

Recording Requested - 42767
By and Return to
Bank of America National
Trust and Savings Association
Real Estate Loan Service Center #791
Orange, CA 92667 Box 6450
Attention: Loan Acquisition

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K-37160

Vol. 1784 Page 18609

Loan#791-403-265276

Space Above This Line For Recorders Use Only

CUSTOM INCOME PROPERTY DEED OF TRUST
INDEXED TO 6-MONTH C. D. (PLAN 2)

NOTICE: THIS DOCUMENT CONTAINS PROVISIONS FOR AN ADJUSTABLE INTEREST RATE

THIS DEED OF TRUST, made this 24th day of October 19 84.

BETWEEN REDWOOD THEATRES, INCORPORATED, a Nevada Corporation-

as TRUSTOR
Klamath County Title
Trustor to be interpreted as "Trustors" where context requires), CONTINENTAL
BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, a national banking association, as BENEFICIARY.

WITNESSETH: That Trustor IRREVOCABLY GRANTS, TRANSFERS and ASSIGNS to TRUSTEE, IN TRUST, WITH POWER OF SALE, the following described property located in the

City of Klamath Falls

County of Klamath, State of California, to wit:

Parcel 3 (Pelican Cinemas)

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 Northwesterly 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.

including 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 have been or may hereafter be attached in any manner to any building now or hereafter on the said property, or to the said property, and also the rents, issues, and profits thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon the Beneficiary to collect and apply such rents, issues and profits.

FOR THE PURPOSE OF SECURING: (1) Payment of the sum of \$ 404,778.00 with interest thereon according to the terms of a promissory note or notes dated October 24, 19 84, made by Trustor, payable to the order of the Beneficiary, and extensions or renewals thereof; (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 from Trustor (or any of them or any successor in interest to Trustor or any of them) whether created directly or

acquired by assignment if the document evidencing any such other obligation or liability or any other writing signed by Trustor (or any of them or any successor in interest to Trustor or any of them) specifically provides that said obligation is secured by this deed of trust; (3) performance of each agreement of Trustor herein contained; and (4) payment of all sums to be made by Trustor pursuant to the terms hereof.

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TO PROTECT THE PROPERTY AND SECURITY GRANTED BY THIS DEED OF TRUST, TRUSTOR AGREES:

(a) Properly to care for and keep said property and buildings and improvements situated thereon in good condition and repair; to underpin and support, when necessary, any building or other improvements situated thereon, and otherwise to protect and preserve same; not to remove or demolish any building or improvement situated thereon; to complete or restore promptly, and in good and workmanlike manner, any building or improvement which may be 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; in the case of a leasehold estate, to observe and perform all obligations of Trustor 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 leasehold estate and the value thereof; to provide and maintain fire (and if required by Beneficiary, earthquake, mortgage guaranty and other) insurance satisfactory to and with loss payable solely to Beneficiary, and to deliver all policies to Beneficiary, which delivery shall constitute assignment to Beneficiary of 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 Trustee or Beneficiary, to commence and maintain any action or proceeding necessary to protect such security and such rights or powers; and should Trustee or Beneficiary 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 their costs and expenses, including attorney fees; to pay before delinquency, all taxes, assessments and charges affecting the property, including assessments on appurtenant water stock; to pay when due all encumbrances, charges and liens affecting or purporting to affect title to said property; to pay all costs, fees and expenses of this trust; if said property be agricultural, to farm said land in an approved and husbandlike manner, and to keep all trees, vines and crops on said land properly cultivated, irrigated, fertilized, sprayed and fumigated; to replace all dead or unproductive vines or trees with new ones; and to keep all buildings, fences, ditches, canals, wells and other farming improvements on said premises in first class condition, order and repair. At the request of Beneficiary, Trustor 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 or 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 Trustor for payment of taxes, assessments and insurance premiums, or may be so directly applied by Beneficiary, if Beneficiary so elects.

(b) Should Trustor 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 Trustor, and without releasing Trustor from any obligation hereunder) may make or do the same, and may pay, purchase, contest or compromise any encumbrance, charge or lien, which in the judgment of either appears to affect said 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, upon demand, shall be immediately due and payable by Trustor and shall bear interest at the rate of indebtedness; provided, however, that at the option of Beneficiary or Trustee such sums may be added to the principal balance of any indebtedness secured hereby and shall bear the same interest as such indebtedness and be payable ratably over the remaining term thereof.

IT IS MUTUALLY AGREED THAT:

1. Should the property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire or earthquake, or in any other manner, Beneficiary shall be entitled, at its option, to commence, appear in and prosecute in its own name, any action or proceeding, or to make any compromise or settlement, in connection with such taking or damage, and to obtain all compensation, awards or other relief therefor. All such compensation, awards, damages, rights of action and proceeds, including the proceeds of any policies of insurance affecting said property, are hereby assigned to Beneficiary, who may release any money so received by it, or apply the same on any indebtedness secured hereby, in its absolute discretion. In the event that anyone shall establish and exercise any right to develop, bore for or mine for any water, gas, oil or mineral on or under the surface of the property, any sums that may thereafter become due and payable to the Trustor as bonus or royalty shall be considered rent hereunder, and such sums, together with damages and other

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compensation payable to the Trustor 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. Trustor agrees to execute such further assignments of any compensation, award, damages and rights of action and proceeds, as Beneficiary or Trustee may require. The Trustee or Beneficiary 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. **18611**

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 proceed with the sale under any such notice of default and of election to sell, for any unpaid balances of said indebtedness. 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 sale is made hereunder, and on any default of Trustor, Beneficiary may, at its option, offset against any indebtedness owing by it to Trustor, the whole or any part of the indebtedness secured hereby.

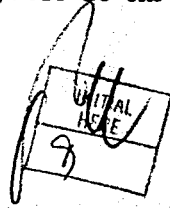
3. Without affecting the liability of any person, including Trustor, for the payment of any indebtedness secured hereby, or the lien of this deed of trust on the remainder of the property for the full amount of any indebtedness unpaid, Beneficiary and Trustee are respectively empowered as follows: Beneficiary 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, (d) alter, substitute or release any property securing the indebtedness; Trustee may, at any time, and from time to time, upon the written request of Beneficiary (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 of trust or the lien or charge thereof, (d) reconvey, without any warranty, all or any part of the property.

4. Upon payment in full of all sums secured hereby, and performance of all obligations of the Trustor hereunder, the Trustee shall reconvey, without warranty, the estate vested in it hereby. The grantee in any reconveyance made pursuant to this deed of trust 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. If default be made in the payment when due of any part or instalment of principal or interest of the note or notes specifically referred to above or in the payment of any other indebtedness secured hereby or in the event Trustor or any successor in interest to Trustor in the property drills or extracts or enters into any lease for the drilling or extraction of oil, gas, or other hydrocarbon substances or any mineral of any kind or character therefrom or from any part thereof, or upon default by Trustor in the performance of any agreement hereunder, or in the event and at any time after anyone establishes and exercises any right to develop, bore for or mine for any water, gas, oil or mineral on or under the surface of the property, Beneficiary shall have the right, at its option, to declare said note or notes and any other indebtedness or obligation secured hereby, irrespective of the maturity date specified in any note or written agreement evidencing the same, immediately due and payable without notice or demand, and no waiver, of this right shall be effective unless in writing and signed by Beneficiary.

6. Waiver of a right granted to Beneficiary hereunder as to one transaction or occurrence shall not be deemed to be a waiver of the right as to any subsequent transaction or occurrence. Beneficiary may rescind any notice before Trustee's sale by executing a notice of rescission and recording the same. The recordation of such notice shall constitute also a cancellation of any prior declaration of default and demand for sale, and of any acceleration of maturity of indebtedness affected by any prior declaration or notice of default. The exercise by Beneficiary of the right to rescission shall not constitute a waiver of any default then existing or subsequently occurring, nor impair the right of the Beneficiary to execute other declarations of default and demand for sale, or notices of default and of election to cause the property to be sold, nor otherwise affect the note or deed of trust, or any of the rights, obligations or remedies of the Beneficiary or Trustee hereunder.

7. At least three months having elapsed between the recordation of the notice of default and the date of sale, Trustee, having first given notice of sale as then required by law, and without demand on Trustor, shall sell the property at the time and place of sale fixed by it in the notice of sale, either as a whole or in separate parcels, and in such order as the Trustee may determine, at public auction to the highest bidder for cash, in lawful money of the United States of America, payable at the



time of sale. Trustee may postpone sale of all or any portion of the property by public announcement at the time of sale, and from time to time thereafter may postpone the sale by public announcement at the time fixed by the previous postponement, and without further notice it may make such sale at the time to which the same shall be so postponed. Trustee shall deliver to the purchaser its deed conveying the property so sold, but without any covenant or warranty, expressed or implied. The recital in any such deed of any matters or facts, stated either specifically or in general terms, or as conclusions of law or fact, shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. After deducting all costs, fees and expenses of Trustee and of this trust, including costs of evidence of title in connection with the sale, the Trustee shall apply the proceeds of the sale to the payment of all sums then secured hereby, in such order and manner as may be required by the Beneficiary; the remainder, if any, to be paid to the person or persons legally entitled thereto. If Beneficiary shall elect to bring suit to foreclose this deed of trust in the manner and subject to the provisions, rights and remedies relating to the foreclosure of a mortgage, Beneficiary shall be entitled to a reasonable sum to be fixed by the court as attorney's fees expended in the prosecution of said action. 18612

8. Trustor hereby gives to and confers upon Beneficiary the right, power and authority during the continuance of these trusts to collect the rents, issues and profits of said 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 Trustor 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 said property or any part thereof, and in its own name sue for or otherwise collect such rents, issues and profits, including those collection, including reasonable attorney fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine; also perform such acts of repair, cultivation, irrigation or protection, as may be necessary or proper to conserve the value of the property; also lease the same or any part thereof for such rental, term, remove, and sell any crops that may be growing upon the premises, and apply the proceeds thereof upon the indebtedness secured hereby. The entering upon and taking possession of said 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. Trustor also assigns to Trustee, as further security for the performance of the obligations secured hereby, all prepaid rents and all monies which may have been or may hereafter be deposited with said Trustor by any lessee of the premises herein described, to secure the payment of any rent, and upon default in the performance of any of the provisions hereof, Trustor agrees to deliver such rents and deposits to the Trustee.

9. Any Trustor 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.

10. The pleading of any statute of limitations as a defense to any and all obligations secured by this deed of trust is hereby waived to the full extent permissible by law.

11. Beneficiary may, from time to time, substitute another Trustee in the place of the Trustee herein named, to execute this trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all the title, powers and duties conferred upon the Trustee herein named. Each such appointment and substitution shall be made by written instrument executed by the Beneficiary, containing reference to this deed of trust sufficient to identify it, which, when recorded in the office of the County Recorder of the county or counties in which the property is situated, shall be conclusive proof of the proper appointment of the successor trustee.

12. This deed of trust shall inure to and bind the heirs, devisees, legal representatives, successors and assigns of the parties hereto. All obligations of each Trustor hereunder are joint and several. The rights or remedies granted hereunder, or by law, shall not be exclusive, but shall be concurrent and cumulative.

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

14. (a) On the note referred to at item (1) of the first page of this deed of trust, the interest rate is an adjustable rate, subject to change as herein indicated.

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(b) Six months from the first day of the month following the date the loan is made and semiannually thereafter ("Change Dates") the interest rate may be changed. The new interest rate is calculated by (i) determining the change that has occurred in an index figure from approximately the date the loan was made until the Change Date, and (ii) applying the same change to the original interest rate of the note. No change of interest rate of less than one-one hundredth of one percentage point will be made on any Change Date. The index figure is a 6-month average of secondary market interest rates on 6-month maturity certificates of deposit, based on monthly figures published by the Federal Reserve Board. Unless the Trustor selected an option which includes Maximum and Minimum Interest Rate Change (defined in the note), there is no limit on interest rate changes that may occur, either on any Change Date or over the life of the loan.

(c) Monthly payments vary at six month intervals with changes in the interest rate. Subject to subparagraph (d) below, the monthly payment is changed at such intervals to evenly amortize the loan (as then increased or decreased) at maturity.

(d) If the Trustor selected an option which includes Extended Level Payment or Periodic Maximum and Minimum Payment Change (both defined in the note), there are certain payment limits, more particularly set forth in the note, which result in negative amortization and will increase the loan to more than the original loan amount.

(e) The interest rate, and other terms of the note, may change also in accordance with paragraph 15 of the deed of trust.

15. If all or any part of said property or an interest therein is sold or transferred by Trustor (or if a beneficial interest in Trustor is sold or transferred and Trustor is not a natural person or persons but is a corporation, partnership, trust, or other legal entity) without Beneficiary's prior written consent, Beneficiary may, at Beneficiary's option, declare all the sums secured by this deed of trust to be immediately due and payable. Beneficiary may, in its discretion, waive its option to accelerate if, prior to the sale or transfer, Beneficiary and the person to whom said property is to be sold or transferred reach agreement in writing that the credit of such person is satisfactory to Beneficiary, that such person meets Beneficiary's other loan requirements, that the interest payable on the sums secured by this deed of trust shall be at such rate as Beneficiary shall request, and that such person execute a written assumption agreement, substitution of liability, or similar agreement, as required by Beneficiary. As a condition of Beneficiary's waiving the option to accelerate provided herein, Beneficiary may (i) charge certain fees; (ii) require an increase in the current note interest rate; (iii) increase the Note Base Index Figure (as defined in the note); (iv) reset the Maximum and Minimum Interest Rate Change (as defined in the note); and (v) require other changes to the note, this deed of trust, or both.

16. Trustor further agrees that Beneficiary may from time to time and for periods not exceeding one year, in behalf of the Trustor, renew or extend any promissory note secured hereby, and said renewal or extension shall be conclusively deemed to have been made when endorsed on said promissory note or notes by the Beneficiary in behalf of the Trustor.

If a mailing address is set forth opposite any Trustor's signature hereto, and not otherwise, the undersigned Trustor shall be deemed to have requested that a copy of any notice of default, and of any notice of sale hereunder, be mailed to said Trustor at said address.

MAILING ADDRESS FOR NOTICES

Street

City and State

544 Golden Gate Avenue

San Francisco, CA 94102

Signature of Trustor
REDWOOD THEATRES, INCORPORATED,
a Nevada Corporation

BY: Richard Mann, President

INDIVIDUAL ACKNOWLEDGMENT

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STATE OF CALIFORNIA
County of _____

S.S.

On this _____ day of _____, in the year _____
before me _____

a Notary Public in and for the _____
personally appeared _____ County,

known to me (or proved to me on the basis of satisfactory evidence) to be the person(s)
whose name is subscribed to this instrument, and acknowledged that _____ he _____
executed it.

WITNESS my hand and official seal,

Notary Public in and for the _____
County and State _____
My commission expires _____ 19 _____

CORPORATE ACKNOWLEDGMENT

STATE OF CALIFORNIA
County of _____

San Francisco

S.S.

On this _____ day of _____, in the year _____
before me _____
RUTH J. TOM

a Notary Public in and for the _____
personally appeared _____
San Francisco _____ County,

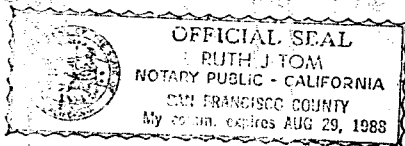
RICHARD MANN

known to me (or proved to me on the basis of satisfactory evidence) to be the person(s)
who executed the within instrument as _____ President _____ or on behalf of
the Corporation therein named and acknowledged to me that the Corporation executed it.

WITNESS my hand and official seal,

Notary Public in and for the _____ said _____
County and State _____
My commission expires _____ Aug. 29, 19 88

(SEAL)



STATE OF OREGON: COUNTY OF KLAMATH:ss

I hereby certify that the within instrument was received and filed for
record on the _____ day of _____ A.D., 19 84 at 1:55 o'clock _____ P M,
and duly recorded in Vol M84 _____, of _____ Mortgages _____ on page 18609.

Fee: \$ 24.00 Index: \$1.00

EVELYN BIEHN, COUNTY CLERK

by: _____, Deputy