

When recorded mail to
Bank of America NT & SA
Day and Night Office
One Powell Street
San Francisco, California
94080
LENDER

65101

CONSTRUCTION
DEED OF TRUST

Vol. ^M79 Page ^F7534

FA-38-17093

This Deed of Trust is made this 22nd day of March,
1979, between REDWOOD THEATRES INC., a Nevada Corporation as
Successor through merger with Klamath Theatres Inc.,
a corporation-----,
as Grantor, Pioneer National Title Insurance Company, as
Trustee, and Bank of America National Trust and Savings
Association, a national banking association, as Beneficiary.
Grantor is owner of the property described below and
improvements now or hereafter thereon.

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

That portion of vacated Lakeview Addition to the City of Klamath Falls,
Oregon, in the County of Klamath, State of Oregon, including Streets,
street intersections, alleys, lots and blocks heretofore vacated by
Ordinance No. 5531, and within the bounds of the following description:

Beginning at the Northwest corner of Lot 4, Block 36, Lakeview Addition
to the City of Klamath Falls, Klamath County, Oregon; thence South along
the East line of Biehn Avenue to the North line of Sacramento Street;
thence East along the North line of Sacramento Street to the West line of
Harriman Avenue; thence North along the West line of Harriman Avenue to the
Northeasterly corner of Block 39 said Lakeview Addition; thence North-
westerly along the Northeast line of said Block 39, extended across Ohio
Avenue; thence along the Northeast line of Block 38, extended across
Holabird Avenue; thence along the Northeast line of Block 36 to the North
line of Lot 4, said Block 36; and thence along the North line of said
Lot 4, to the point of beginning, all in said Lakeview Addition to the
City of Klamath Falls, Oregon.

EXCEPTING THEREFROM Block 44 now vacated and EXCEPTING that portion
conveyed to Klamath County by Deed Volume 95 at page 518, for road
purposes.

(CODE 1 MAP 3217 TL 1)

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which property is not currently used for agriculture, timber or grazing purposes, but is used primarily for business purposes; including all buildings and improvements thereon, all appurtenances and easements used in connection therewith, all water and water rights (whether riparian, appropriative, or otherwise, and whether or not appurtenant) used in connection therewith, all shares of stock evidencing the same, pumping stations, engines, machinery, pipes and ditches, including also all gas, electric, cooking, heating, cooling, air conditioning, refrigeration and plumbing fixtures and equipment which has been or may hereafter be attached in any manner to any building now or hereafter on the property, or to the property, and also the rents, issues and profits thereto, all sometimes hereinafter referred to as the property.

For the purpose of securing (1) payment of the sum of SIX HUNDRED FIFTY THOUSAND AND NO/100----- DOLLARS ----- with interest thereon according to the terms of one or more promissory notes dated this date made by Grantor, payable to the order of Beneficiary, and all extensions, renewals, or modifications thereof, the last payments being due and payable on or before December 1, 1994; (2) payment of any and all obligations and

liabilities, whatsoever, whether primary, secondary, direct, indirect, fixed or contingent, which are now due or may hereafter become due Beneficiary from Grantor (or any successor in interest to Grantor) whether created directly or acquired by assignment if the document evidencing any such other obligation or liability or any other writing signed by Grantor (or any of them or any successor in interest to Grantor or any of them) specifically provides that said obligation is secured by this Deed of Trust; (3) performance of each agreement of Grantor herein contained; and (4) performance by Grantor of all obligations of Grantor to Beneficiary pursuant to this and other agreements now in effect or hereafter entered into; (5) payment of all sums to be made by Grantor pursuant to the terms hereof.

GRANTOR AGREES

(a) Properly to care for and keep said property and buildings and improvements, including required landscaping, situate thereon in good condition and repair; to underpin and support, when necessary, any building or other improvement now or hereafter situate thereon, and otherwise to protect and preserve same; not to remove or demolish any building or improvement now or hereafter situate thereon;

to complete or restore promptly and in good workmanlike manner, any building or improvement which may be now or hereafter constructed, damaged or destroyed thereon, and pay in full all costs incurred therefor; not to commit or permit waste of the property; to comply with all laws, covenants, conditions or restrictions affecting the property; to observe and perform all obligations of Grantor under any lease or leases and to take any action required and to refrain from taking any action prohibited, as necessary, to preserve and protect the property while under construction and thereafter and the value thereof; to provide and maintain fire (and if required by Beneficiary, mortgage guaranty and other) insurance satisfactory in form and amount, including without limitation rent loss endorsement, to and with loss payable solely to Beneficiary and to deliver at execution hereof and at least twenty (20) days prior to expiration thereafter of any policy or policies to Beneficiary which delivery shall constitute assignment to Beneficiary all return premiums; to appear in and defend, without cost to Beneficiary or Trustee, any action or proceeding purporting to affect the security hereunder, or the rights or powers of Beneficiary or Trustee, and when required by Beneficiary or Trustee to

commence and maintain any action or proceeding necessary to protect such security and such rights or powers; and should Beneficiary or Trustee elect to appear in, defend, or commence and maintain any such action or proceeding (including any proceedings under any law relating to insolvency or bankruptcy), to pay all its costs and expenses, including attorney fees; to pay before delinquency all taxes, assessments and charges affecting the property; to use the Bancroft Bonding Act only with prior written approval of the Beneficiary; to pay when due all encumbrances, charges, and liens affecting or purporting to affect title to the property; to pay all costs, fees and expenses of this deed of trust. At the request of Beneficiary, Grantor will monthly pay to Beneficiary an amount equal to one-twelfth (1/12th) of the annual cost of taxes and assessments on the property together with an amount equal to the estimated next fire and fire and earthquake and other required insurance premiums divided by the number of months between the date of computation and the date of payment of the said insurance premium; said accumulated funds will be released to Grantor for payment of taxes, assessments and insurance premiums, or may be so directly applied by Beneficiary, if Beneficiary so elects. Grantor

shall maintain the property free of any liens having priority over, equal to, or inferior to the interest of Beneficiary under this Deed of Trust other than liens and encumbrances as herein permitted or hereafter consented to by Beneficiary.

(b) Grantor agrees to fully, faithfully and promptly perform all obligations and do all acts required of it pursuant to all agreements to which it and Beneficiary are parties, and all other agreements and obligations of Grantor relating to the construction, maintenance and operation of the property or any portion of it.

(c) Should Grantor fail to make any payment or do any act as herein provided, then Beneficiary or Trustee (but without obligation so to do, and without notice to or demand upon Grantor and without releasing Grantor from any obligation hereunder) may make or do the same, and may pay, purchase, contest, or compromise any encumbrance, charge or lien, which in its judgment appears to affect the property; and in exercising any such powers, incur any liability and expend whatever amounts in its absolute discretion it may deem necessary therefor. All sums so incurred or expended by Beneficiary or Trustee shall be secured hereby and, without demand, shall be immediately due and payable by Grantor and shall bear interest at the rate of ten (10%) percent per

under the surface of the property, any sums that may thereafter become due and payable to the Grantor as bonus or royalty shall be considered rent hereunder, and such sums, together with damages and other compensation payable to the Grantor by reason of the exercise of such rights are hereby made subject to this Deed of Trust and shall be applied in accordance with the provisions hereof. Grantor agrees to execute such further assignments of any compensation, award, damages and rights of action and proceeds, as Beneficiary or Trustee may require. The Beneficiary or Trustee may enter upon the property at any time during the existence of this Trust for the purpose of inspection, or for the accomplishment of any of the purposes hereof.

2. By accepting payment of any sum hereby secured after its due date, or after the filing of notice of default and of election to sell, Beneficiary shall not waive its right to require prompt payment when due of all other sums so secured, or to declare default for failure so to pay, or to exercise any other remedy which Beneficiary might have or be in process of exercising. If Beneficiary holds any additional security for any obligation secured hereby, it may enforce the sale thereof at its option, either before, contemporaneously with, or after the exercise of any rights

hereunder, and on any default of Grantor. Beneficiary may at its option, offset against any indebtedness owing by it to Grantor, the whole or any part of the indebtedness secured hereby.

3. Without affecting the liability of any person, including Grantor, for the payment of any indebtedness secured hereby, or the lien of this Deed of Trust on the remainder of the property for the full amount of any indebtedness unpaid, Beneficiary and Trustee are respectively empowered as follows: Beneficiary may from time to time and without notice (a) release any person liable for the payment of any of the indebtedness; (b) extend the time or otherwise alter the terms of payment of any of the indebtedness; (c) accept additional security therefor of any kind, including deeds of trust or mortgages or security interests in personal property; (d) alter, substitute or release any property securing the indebtedness.

4. Trustee may at any time and from time to time upon the written request of Beneficiary, payment of its fees, and presentation of this Deed of Trust and the note for endorsement (in case of full reconveyance, for cancellation), without affecting the liability of any person for the payment of the indebtedness: (a) consent to the making of any map or plat of said property; (b) join in granting any easement

or creating any restriction thereon; (c) join in any subordination or other agreement affecting this Deed of Trust 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.

5. Grantor shall not transfer or contract to sell all or any of Grantor's interest in property or any portion thereof, whether or not the transferee assumes and agrees to pay the indebtedness in whole or in part, without the prior consent of Beneficiary in writing. Any such transfer or contract shall constitute a default of this Deed of Trust. Acceptance by Beneficiary of payments by a transferee to whom it has not consented shall not constitute a waiver of Beneficiary's right to declare a default for breach of this paragraph.

6. This Deed of Trust is given as part of a transaction by which Beneficiary may advance monies to or for the benefit of Grantor for construction of any theatre complex on the real property herein conveyed. Accordingly, any of the following shall constitute events of default:

(a) Belief of Beneficiary at any time that the monies not previously paid to Grantor by

Beneficiary will be insufficient to complete the theatre complex improvement in accordance with plans and specifications, free of liens and encumbrances, in the time agreed providing Beneficiary gives notice of such belief to Grantor and Grantor does not deposit with Beneficiary within thirty (30) days of such notice, sufficient funds as specified by Beneficiary to complete the theatre complex.

(b) Application of any monies advanced to Grantor by Beneficiary contrary to any agreements to which Beneficiary and Grantor are parties;

(c) Failure of Grantor within the time required by this Deed of Trust to make any payment of principal or interest or for taxes, insurance, or any payment necessary to prevent filing of or to discharge any lien or to perform any other covenant of this Deed of Trust including without limitation Grantor's obligations herein to perform other agreements with Beneficiary or to which Grantor and Beneficiary are parties;

(d) Dissolution, termination of existence, insolvency, business failure, appointment of a receiver for any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor; provided, however, that Grantor shall have forty-five days from the date of filing of an involuntary petition in bankruptcy within which to procure the dismissal of said petition.

(e) Any other act declared a default by any of the terms of this Deed of Trust.

7. Upon the occurrence of any event of default and at any time thereafter, Beneficiary may exercise any one or more of the following rights and remedies, the exercise of one remedy not being a bar to the exercise of any or all of the other remedies:

(a) The right at its option with or without notice to Grantor to declare the entire indebtedness including any prepayment penalty which would be due if the note or notes were prepaid at the time of the default;

(b) With respect to all or any part of the property that constitutes realty, (1) the right to foreclose by judicial foreclosure in the manner provided by law for mortgage foreclosures or (2) to direct Trustee to foreclose this Deed of Trust by advertisement and sale.

In the event Beneficiary exercises its rights under paragraph 7(b)(2), the Beneficiary or the Trustee shall execute and cause to be recorded its written notice of default and its election to sell all or any of the property to satisfy the obligations secured thereby, whereupon the Trustee shall fix the time and place of sale, give notice thereof as then required by law and proceed to foreclose this Deed of Trust in the manner provided by law for foreclosure of trust deeds. 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 Deed of Trust; (3) to all persons having recorded liens subsequent to the interest of the Trustee

in the Deed of Trust as their interests may appear in the order of their priority; and (4) the surplus, if any, to Grantor or to its successor in interest entitled to such surplus. If after default and prior to the time and date set by the trustee for the trustee's sales, the Grantor or other person so privileged by ORS 86.760 pays the entire amount then due under the terms of the trust deed and the obligation secured thereby, other than such portion of the principal as would not then be due had no default occurred, the Grantor or other person making such payment shall also pay to the Beneficiary all of the costs and expenses actually incurred in enforcing the terms of the obligation and trustee's and attorney's fees not exceeding FIFTY DOLLARS (\$50) each.

(c) With respect to all or any part of the property that constitutes personalty, the rights and remedies of a secured party under the Uniform Commercial Code or any other statutes controlling at such time;

(d) The right, without notice to Grantor to take possession of the property and collect all

rents and profits, including those past due and unpaid, and apply the net proceeds, over and above Beneficiary's costs (which costs shall first be paid before any amount is credited against the indebtedness), against the indebtedness. In furtherance of this right, Beneficiary, may require any tenant or other user of the property to make payments of rent or use fees directly to Beneficiary, and payments by such tenant or user to Beneficiary in response to its demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed;

(e) The right in connection with any legal proceedings to have a receiver, including itself or its designee, appointed to take possession of any or all of the property, with the power to protect and preserve the property and to operate the property preceding foreclosure or sale and apply the proceeds, over and above cost of the receivership against the indebtedness. The receiver may serve without bond if permitted by law. Beneficiary's right to the appointment of a receiver having all of the stated powers shall

exist whether or not the apparent value of the property at the time of default exceeds the indebtedness by a substantial or any amount;

(f) In the event Grantor remains in possession of the property after judicial foreclosure, Grantor shall become a tenant from month to month and shall pay a monthly rental equal to the monthly payment pursuant to the mortgage;

(g) Any other right or remedy provided in this Deed of Trust or by law.

8. In exercising its rights and remedies, Beneficiary shall be free to sell all or any part of the property together or separately or to sell certain portions of the property and refrain from selling other portions. Beneficiary shall be entitled to bid at any public sale on all or any portion of the property.

9. Beneficiary shall give Grantor reasonable notice of the time and place of any public sale of any personal property or of the time after which any private sale or other intended disposition of the property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition unless a different statutory minimum notice is required, in which event Grantor shall give Beneficiary such statutory notice.

10. No waiver by Beneficiary of its rights under this Deed of Trust shall be effective unless in writing and signed by Beneficiary. A waiver by Beneficiary of a breach of one or more provisions of this Deed of Trust as to one transaction or occurrence, including this paragraph, shall not constitute a waiver of or prejudice Beneficiary's right otherwise to demand strict compliance with such provision or provisions or any other provision of this Deed of Trust or other agreements between the parties. Election by Beneficiary to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Deed of Trust after failure of Grantor to perform shall not affect Beneficiary's right to declare a default and exercise its remedies under this Deed of Trust.

11. In the event suit or action is instituted to enforce any of the terms of this Deed of Trust, the prevailing party shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and on any appeal. All reasonable expenses incurred by Beneficiary that are necessary at any time in Beneficiary's opinion for the protection of its interest or the enforcement of its rights, including without limitation the cost

of searching records, obtaining title reports, surveyors' reports, attorneys' opinions or title insurance, whether or not any court action is involved, shall become a part of the indebtedness payable on demand and shall bear interest at the rate of ten (10%) percent per annum based on a three hundred sixty (360) day year from the date of notice to Grantor of expenditure until repaid.

12. The assessor or tax collector of the county in which the property is located is authorized to deliver to Beneficiary a written statement of the property taxes assessed or owing at any time against the property. The property shall be separately assessed and any assessment of the property jointly with any property not subject to this Deed of Trust shall be a breach of this Deed of Trust and an act of default.

13. Grantor warrants that it holds title to the property free of all encumbrances except as agreed to in writing by Beneficiary. Grantor warrants and will forever defend its title against the claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Beneficiary or Trustee under this Deed of Trust, Grantor shall defend the action or proceedings at Grantor's expense and reimburse Beneficiary for all expenses it incurs in investigating and defending against such action or proceeding.

14. The following shall constitute Oregon state taxes to which this paragraph applies: (a) A specific tax upon mortgages or trust deeds or security interests or upon all or any part of the indebtedness secured by a mortgage, trust deed or security interest; (b) A specific tax on the owner of property held under Trust Deed, or mortgaged, which the taxpayer is authorized or required to deduct from payments on the note secured by Deed of Trust or mortgage; (c) A tax on property subject to trust deed or mortgaged premises or property chargeable against the Beneficiary or mortgagee or the holder of the instrument evidencing the indebtedness secured; (d) A specific tax on all or any portion of the indebtedness or on payments of principal and interest made by a grantor or mortgagor. If any Oregon state tax to which this paragraph applies is enacted subsequent to the date of this Deed of Trust, this shall have the same effect as a default and Beneficiary may exercise any or all of the remedies available to it in the event of a default unless the following conditions are met: (a) Grantor may lawfully pay the tax or charge imposed by the state tax, and (b) Grantor pays or offers to pay the tax or charge within thirty (30) days after notice from Beneficiary that the tax law has been enacted and pays such tax prior to due date.

15. This instrument shall constitute a security agreement

with respect to all personal property (including replacements and substitutions) owned by Grantor and now or hereafter located on the property or used in connection with the operation of the property, and with respect to all general intangibles arising from the use, operation or interest of Grantor in the property. This instrument shall also constitute a security agreement with respect to all rents and profits derived from or attributable to the property. Grantor shall join with Beneficiary in executing one or more financing statements and security agreements as requested, including such renewals and extensions as may be required to preserve the priority of the security interest under the Uniform Commercial Code and shall file the statements at Grantor's expense in all public offices where filing may be required or prudent under the Uniform Commercial Code to perfect the security interest of the Beneficiary and Trustee in any property of any description herein.

16. Grantor shall furnish Beneficiary within ninety (90) days of the close of each fiscal year financial and operating statements of the property prepared according to generally accepted accounting principles uniformly applied, and other statements on request at the time such statements are furnished the limited partners of Grantor.

17. Grantor hereby gives to and confers upon Beneficiary the right, power and authority during the continuance of this Deed of Trust to collect the rents, issues and profits of the property and of any personal property located thereon with or without taking possession of the property affected hereby, and hereby absolutely and unconditionally assigns all such rents, issues and profits to Beneficiary; provided, however, that Beneficiary hereby consents to the collection and retention of such rents, issues and profits as they accrue and become payable only if Grantor is not, at such times, in default with respect to payment of any indebtedness secured hereby or in the performance of any agreement hereunder. Upon any such default, 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, and in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine; also perform such acts of

repair or protection as it may deem also to lease the same or any part thereof for such rental, term, and upon such conditions as its judgment may dictate; also harvest, remove, and sell any crops or ornamental plants that may be growing upon the premises, and apply the proceeds thereof upon the indebtedness secured hereby. The entering upon and taking possession of the property, the collection of such rents, issues and profits, and the application thereof as aforesaid, shall not waive or cure any default or notice of default hereunder, or invalidate any act done pursuant to such notice. Grantor also assigns to Beneficiary as further security for the performance of the obligations secured hereby, all prepaid rents and monies which may have been or may hereafter be deposited with Grantor by any lessee of the premises herein described, to secure the payment of any rent or performance of any other obligation. Upon default in performance of any of the provisions hereof, Grantor agrees to deliver such rents and deposits to Beneficiary. Notwithstanding the foregoing, Grantor shall not charge or collect from any tenant of Grantor, any amount as prepaid rent or deposit which is more than one month's rent, or any security deposit without prior written permission of Beneficiary.

18. If Grantor pays all of the indebtedness when due and otherwise performs all of its obligations under this Deed of Trust, Trustee shall reconvey to Grantor, without warranty, the interest vested in it hereby and suitable statements of termination of any financing statements on file evidencing Beneficiary's and Trustee's security interest in personal property.

19. For any statement regarding the obligations secured hereby, Trustee and Beneficiary may charge the maximum amount permitted by law at the time of the request therefor.

20. In construing this Deed of Trust, the term "Deed of Trust" shall encompass the term "security agreement" when the instrument is being construed with respect to any personal property. The singular shall include the plural, and the plural shall include the singular, as may be appropriate.

21. For any reason permitted by law Beneficiary may from time to time appoint a successor or successors to the 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, containing reference to this Deed of Trust and its place of record, which when recorded in the office of the County Clerk or Recorder of the county in which the property is situated shall be conclusive proof of proper appointment of the successor Trustee.

22. Any Grantor who is a married person hereby expressly agrees that recourse may be had against his or her separate property for any deficiency after the sale of the property hereunder, provided such person is liable for payment of the promissory note(s) or other obligation(s) secured hereby.

23. Subject to the limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their heirs, personal representatives, successors and assigns.

24. Invalidity of any provision of this Deed of Trust or the notes it secures shall not invalidate any other provision of this Deed of Trust or such notes or other obligations of Grantor to Beneficiary.

25. In the event any provision of this Deed of Trust or the note(s) or obligations it secures shall call for a rate of interest in excess of the maximum interest permitted by law, such provision shall be considered to call for a

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rate of interest which is the maximum rate permitted by law, and no more than that rate.

26. The law of Oregon shall apply to this Trust Deed.

27. Notices required hereunder to Grantor shall be personally delivered or delivered by certified or registered mail to REDWOOD THEATRES, Inc., a Nevada corporation
544 Golden Gate Avenue
San Francisco, California 94102

and to Beneficiary at Bank of America, Day and Night Office,
One Powell Street, San Francisco, California 94102

and to the Trustee at 160 Pine Street, San Francisco, California 94111. Any party may change its address for notice by giving written notice to the other party and the Trustee.

IN WITNESS WHEREOF, Grantor has executed this Deed of Trust on the day and year stated above.

x 22 March 1979

REDWOOD THEATRES, INC a Nevada corporation

x [Signature]

CORPORATE ACKNOWLEDGMENT

State of California

City and County of San Francisco } S.S.

On this 28th day of March, 1979, before me Helen Wiener, a Notary Public in and for said City and County, personally appeared

(SEAL)

Richard Mann
President

known to me to be the President and ---, known to me to be the --- of Mr. Redwood Theatres, Incorporated the Corporation that executed the within instrument, and also known to me to be the person who executed the within instrument, on behalf of the Corporation herein named, and acknowledged to me that such Corporation executed the same, and further acknowledged to me that such Corporation executed the within instrument pursuant to its by-laws or a resolution of its Board of Directors.

WITNESS my hand and official seal.

HELEN WIENER
NOTARY PUBLIC-CALIFORNIA
CITY AND COUNTY OF
SAN FRANCISCO

My Commission Expires June 30, 1981

Helen Wiener
Notary Public in and for said City and County and State. My commission expires June 30, 1981.

STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 5th day of April A.D., 19 79 at 3:56 o'clock P M., and duly recorded in Vol. M79 of Mortgages on Page 7534.

FEE \$75.00

WM. D. MILNE, County Clerk
By Bernetha A. Letsch Deputy