet) a distance of 10.83 feet; thence North 63° 11' 54" West 59.00 feet; thence along the arc of a 37.50 foot radius curve right (the chord of which bears North 22° 20' 44" West 49.06 feet) a distance of 53.48 feet; thence along the arc of a 115.00 foot radius curve left (the chord of which bears North 09° 31' 55" East 35.88 feet) a distance of 36.03 feet; thence North 00° 33' 24" East 77.21 feet; thence along the arc of a 37.50 foot radius curve right (the chord of which bears North 46° 45' 27" East 54.13 feet) a distance of 60.48 feet; thence along the arc of a 137.50 foot radius curve right (the chord of which bears South 78° 00' 26" East 43.18 feet) a distance of 43.36 feet; thence along the arc of a 10.00 foot radius curve right (the chord of which bears South 35° 41' 00" East 10.98 feet) a distance of 11.62 feet; thence along the arc of a 38.00 foot radius curve left (the chord of which bears North 25° 37' 54" East 35.71 feet) a distance of 201.59 feet; thence along the arc of a 10.00 foot radius curve right (the chord of which bears South 82° 56' 38" West 9.78 feet) a distance of 10.22 feet; thence along the arc of a 162.50 foot radius curve left (the chord of which bears North 78° 00' 23" West 57.76 feet) a distance of 58.06 feet; thence along the arc of a 37.50 foot radius curve right (the chord of which bears North 43° 50' 35" West 52.47 feet) a distance of 58.12 feet; thence North 00° 33' 24" East 112.79 feet; thence along the arc of a 235.00 foot radius curve right (the chord of which bears North 04° 34' 38" East 32.95 feet) a distance of 32.98 feet; thence along the arc of a 37.50 foot radius curve right (the chord of which bears North 59° 44' 57" East 57.58 feet) a distance of 65.65 feet; thence along the arc of a 10.00 foot radius curve right (the chord of which bears South 37° 56' 56" East 10.94 feet) a distance of 11.57 feet; thence along the arc of a 38.00 foot radius curve left (the chord of which bears South 78° 08' 47" East 72.81 feet) a distance of 97.29 feet; thence along the arc of a 10.00 foot radius curve right (the chord of which bears North 59° 31' 45" East 10.31 feet) a distance of 10.83 feet; thence South 89° 26' 51" East 30.53 feet to a point that is 50.00 feet from, when measured at right angles to the North/South center section line of Section Three (3), TOWNSHIP FIFTEEN (15) SOUTH, RANGE THIRTEEN (13), EAST OF THE WILLAMETTE MERIDIAN, Deschutes County, Oregon, thence running parallel with the North/South center Section line of said Section 3 South 00° 33' 10" West 868.98 feet to the true point of beginning, all in Deschutes County, Oregon.

PARCEL III:

Lots 13, 32, 35, 36 and 38 of NI-LAH-SHA, Deschutes County, Oregon.

ALSO, a portion of Lot 25 of NI-LAH-SHA, described as follows:

Beginning at the Southwest corner of Lot 25 of NI-LAH-SHA, as platted and recorded in Deschutes County Plat Records in Deschutes County, Oregon; thence along the boundary of said Lot North 00° 35' 28" East 55.71 feet, along the arc of a 37.50 foot radius curve right (the long chord of which bears North 45° 46' 43" East 53.21 feet) 59.15 feet, along the arc of a 10.00 foot radius curve right (the long chord of which bears South 58° 14' 13" East 10.26 feet) 10.78 feet, and along the arc of a 38.00 foot radius curve left (the chord of which bears South 58° 48' 56" East 39.66 feet) 41.72 feet;

**LEGAL DESCRIPTION, continued**

thence leaving the boundary of said lot South 02° 47' 49" East 70.21 feet to a point on the South boundary of said lot; thence along the South boundary of said lot North 87° 37' 09" West 78.00 feet to the point of beginning in Deschutes County.

ALSO, Lot 26, and a portion of Lot 25 of NI-LAH-SHA, described as follows:

Beginning at the Southeast corner of Lot 26 of NI-LAH-SHA, as platted and recorded in Deschutes County Plat Records in Deschutes County, Oregon; thence along the boundary of said lot North 00° 35' 28" East 122.04 feet, North 89° 24' 31" West 32.44 feet, and along the arc of a 38.00 foot radius curve left (the chord of which bears South 45° 09' 40" West 53.34 feet) 59.12 feet; thence leaving the boundary of said lot South 02° 47' 49" East 70.21 feet to a point on the South boundary of Lot 25 of said plat; thence South 87° 37' 09" East 13.68 feet to the Southwest corner of said Lot 26; thence along the South boundary of said Lot South 76° 31' 50" East 60.42 feet to the point of beginning, in Deschutes County.

**PARCEL IV:**

Lots 2, 3, 7, 12, 27, 29 and 30 of NI-LAH-SHA, Deschutes County, Oregon.

**PARCEL V:**

Lot 22 of NI-LAH-SHA, Deschutes County, Oregon.

## EXHIBIT B

TO

TRUST DEED WITH HIGH MOUNTAIN PROPERTIES, L.L.C., AS GRANTOR,  
TITLE INSURANCE COMPANY OF OREGON, AS TRUSTEE, AND  
NI-LAH-SHA VILLAGE, INC. AS BENEFICIARY

1. Grantor's title to the real property is subject to a Trust Deed with First Security Bank as Beneficiary. It is understood and agreed that the Trust Deed with First Security Bank as Beneficiary is a first Trust Deed and is superior in all respects to the Trust Deed being granted with Ni-Lah-Sha Village, Inc. as Beneficiary. Grantor agrees to make all payments required on the Promissory Note that is secured by the Trust Deed with First Security Bank as Beneficiary strictly in accordance with the terms and conditions of said Promissory Note.
2. Ni-Lah-Sha Village, Inc. understands that High Mountain Properties, L.L.C. will be developing the real property secured by this Trust Deed into single family residential lots and that in the first phase there are 15 unsold lots and that the total lots to be developed on the remainder of the real property secured by this Trust Deed will be not less than 35. Ni-Lah-Sha Village, Inc. agrees to subordinate this Trust Deed to a development loan to be obtained by High Mountain Properties, L.L.C., said subordination to be subject to the following terms and conditions:
  - A. All funds secured by the new Trust Deed shall be used only for the development of the real property secured by this Trust Deed.
  - B. The amount secured by the new Trust Deed shall not exceed \$300,000.00; shall bear interest at a rate not to exceed 13 1/2% per annum; and shall be due and payable no sooner than 18 months from date of new Trust Deed.
  - C. Ni-Lah-Sha Village, Inc. shall have the right to approve all of the terms and conditions of the new Trust Deed and the indebtedness secured thereby, which approval shall not be unreasonably withheld.
  - D. Richard A. Boro, Kathleen M. Boro and David Straight shall each personally guarantee the payment of the Promissory Note that is to be secured by the new Trust Deed.
3. Ni-Lah-Sha Village, Inc. agrees to release each of the 15 unsold lots in the first phase upon the principal payment of \$6,000.00 per each lot to be released except that the release

price for lot 22 shall be the sum of \$50,000.00.

4. Ni-Lah-Sha Village, Inc. agrees to release all lots which are developed on the remainder of the real property upon the principal payment of \$3,500.00 per each lot to be released until the Trust Deed with First Security Bank and any additional Trust Deed with First Security Bank have been paid in full, at which time the release price shall be increased from \$3500.00 per each lot to be released to \$10,000.00 per each lot to be released
5. Grantor hereby transfers to Trustee as part of the real property described in Exhibit A, all of Grantor's rights under the covenants, conditions and restrictions recorded June 4, 1992, in Book 267, at page 0931, Deschutes County Records, including, but not limited to, the right to use all of the private roads within the planned community, the STEP system and pressure sewer lines, the landscape sprinkler system and the water system in connection with the development and for the use of the real property described in Exhibit A.
6. In any foreclosure of this Trust Deed, the beneficiary shall be entitled to the right to use any and all improvements which have been placed upon the real property secured by this Trust Deed and the real property described in Exhibit C attached hereto and by this reference incorporated herein in conjunction with any and all property acquired in the foreclosure.

NS

## EXHIBIT "C"

## TRUST DEED

High Mountain Properties, L.L.C.

Grantor's Name and Address  
Ni-Lah-Sha Village, Inc.Beneficiary's Name and Address  
After recording, return to (Name, Address, Zip):SPACE RESERVED  
FOR  
RECORDER'S USE513 - 0620  
STATE OF OREGON,

County of \_\_\_\_\_ } ss.

I certify that the within instrument was received for record on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M., and recorded in book/reel/volume No. \_\_\_\_\_ on page \_\_\_\_\_ and/or as fee/file/instrument/microfilm/reception No. \_\_\_\_\_ of said County.

Witness my hand and seal of County affixed.

By \_\_\_\_\_ NAME \_\_\_\_\_ TITLE \_\_\_\_\_, Deputy.

THIS TRUST DEED, made this 11th day of Sept, 1998, between High Mountain Properties, L.L.C., an Oregon Limited Liability Company, Title Insurance Company of Oregon, as Grantor, Ni-Lah-Sha Village, Inc., an Oregon Corporation, as Trustee, and \_\_\_\_\_, as Beneficiary,

## WITNESSETH:

Grantor irrevocably grants, bargains, sells and conveys to trustee in trust, with power of sale, the property in Deschutes County, Oregon, described as:

See Exhibit "A" attached hereto, and by this reference incorporated herein.

For additional terms and conditions see Exhibit "B" attached hereto, and by this reference incorporated herein.

together with all and singular the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in anywise now or hereafter appertaining, and the rents, issues and profits thereof and all fixtures now or hereafter attached to or used in connection with the property.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of Five hundred seventy five thousand (\$575,000.00) \_\_\_\_\_

note of even date herewith, payable to beneficiary or order and made by grantor, the final payment of principal and interest hereof, if not sooner paid, to be due and payable \_\_\_\_\_, 2005

The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of the note becomes due and payable. Should the grantor either agree to, attempt to, or actually sell, convey, or assign all (or any part) of the property or all (or any part) of grantor's interest in it without first obtaining the written consent or approval of the beneficiary, then, at the beneficiary's option, all obligations secured by this instrument, irrespective of the maturity dates expressed therein, or herein, shall become immediately due and payable. The execution by grantor of an earnest money agreement\*\* does not constitute a sale, conveyance or assignment.

To protect the security of this trust deed, grantor agrees:

1. To protect, preserve and maintain the property in good condition and repair; not to remove or demolish any building or improvement thereon; not to commit or permit any waste of the property.
2. To complete or restore promptly and in good and habitable condition any building or improvement which may be constructed, damaged or destroyed thereon, and pay when due all costs incurred therefor.
3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property; if the beneficiary so requests, to join in executing such financing statements pursuant to the Uniform Commercial Code as the beneficiary may require and agencies as may be deemed desirable by the beneficiary.
4. To provide and continuously maintain insurance on the buildings now or hereafter erected on the property against loss or damage by fire and such other hazards as the beneficiary may from time to time require, in an amount not less than \$ \_\_\_\_\_ written in companies acceptable to the beneficiary, with loss payable to the latter; all policies of insurance shall be delivered to the beneficiary as soon as insured; if the grantor shall fail for any reason to procure any such insurance and to deliver the policies to the beneficiary at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on the buildings, the beneficiary may procure any indebtedness secured hereby and in such order as beneficiary may determine, or at option of beneficiary the entire amount so collected, or any part thereof, may be released to grantor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.
5. To keep the property free from construction liens and to pay all taxes, assessments and other charges that may be levied or assessed upon or against the property before any part of such taxes, assessments and other charges become past due or delinquent and promptly deliver receipts therefor to beneficiary; should the grantor fail to make payment of any taxes, assessments, insurance premiums, and other charges payable by grantor, either by direct payment or by providing beneficiary with funds with which to make such payment, beneficiary may, at its option, make payment thereof, and the amount so paid, with interest at the rate set forth in the note secured hereby, together with the obligations described in paragraphs 6 and 7 of this trust deed, shall be added to and become a part of the debt secured by this trust deed, without waiver of any rights arising from breach of any of the covenants hereof and for such payments, bound for the payment of the obligation herein described, as well as the grantor, shall be bound to the same extent that they are and the nonpayment thereof shall, at the option of the beneficiary, render all sums secured by this trust deed immediately due and payable and constitute a breach of this trust deed.
6. To pay all costs, fees and expenses of this trust including the cost of title search as well as the other costs and expenses of the trustee incurred in connection with or in enforcing this obligation and trustee's and attorney's fees actually incurred.
7. To appear in and defend any action or proceeding purporting to affect the security rights or powers of beneficiary or trustee; and in any suit, action or proceeding in which the beneficiary or trustee may appear, including any suit for the foreclosure of this deed or any suit or action related to this instrument, including but not limited to its validity and/or enforceability, to pay all costs and expenses, including evidence of title and the beneficiary's or trustee's attorney fees; the amount of attorney fees mentioned in this paragraph 7 in all cases shall be fixed by the trial court and in the event of an appeal from any judgment or decree of the trial court, grantor further agrees to pay such sum as the appellate court shall adjudge reasonable as the beneficiary's or trustee's attorney fees on such appeal. It is mutually agreed that:
8. In the event that any portion or all of the property shall be taken under the right of eminent domain or condemnation, beneficiary shall have the right, if it so elects, to require that all or any portion of the monies payable as compensation for such taking.

NOTE: The Trust Deed Act provides that the trustee hereunder must be either an attorney, who is an active member of the Oregon State Bar, a bank, trust company or savings and loan association authorized to do business under the laws of Oregon or the United States, a title insurance company authorized to insure title to real property of this state, its subsidiaries, affiliates, agents or branches, the United States or any agency thereof, or an escrow agent licensed under ORS 696.505 to 696.505.

\*WARNING: 12 USC 1701j-3 regulates and may prohibit exercise of this option.

\*\*The publisher suggests that such an agreement address the issue of obtaining beneficiary's consent in complete detail.

which are in excess of the amount required to pay all reasonable costs, expenses and attorney's fees necessarily paid or incurred by grantor in such proceedings, shall be paid to beneficiary and applied by it first upon any reasonable costs and expenses and attorney's fees, both in the trial and appellate courts, necessarily paid or incurred by beneficiary in such proceedings, and the balance applied upon the indebtedness secured hereby; and grantor agrees, at its own expense, to take such actions and execute such instruments as shall be necessary in obtaining such compensation, promptly upon beneficiary's request.

9. At any time and from time to time upon written request of beneficiary, payment of its fees and presentation of this deed and the note for endorsement (in case of full reconveyances, for cancellation), without affecting the liability of any person for the payment of the indebtedness, trustee may (a) consent to the making of any map or plat of the property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this deed or the lien or charge thereon; (d) reconvey, without warranty, all or any part of the property. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof. Trustee's fees for any of the services mentioned in this paragraph shall be not less than \$5.

10. Upon any default by grantor hereunder, beneficiary may at any time without notice, either in person, by agent or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of the property or any part thereof, in its own name sue or otherwise collect the rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collect on, including reasonable attorney's fees upon any indebtedness secured hereby, and in such order as beneficiary may determine.

11. The entering upon and taking possession of the property, the collection of such rents, issues and profits, or the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

12. Upon default by grantor in payment of any indebtedness secured hereby or in grantor's performance of any agreement hereunder, time being of the essence with respect to such payment and/or performance, the beneficiary may declare all sums secured hereby immediately due and payable. In such an event the beneficiary may elect to proceed to foreclose this trust deed in equity as a mortgage or direct the trustee to foreclose this trust deed by advertisement and sale, or may direct the trustee to pursue any other right or remedy, either at law or in equity, which the beneficiary may have. In the event the beneficiary elects to foreclose by advertisement and sale, the beneficiary or the trustee shall execute and cause to be recorded a written notice of default and election to sell the property to satisfy the obligation secured hereby whereupon the trustee shall fix the time and place of sale, give notice thereof as then required by law and proceed to foreclose this trust deed in the manner provided in ORS 86.735 to 86.795.

13. After the trustee has commenced foreclosure by advertisement and sale, and at any time prior to 5 days before the date the trustee conducts the sale, the grantor or any other person so privileged by ORS 86.753, may cure the default or defaults. If the date consists of a failure to pay, when due, sums secured by the trust deed, the default may be cured by paying the entire amount due at the time of the cure other than such portion as would not then be due had no default occurred. Any other default that is capable of being cured may be cured by tendering the performance required under the obligation or trust deed. In any case, in addition to curing the default or defaults, the person effecting the cure shall pay to the beneficiary all costs and expenses actually incurred in enforcing the obligation of the trust deed together with trustee's and attorney's fees not exceeding the amounts provided by law.

14. Otherwise, the sale shall be held on the date and at the time and place designated in the notice of sale or the time to which the sale may be postponed as provided by law. The trustee may sell the property either in one parcel or in separate parcels and shall sell the parcel or parcels at auction to the highest bidder for cash, payable at the time of sale. Trustee shall deliver to the purchaser its deed in form as required by law conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters of fact shall be conclusive proof of the truthfulness thereof. Any person, excluding the trustee, but including the grantor and beneficiary, may purchase at the sale.

15. When trustee sells pursuant to the powers provided herein, trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including the compensation of the trustee and a reasonable charge by trustee's attorney, (2) to the obligation secured by the trust deed, (3) to all persons having recorded liens subsequent to the interest of the trustee in the trust deed as their interests may appear in the order of their priority and (4) the surplus, if any, to the grantor or to any successor in interest entitled to such surplus.

16. Beneficiary may from time to time appoint a successor or successors to any trustee named herein or to any successor trustee appointed hereunder. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers and duties conferred upon any trustee herein named or appointed hereunder. Each such appointment and substitution shall be made by written instrument executed by beneficiary, which, when recorded in the mortgage records of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee.

17. Trustee accepts this trust when this deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which grantor, beneficiary or trustee shall be a party unless such action or proceeding is brought by trustee.

The grantor covenants and agrees to and with the beneficiary and the beneficiary's successor in interest that the grantor is lawfully seized in fee simple of the real property and has a valid, unencumbered title thereto, except as may be set forth in an addendum or exhibit attached hereto, and that the grantor will warrant and forever defend the same against all persons whomsoever.

**WARNING:** Unless grantor provides beneficiary with evidence of insurance coverage as required by the contract or loan agreement between them, beneficiary may purchase insurance at grantor's expense to protect beneficiary's interest. This insurance may, but need not, also protect grantor's interest. If the collateral becomes damaged, the coverage purchased by beneficiary may not pay any claim made by or against grantor. Grantor may later cancel the coverage by providing evidence that grantor has obtained property coverage elsewhere. Grantor is responsible for the cost of any insurance coverage purchased by beneficiary, which cost may be added to grantor's contract or loan balance. If it is so added, the interest rate on the underlying contract or loan will apply to it. The effective date of coverage may be the date grantor's prior coverage lapsed or the date grantor failed to provide proof of coverage. The coverage beneficiary purchases may be considerably more expensive than insurance grantor might otherwise obtain alone and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

The grantor warrants that the proceeds of the loan represented by the above described note and this trust deed are:

(a) ~~primarily for grantor's personal, family or household purposes~~ **IMPORTANT NOTICE below:**

(b) for an organization, or (even if grantor is a natural person) are for business or commercial purposes.

This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors and assigns. The term beneficiary shall mean the holder and owner, including pledgee, of the contract secured hereby, whether or not named as a beneficiary herein.

In construing this trust deed, it is understood that the grantor, trustee and/or beneficiary may each be more than one person; that if the context so requires, the singular shall be taken to mean and include the plural, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

IN WITNESS WHEREOF, the grantor has executed this instrument the day and year first above written.

\* IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is not applicable; if warranty (a) is applicable and the beneficiary is a creditor as such word is defined in the Truth-in-Lending Act and Regulation Z, the beneficiary MUST comply with the Act and Regulation by making required disclosures; for this purpose use Stevens-Ness Form No. 1319, or equivalent. If compliance with the Act is not required, disregard this notice.

Richard A. Bore  
Kathleen M. Bore  
David J. Haight

STATE OF OREGON, County of \_\_\_\_\_

This instrument was acknowledged before me on \_\_\_\_\_, 19\_\_\_\_  
by \_\_\_\_\_

This instrument was acknowledged before me on \_\_\_\_\_, 19\_\_\_\_  
by \_\_\_\_\_  
as \_\_\_\_\_ SEE ATTACHED ACKNOWLEDGMENT  
of \_\_\_\_\_

Notary Public for Oregon My commission expires \_\_\_\_\_

REQUEST FOR FULL RECONVEYANCE (To be used only when obligations have been paid)

TO:

Trustee

The undersigned is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sums secured by the trust deed have been fully paid and satisfied. You hereby are directed, on payment to you of any sums owing to you under the terms of the trust deed or pursuant to statute, to cancel all evidences of indebtedness secured by the trust deed (which are delivered to you herewith together with the trust deed) and to reconvey, without warranty, to the parties designated by the terms of the trust deed the estate now held by you under the same. Mail reconveyance and documents to \_\_\_\_\_

DATED: \_\_\_\_\_, 19\_\_\_\_

Do not lose or destroy this Trust Deed OR THE NOTE which it secures.  
Both must be delivered to the trustee for cancellation before reconveyance will be made.

Beneficiary

## LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

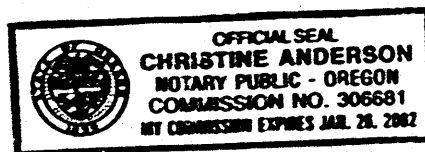
513 - 0622

STATE OF Oregon )  
COUNTY OF Deschutes ) ss

On this 14th day of Sept, 19 98, before me, the undersigned Notary Public, personally appeared RICHARD A. BORO, MEMBER OF HIGH MOUNTAIN PROPERTIES, LLC, and known to me to be a member or designated agent of the limited liability company that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, for the uses and purposes therein mentioned, an on oath stated that he or she is authorized to execute this Deed of Trust and in fact executed the Deed of Trust on behalf of the limited liability company.

By Christine Anderson Residing at Oregon  
Notary Public in and for the State of Oregon

My commission expires \_\_\_\_\_



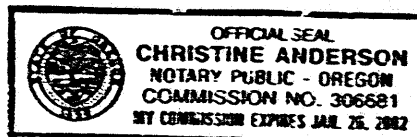
## LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF Oregon )  
COUNTY OF Deschutes ) ss

On this 14th day of Sept, 19 98, before me, the undersigned Notary Public, personally appeared KATHLEEN M. BORO, MEMBER OF HIGH MOUNTAIN PROPERTIES, LLC, and known to me to be a member or designated agent of the limited liability company that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Deed of Trust and in fact executed the Deed of Trust on behalf of the limited liability company.

By Christine Anderson Residing at Oregon  
Notary Public in and for the State of Oregon

My commission expires \_\_\_\_\_



LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF Oregon )  
COUNTY OF Deschutes ) ss

513 - 0623

On this 14th day of Sept, 19 98, before me, the undersigned Notary Public, personally appeared DAVID L. STRAIGHT, MEMBER OF HIGH MOUNTAIN PROPERTIES, LLC, and known to me to be a member or designated agent of the limited liability company that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, for the uses and purposes therein mentioned, an on oath stated that he or she is authorized to execute this Deed of Trust and in fact executed the Deed of Trust on behalf of the limited liability company.

By Christine Anderson Residing at Oregon

Notary Public in and for the State of Oregon

My commission expires \_\_\_\_\_

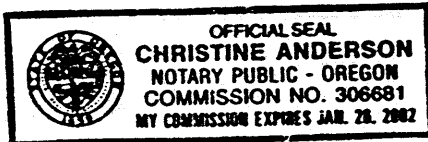


EXHIBIT "A"  
LEGAL DESCRIPTION

513 - 0624

PARCEL I:

That portion of the North Half of the Southwest Quarter (N $\frac{1}{2}$  SW $\frac{1}{4}$ ) of Section Three (3), TOWNSHIP FIFTEEN (15) SOUTH, RANGE THIRTEEN (13), EAST OF THE WILLAMETTE MERIDIAN, Deschutes County, Oregon, lying East of the Oregon Trunk Railway.

EXCEPTING THEREFROM: Beginning at a point on the North/South center Section line of Section Three (3), TOWNSHIP FIFTEEN (15) SOUTH, RANGE THIRTEEN (13), EAST OF THE WILLAMETTE MERIDIAN, Deschutes County, Oregon, said point being South 00° 33' 10" West 3943.61 feet from the North Quarter (N $\frac{1}{4}$ ) corner of said Section 3; thence leaving said North/South center Section line and running parallel with the South line of the Northeast Quarter of the Southwest Quarter (NE $\frac{1}{4}$  SW $\frac{1}{4}$ ) of said Section 3 South 89° 47' 51" West 50.00 feet to the true point of beginning; thence continuing parallel with the South line of the Northeast Quarter of the Southwest Quarter (NE $\frac{1}{4}$  SW $\frac{1}{4}$ ) of said Section 3 South 89° 47' 51" West 680.91 feet; thence North 75° 47' 15" West 313.45 feet; thence North 66° 10' 25" West 66.25 feet; thence North 17° 03' 23" East 68.22 feet; thence along the arc of a 185.00 foot radius curve right (the chord of which bears North 17° 07' 21" East 0.43 feet) a distance of 0.43 feet; thence along the arc of a 37.50 foot radius curve right (the chord of which bears North 65° 30' 27" East 56.01 feet) a distance of 63.25 feet; thence South 66° 10' 25" East 69.69 feet; thence along the arc of a 215.00 foot radius curve left (the chord of which bears South 70° 58' 50" East 36.03 feet) a distance of 36.08 feet; thence South 75° 47' 15" East 156.30 feet; thence along the arc of a 215.00 foot radius curve left (the chord of which bears South 82° 54' 04" East 53.25 feet) a distance of 53.39 feet; thence North 89° 59' 06" East 85.65 feet; thence along the arc of a 265.00 foot radius curve left (the chord of which bears North 69° 41' 42" East 183.79 feet) a distance of 187.69 feet; thence along the arc of a 37.50 foot radius curve right (the chord of which bears South 87° 46' 48" East 50.97 feet) a distance of 56.04 feet; thence South 44° 57' 54" East 36.33 feet; thence along the arc of a 10.00 foot radius curve right (the chord of which bears South 13° 56' 30" East 10.31 feet) a distance of 10.83 feet; thence along the arc of a 38.00 foot radius curve left (the chord of which bears North 45° 02' 06" East 35.63 feet) a distance of 201.68 feet; thence along the arc of a 10.00 foot radius curve right (the chord of which bears North 75° 59' 18" West 10.31 feet) a distance of 10.83 feet; thence North 44° 57' 54" West 35.45 feet; thence along the arc of a 37.50 foot radius curve right (the chord of which bears North 00° 02' 06" East 53.03 feet) a distance of 58.90 feet; thence North 45° 02' 06" East 52.87 feet; thence along the arc of a 37.50 foot radius curve right (the chord of which bears North 87° 45' 57" East 50.89 feet) a distance of 55.93 feet; thence South 49° 30' 12" East 176.93 feet; thence along the arc of a 10.00 foot radius curve right (the chord of which bears South 18° 28' 48" East 10.31 feet) a distance of 10.83 feet; thence along the arc of a 38.00 foot radius curve left (the chord of which bears North 40° 29' 48" East 35.63 feet) a distance of 201.68 feet; thence along the arc of a 10.00 foot radius curve right (the chord of which bears North 80° 31' 37" West 10.31 feet) a distance of 10.83 feet; thence North 49° 30' 12" West 177.63 feet; thence along the arc of a 37.50 foot radius curve right (the chord of which bears North 08° 34' 51" West 49.13 feet) a distance of 53.57 feet; thence along the arc of a 315.00 foot radius curve left (the chord of which bears North 29° 34' 19" East 30.45 feet) a distance of 30.46 feet; thence North 26° 48' 06" East 48.60 feet; thence along the arc of a 37.50 foot radius curve right (the chord of which bears North 71° 48' 06" East 53.03 feet) a distance of 58.90 feet; thence South 63° 11' 54" East 57.40 feet; thence along the arc of a 10.00 foot radius curve right (the chord of which bears South 32° 10' 30" East 10.31 feet) a distance of 10.83 feet; thence along the arc of a 38.00 foot radius curve left (the chord of which bears North 26° 48' 06" East 35.63 feet) a distance of 201.68 feet; thence along the arc of a 10.00 foot radius curve right (the chord of which bears South 85° 46' 42" West 10.31 feet) a distance of 10.83 feet; thence North 63° 11' 54" West 59.00 feet; thence along the arc of a 37.50 foot radius curve right (the chord of which bears North 22° 20' 44" West 49.06 feet) a distance of 53.49 feet; thence along the arc of a 115.00 foot radius curve left (the chord of which bears North 09° 31' 55" East 35.88 feet) a distance of 36.03 feet; thence North 00° 33' 24" East 77.21 feet; thence along the arc of a 37.50 foot radius curve right (the chord of which bears North 46° 45' 27" East 54.13 feet) a distance of 60.48 feet; thence along the arc of a 137.50 foot radius curve right (the chord of which bears South 78° 00' 26" East 43.18 feet) a distance of 43.36 feet; thence along the arc of a 10.00 foot radius curve right (the chord of which bears South 35° 41' 00" East 10.98 feet) a distance of 11.62 feet; thence along the arc of a 38.00 foot radius curve left (the chord of which bears North 25° 37' 54" East 35.71 feet) a distance of 201.59 feet; thence along the arc of a 10.00 foot radius curve right (the chord of which bears South 82° 56' 38" West 9.78 feet) a distance of 10.22 feet; thence along the arc of a 162.50 foot radius curve left (the chord of which bears North 78° 00' 23" West 57.76 feet) a distance of 58.06 feet; thence along the arc of a 37.50 foot radius curve right (the chord of which bears North 43° 50' 35" West 52.47 feet) a distance of 58.12 feet; thence North 00° 33' 24" East 112.79 feet; thence along the arc of a 235.00 foot radius curve right (the chord of which bears North 04° 34' 38" East 32.95 feet) a distance of 32.58 feet; thence along the arc of a 37.50 foot radius curve right (the chord of which bears North 58° 44' 57" East 57.58 feet) a distance of 65.65 feet; thence along the arc of a 10.00 foot radius curve right (the chord of which bears South 37° 56' 56" East 10.94 feet) a distance of 11.57 feet; thence along the arc of a 38.00 foot radius curve left (the chord of which bears South 78° 08' 47" East 72.81 feet) a distance of 97.29 feet; thence along the arc of a 10.00 foot radius curve right (the chord of which bears North 59° 31' 45" East 10.31 feet) a distance of 10.83 feet; thence South 89° 26' 51" East 30.53 feet to a point that is 50.00 feet from, when measured at right angles to the North/South center section line of Section Three (3), TOWNSHIP FIFTEEN (15) SOUTH, RANGE THIRTEEN (13), EAST OF THE WILLAMETTE MERIDIAN, Deschutes County, Oregon; thence running parallel with the North/South center Section line of said Section 3 South 00° 33' 10" West 868.98 feet to the true point of beginning, all in Deschutes County, Oregon.

## EXHIBIT B

TO

TRUST DEED WITH HIGH MOUNTAIN PROPERTIES, L.L.C., AS GRANTOR,

TITLE INSURANCE COMPANY OF OREGON, AS TRUSTEE, AND

NI-LAH-SHA VILLAGE, INC. AS BENEFICIARY

1. Ni-Lah-Sha Village, Inc. understands that High Mountain Properties, L.L.C. will be developing the real property secured by this Trust Deed into single family residential lots. Ni-Lah-Sha Village, Inc. agrees to release all lots which are developed on the real property secured by this Trust Deed upon the principal payment of \$3,500.00 per each lot to be released. High Mountain Properties, L.L.C. agrees that the total lots to be developed on the real property secured by this Trust Deed will be not less than 130 lots.
2. Ni-Lah-Sha Village, Inc. Agrees to subordinate this Trust Deed to a development loan to be obtained by High Mountain Properties, L.L.C., said subordination to be subject to the following terms and conditions:
  - A. Grantor must have \$425,000.00 of Grantor's funds invested in this project.
  - B. All funds secured by the new Trust Deed shall be used only for the development of the real property secured by this Trust Deed.
  - C. The amount secured by the new Trust Deed shall not exceed \$1,800,000.00; shall bear interest at a rate not to exceed 13 1/2% per annum; and shall be due and payable no sooner than 18 months from date of new Trust Deed.
  - D. Ni-Lah-Sha Village, Inc. shall have the right to approve all of the terms and conditions of the new Trust Deed and the indebtedness secured thereby, which approval shall not be unreasonably withheld.
  - E. Richard A. Boro, Kathleen M. Boro, David Straight and Tammie Straight shall each personally guarantee the payment of the Promissory Note that is to be secured by the new Trust Deed.
3. Grantor hereby transfers to Trustee as part of the real property described in Exhibit A, all of Grantor's rights under the covenants, conditions and restrictions recorded June 4, 1992, in Book 267, at page 0931, Deschutes County Records, including, but not limited to, the right

513 - 0626

to use all of the private roads within the planned community, the STEP system and pressure sewer lines, the landscape sprinkler system and the water system in connection with the development and for the use of the real property described in Exhibit A.

4. In any foreclosure of this Trust Deed, the beneficiary shall be entitled to the right to use any and all improvements which have been placed upon the real property secured by this Trust Deed and the real property described in Exhibit C attached hereto and by this reference incorporated herein in conjunction with any and all property acquired in the foreclosure.

STATE OF OREGON )  
COUNTY OF DESCHUTES ) SS.

I, MARY SUE PENHOLLOW, COUNTY CLERK AND  
RECORDER OF CONVEYANCES, IN AND FOR SAID  
COUNTY, DO HEREBY CERTIFY THAT THE WITHIN  
INSTRUMENT WAS RECORDED THIS DAY:

98 SEP 22 PM 2:16

MARY SUE PENHOLLOW  
COUNTY CLERK

BY  DEPUTY

NO 98-42259 FEE 90-  
DESCHUTES COUNTY OFFICIAL RECORDS