

44-266
Notarized by:
Ronald A. Shellan
1111 Ochoco Bldg
1001 SW Fifth Avenue
Portland, OR 97204

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TRUST DEED
(COMMERCIAL)

THIS TRUST DEED, is made as of the 19th day of December, 1984, between SSC Acquiring Corp., an Oregon corporation, as Grantor, Aspen Title & Escrow, Inc., as Trustee, and Specialized Service Co., an Oregon corporation, as Beneficiary.

WITNESSETH:

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

Lots 1C, 2A, 2B, 23A, 24A, 24B, 25A, 25B, 26A, 26B, 27A, 27B, 27C, 28A and 28B, Block 3, and Lots 4, 5, 6, 7 and 8, Block 9, Railroad Addition to the City of Klamath Falls,

Commonly known and designated as: 1434 Main Street, Klamath Falls, Oregon 97601, together with all and singular the appurtenances, tenements, hereditaments, rents, issues, profits, water rights, water stock, royalties, minerals, oil and gas rights and profits, buildings, structures, improvements, shrubs, trees, crops and plants, easements or privileges now or hereafter belonging to, derived from or in anywise appertaining to the above described premises, all built-in machinery and equipment, including, but not limited to, all plumbing, lighting, heating, ventilating, air-conditioning, refrigerating, manufacturing, watering and irrigation apparatus, or fixtures, together with all floor covering in place such as wall-to-wall carpeting and linoleum, built-in ranges, dishwashers and other built-in appliances, now or hereafter installed in the above described premises, including all interest therein which Grantor has or may hereafter acquire, which fixtures shall as between the parties be regarded as a part of the real estate, all claims, demands or causes of actions of every kind including proceeds of settlements of any such claim, demand or cause of action of any kind which Grantor now has or may hereafter acquire arising out of the acquisition or ownership of the property, including any judgment or award of damages or compensation for injury to the property or in connection with any condemnation for public use of the property or any part thereof, whether or not eminent domain proceedings have been instituted.

THIS INSTRUMENT DOES NOT GUARANTEE THAT ANY PARTICULAR USE MAY BE MADE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT. A BUYER SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.

The above-described real property is not currently used for agricultural, timber or grazing purposes.

Grantor warrants to and with Beneficiary and those claiming under it, that it is lawfully seized in such fee simple to said described real property as was conveyed to Grantor by High Valley Properties by deed dated of even date and that it will warrant and forever defend the same against all persons whomsoever claiming by, through, or under Grantor.

Grantor agrees and represents that this instrument is not a Purchase Money Trust Deed.

This trust deed is given for the sole purpose of securing performance of payment of the sum of \$400,000, (four hundred thousand dollars) with interest thereon according to the terms of a promissory note of even date herewith ("the Note"), payable to Beneficiary or order and made by Grantor, and all renewals, extensions and modifications of said note.

The final payment of principal and interest thereof, if not sooner paid, is to be due and payable on January 1, 1995.

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

1. To protect, preserve and maintain said property in accordance with prudent repair and maintenance practices; not to remove or demolish any building thereon; not to commit or permit any material waste of said property.

2. In the event insurance proceeds from any material loss or damage referred to in paragraph 4 below do not, together with said property, provide reasonably adequate security for the obligations secured hereby, to restore, with reasonable promptness and in accordance with Grantor's reasonable plans, any building on said property which has been materially damaged or destroyed, and to pay all costs incurred by Grantor therefor.

3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting said property, where the failure to so comply, if not cured within a reasonable period of time, would materially and adversely impair the value of the property as security for the indebtedness secured hereby; if Beneficiary reasonably so requests, to join in executing any financing statements pursuant to the Uniform Commercial Code as Beneficiary may reasonably require.

4. During the entire life of this trust deed, the building and improvements erected and to be erected upon the property and the personal property, if any, shall be kept insured by Grantor against loss or damage by fire and such other hazards in such amounts, for such periods and under such form and type of policy as are customary and prudent for the industry in which Grantor operates its business, consistent with Grantor's prudent, self-insurance, provided that Grantor shall, in any event, maintain standard fire insurance coverage on said property. As soon

as practicable from the date hereof, all the insurance written on the property shall be made payable, in the event of loss, to Beneficiary and Grantor, as their interests may appear. The cash value of all such insurance policies is hereby assigned to Beneficiary as additional security for the indebtedness secured hereby. Grantor will pay the premiums for said insurance as the same shall become due. Beneficiary shall not be responsible for any failure to place or maintain such insurance. If the premises or property covered hereby or any part thereof, shall be damaged by any insured-against hazard, the amounts paid pursuant to the insurance, shall be paid to Grantor and the amounts received either applied by Grantor upon any sums secured by this trust deed, whether or not same are due, or applied, for the repairing, replacing and rebuilding of the premises and property, at the option of Grantor. Grantor shall promptly notify Beneficiary of any material loss or damage which may occur to the property. Upon prior written notice to Grantor, Beneficiary is hereby authorized, at Beneficiary's option, to make proof of loss if the same is not made by Grantor within a reasonable time.

5. To keep the property free from construction and other liens, other than statutory liens arising in respect of amounts not then due and payable, 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, where the failure to remove such liens or to pay such taxes, assessments and other charges within a reasonable period of time would materially and adversely impair the value of the property as security for the indebtedness secured hereby; provided, however, that Grantor shall be entitled to withhold any such payment so long as it is in good faith contesting any such tax, assessment or charge.

6. To perform all obligations required by the terms of any mortgage or trust deed instrument superior to the lien of this trust deed, when the failure to do so would materially and adversely impair the value of the property as security for the indebtedness secured hereby, and to give Beneficiary a copy of any written notice of default under any such prior mortgage or trust deed.

7. Should an Event of Default (as hereinafter defined) occur hereunder, then the Beneficiary (whether electing to declare the whole indebtedness hereby secured due and collectible, as permitted hereby, or not) may perform such covenants and agreements contained herein as form the basis for such Event of Default, and all reasonable expenditures made by Beneficiary in so doing, or under any of such covenants or agreements herein, shall draw the same rate of interest as the principal of this trust deed. All such expenditures shall be repayable by Grantor upon demand, and together with interest and costs accruing thereon, shall be secured by this trust deed, and the rights and duties of the parties covenanted for in this paragraph shall

apply equally to any and all part payments or advances made by Beneficiary for any of the purposes herein referred to. Should Beneficiary perform any act required to be done by Grantor, including the payment of money, the same shall not constitute a waiver of any default of Grantor.

8. To notify Beneficiary of any action or proceeding purporting to affect the security rights or powers of Beneficiary or Trustee.

It is mutually agreed that:

9. In the event that any material portion or all of the property is taken under the right of eminent domain or condemnation, Grantor may, at its option, either cause all or any portion of the monies payable as compensation for such taking, which are in excess of the amount required to pay all costs, expenses and attorney's fees incurred by Grantor in such proceedings, to be applied against any sums secured by the trust deed, whether or not the same are due, or utilize the same to provide additional security for such indebtedness, whether by investing the same in the remaining property or otherwise.

10. At any time upon written request of Beneficiary and the prior written consent of Grantor, not to be unreasonably withheld, without affecting the liability of any person for the payment of the indebtedness, Trustee may (a) consent to the making of any map or plan of said property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this trust 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.

11. Upon an Event of Default hereunder, and the declaration by Beneficiary that all sums secured hereby are immediately due and payable, Beneficiary, upon ten (10) days prior written notice to Grantor, may, by a receiver to be appointed by a court, enter upon and take possession of said property or any part thereof, manage or operate the property, complete construction of improvements on the property, 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.

12. The entering upon and taking possession of said 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

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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.

13. It shall be an "Event of Default" hereunder if:

(a) There shall occur an Event of Default (as defined) under the Note.

(b) Grantor shall default in any material respect in the performance of any material agreement hereunder and such default shall not be cured within 30 days after written notice of such default shall be given by Beneficiary to Grantor or in the event such cure cannot reasonably be completed within such 30 day period, Grantor shall not have commenced such cure within such 30 day period and thereafter proceed with reasonable diligence to complete such cure.

Upon an Event of Default hereunder by Grantor, Beneficiary may declare all sums secured hereby immediately due and payable. In such an event Beneficiary at its election may proceed to foreclose this trust deed in equity as a mortgage or direct Trustee to foreclose this trust deed by advertisement and sale. In the latter event, Beneficiary or Trustee shall execute and cause to be recorded its written notice of default and election to sell the property to satisfy the obligations secured hereby, whereupon 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 86.740 to 86.795. In either event, pending the sale, Beneficiary or Trustee may obtain the appointment of a receiver for any of the purposes in paragraph 11 above and/or for any other purpose permitted by law.

14. Should Beneficiary elect to foreclose by advertisement and sale then after default at any time prior to five days (or such subsequent date as may be permitted by applicable law) before the date set by Trustee for the trustee's sale, Grantor or other person so privileged by ORS 86.753 may pay to Beneficiary or his successors in interest, respectively, the entire amount then due under the terms of the trust deed and the obligations secured thereby (including costs and expenses actually incurred in enforcing the terms of the obligation and trustee's and attorney's fees not exceeding the amounts provided by law) other than such portion of the principal as would not then be due had no default occurred, and thereby cure the default, in which event all foreclosure proceedings shall be dismissed by Trustee.

15. 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 said sale may be postponed as provided by law. The Trustee may, at his option, 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 Trustee, but including Grantor and Beneficiary, may purchase at the sale.

16. 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 reasonable compensation of Trustee and a reasonable charge by trustee's attorney, (2) to the obligations secured by the trust deed, (3) to all persons having recorded liens subsequent to the interest of Trustee in the trust deed as their interest 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.

17. This trust deed is a "commercial trust deed", as defined by ORS 86.770, and if Beneficiary forecloses the same through legal proceedings as a mortgage, should the proceeds of the resulting execution sale be insufficient to satisfy the sums owing Beneficiary, then Beneficiary shall be entitled to a deficiency judgment for the amount remaining unsatisfied.

18. For any reason permitted by law 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, containing reference to this trust deed and its place of record, which, when recorded in the Office of the County Clerk or Recorder of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor Trustee.

19. Trustee accepts this trust when this trust 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 trust deed or of any action or proceeding in which Grantor, Beneficiary or Trustee shall be a party unless such action or proceeding is brought by Trustee.

20. This trust deed and the note or notes and other obligations hereby secured may be extended or modified by Beneficiary at any time without notice to any person, firm or corporation and without releasing Grantor or any subsequent guarantor or maker of any note secured hereby from any liability hereunder or under said note or notes and without impairing, altering or affecting the lien of this trust deed in any way. Each of the covenants and agreements herein shall be binding upon all successors in interest of Grantor and shall inure to the benefit of any

successor of Beneficiary. And it is agreed that if any note or notes secured hereby be assigned and transferred by Beneficiary to any one or more parties without the assignment of this trust deed, then Beneficiary shall hold this trust deed in trust for the benefit of such assignee or assignees, and may sue and recover upon such note or notes, and foreclose such trust deed as though such notes had not been assigned.

21. In the event suit or action is instituted to enforce any of the terms of this trust deed, the prevailing party shall be entitled to recover from the other 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 for the protection of its interest or the enforcement of the Beneficiary's rights, including, without limitation, obtaining title reports or policies where reasonably necessary. Said expenses, if the obligation of Grantor, shall become a part of the indebtedness secured hereby, payable on demand and shall bear interest at the rate provided in the note secured hereby from the date of expenditure until repaid.

22. Anything to the contrary contained herein notwithstanding, Grantor may, at any time, including after the occurrence of an Event of Default, other than one directly involving a default in the payment of any installment due under the Note prior to any acceleration thereof (a "Non-Monetary Event of Default"), replace the security created hereby with other security adequate for the then remaining indebtedness secured hereby, and pay any other amount owing to the Beneficiary under this Trust Deed by reason of such Non-Monetary Event of Default; and upon such replacement to the reasonable satisfaction of the Beneficiary and such payment, this Trust Deed shall be deemed satisfied in full, the security created hereby shall be deemed released, and such Non-Monetary Event of Default shall be deemed cured and any acceleration of the Note based thereon shall be deemed cancelled and null and void.

23. Grantor may at any time require Beneficiary and the Trustee promptly to release and cancel and Beneficiary shall cause the Trustee promptly to release and cancel this trust deed and all liens created hereby if Grantor tenders to Beneficiary collateral reasonably acceptable to Beneficiary and such collateral is of equal value to the property released. If such substitute collateral is a letter of credit or other cash substitute, the value of such substitute collateral need only equal the then outstanding balance on the Note plus any other then outstanding sums secured by this Trust Deed. The Grantor may also require Beneficiary to accept reasonably acceptable collateral in lieu of Grantor's application of insurance or condemnation proceeds to the Note or to repairing, replacing or improving the property under paragraphs 4 or 9, or any other provision of similar effect under this trust deed.

24. Any forbearance by Beneficiary in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

25. All remedies provided in this trust deed are distinct and cumulative to any other right or remedy under this trust deed or afforded by law or equity, and may be exercised concurrently, independently or successively.

26. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Beneficiary and Grantor.

IN WITNESS WHEREOF, said Grantor has hereunto set his hand as of the day and year first above written.



SSC Acquiring Corp.

By Kenneth L. Rogers, Vice President

By Donald L. Foeur, Assistant Secretary

STATE OF NEW YORK)
County of NEW YORK) ss.

DECEMBER 14, 1984

Personally appeared the above named KENNETH L. ROGERS and DONALD L. FOEUR who, each being first duly sworn, did say that the former is the ~~Vice~~ President and that the latter is the ~~Assistant~~ Secretary of SSC Acquiring Corp., an Oregon corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that the instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and each of them acknowledge said instrument to be its voluntary act and deed.



Before me:

NATHAN EDWARD ASSOR
NOTARY PUBLIC, State of New York
No. 4707417
Qualified in New York County
Term Expires March 30, 1985

Nathan Edward Assor
Notary Public for
My commission expires: 3/30/85

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The above-named Beneficiary hereby accepts and agrees to the terms and provisions of the within Trust Deed.

IN WITNESS WHEREOF, said Beneficiary has hereunto set its hand as of the day and year first above written.



Specialized Service Co.

By: Alan W. Eberlein, President

By: Neal Eberlein, Secretary

STATE OF OREGON)
County of Klamath)

ss.

December 17, 1984

Personally appeared the above named Alan W. Eberlein and Neal Eberlein who, each being first duly sworn, did say that the former is the President and that the latter is the Secretary of Specialized Service Co., an Oregon corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that the instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and each of them acknowledge said instrument to be its voluntary act and deed.

Before me:

[Signature]
Notary Public for Oregon
My commission expires: 5-22-85

STATE OF OREGON,)
County of Klamath)
Filed for record at request of

on the 19th day of December, D. 19 84
at 3:31 o'clock P. M. and duly
recorded in Vol. MB4 of the Mortgages
Page 21166
EVELYN BERN, County Clerk
By [Signature] Deputy
Fee 37.00