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RECORDED AT THE REQUEST OF:

Ticor Title Company
50 CALIFORNIA ST. 16th fl.
SAN FRANCISCO, CA. 94111

AND WHEN RECORDED MAIL TO:

Westamerica Bank, National Association
Corporate Banking Office
1108 Fifth Avenue
P.O. Box 600
San Rafael, California 94901
Attention: Keith M. Zimmerman

K-38322

DEED OF TRUST,
ASSIGNMENT OF RENTS AND FIXTURE FILING

THIS DEED OF TRUST, ASSIGNMENT OF RENTS AND FIXTURE FILING is made on July 3, 1986 by HOLLY SUGAR CORPORATION, a New York corporation, herein called Trustor, to TICOR TITLE INSURANCE COMPANY OF CALIFORNIA, a California corporation, herein called Trustee, for the benefit of WESTAMERICA BANK, NATIONAL ASSOCIATION, a national banking association, herein called Beneficiary.

1. Conveyance in Trust. For other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to secure the due and punctual payment in full by Trustor, whether at stated maturity, by acceleration or otherwise, and performance of the obligations described in paragraph 3 below, Trustor does hereby, give, grant, bargain, sell, warrant, convey, mortgage, transfer, grant a security interest in, set over, deliver, confirm and convey unto Trustee, in trust, with power of sale and right of entry as hereinbelow provided, upon the terms and conditions of this Deed of Trust, the following property described in Granting Clause FIRST through SIXTH below (all of such property being sometimes hereinafter collectively called the "Property"):

GRANTING CLAUSES

All the estate, right, title and interest of Trustor in, to and under, or derived from:

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GRANTING CLAUSE FIRST

Land

All those certain lots, pieces or parcels of land owned or hereafter acquired by Trustor located in the County of Klamath, State of Oregon, as more particularly described in Exhibit "A" attached hereto, as the description of the same may be amended, modified or supplemented from time to time by agreement of Trustor and Beneficiary, and all and singular the reversions or remainders in and to said land and the tenements, hereditaments, transferable entitlements and development rights, easements (in gross and/or appurtenant) existing as of the date hereof or arising thereafter, agreements, rights-of-way or use rights (including alley, drainage, horticultural, mineral, mining, water, oil and gas rights and any other rights to produce or share in the production of anything therefrom or attributable thereto), privileges, royalties and appurtenances to said land, now or hereafter belonging or in anywise appertaining thereto, including any such right, title, interest in, to, or under any agreement or right granting, conveying or creating, for the benefit of said land, any easement, right or license in any way affecting said land and/or other land and in, to or under any streets, ways, alleys, vaults, gores or strips of land adjoining said land or any parcel thereof, or in or to the air space over said land, all rights of ingress and egress with respect to said land, and all claims or demands of Trustor, either at law or in equity, in possession or expectancy, of, in or to the same (all of the foregoing hereinafter collectively referred to as the "Land").

GRANTING CLAUSE SECOND

Improvements

All buildings, structures and other improvements now or hereafter located on the Land and owned by Trustor or in which Trustor has an interest, and all building material, building equipment, supplies and fixtures of every kind and nature now or hereafter used in connection with any such buildings, structures or other improvements, and all appurtenances and additions thereto and betterments, renewals, substitutions and replacements thereof, owned by Trustor or in which Trustor has or shall acquire an interest (all of the foregoing hereinafter collectively referred to as the "Improvements").

GRANTING CLAUSE THIRD

Equipment

To the extent that the same are not Improvements, all machinery, apparatus and other equipment and all appurtenances and additions thereto and betterments, renewals, substitutions and replacements thereof owned by Trustor or in which Trustor has or shall acquire an interest, and now or hereafter located on, attached to or contained in the properties referred to in Granting Clause FIRST, SECOND, FIFTH or SIXTH (all of the foregoing hereinafter collectively referred to as the "Equipment", and, together with the Land and the Improvements hereinafter collectively referred to as the "Premises"). It is agreed that all Equipment is part and parcel of the Land and the Improvements and appropriated to the use thereof and, whether affixed to the Land and/or the Improvements or not, shall, for purposes of this Deed of Trust be deemed conclusively to be real estate and mortgaged or otherwise conveyed or encumbered hereby. Trustor agrees that Beneficiary may file any appropriate document in the appropriate index as a financing statement for any of the items specified above as part of the Equipment.

GRANTING CLAUSE FOURTH

Leasehold and Other Contractual Interests

The lessor's, sublessor's, lettor's or licensor's interest in all leases, subleases, lettings and licenses of, operating agreements of or for and all other contracts, bonds and agreements affecting the Premises and/or any other property or rights conveyed or encumbered hereby, or any part thereof, now or hereafter entered into, and all amendments, modifications, supplements, additions, extensions and renewals thereof (all of the foregoing hereinafter collectively called the "Leases"), and all right, title and interest of Trustor thereunder, including cash and securities deposited thereunder and any rights of first refusal with respect thereto (as down payments, security deposits, or otherwise), the right to receive and collect the rents, security deposits, income proceeds, earnings, royalties, revenues, issues and profits payable thereunder and the right to enforce, whether at law or in equity or by any other means, all provisions and options thereof or thereunder (all of the foregoing hereinafter collectively called the "Rents"), and the right to apply the same to the payment and performance of the obligations described in paragraph 3 below.

GRANTING CLAUSE FIFTH

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After Acquired Property

Any and all moneys, goods, accounts, chattel paper, general intangibles, documents, instruments, contract rights and other real and personal property (including property exchanged therefor but excluding accounts receivable (other than the accounts receivable described in GRANTING CLAUSE SIXTH) and inventory), of every kind and nature, which may from time to time be subjected to the lien hereof by Trustor by the express terms of a supplement or amendment to this Deed of Trust, or by anyone on its behalf or with its consent, or which may come into the possession of or be subject to the control of Trustee or Beneficiary pursuant to this Deed of Trust, it being the intention and agreement of Trustor that all such property shall thereupon be subject to the lien and security interest of this Deed of Trust as if such property were now owned by Trustor and conveyed or encumbered hereby or pursuant hereto, and as if such property were specifically described in this Deed of Trust and conveyed or encumbered hereby or pursuant hereto, and Trustee and Beneficiary are hereby authorized to receive any and all such property as security hereunder, subject to the provisions of this Deed of Trust.

GRANTING CLAUSE SIXTH

Proceeds and Awards

All unearned premiums, accrued, accruing or to accrue under insurance policies now or hereafter obtained by Trustor, all proceeds (including funds, accounts, deposits, instruments, general intangibles, notes or chattel paper) of the conversion, voluntary or involuntary, of any of the property described in these Granting Clauses into cash or other liquidated claims, including proceeds of hazard, title and other insurance (subject to the provisions of paragraph 5 below) and proceeds received pursuant to any sales or rental agreements of Trustor in respect of the property described in these Granting Clauses, and all judgments, damages, awards, settlements and compensation (including interest thereon) hereafter made to the present and all subsequent owners of the premises and/or any other property or rights conveyed or encumbered hereby for any injury to or decrease in the value thereof for any reason, or by any governmental or other lawful authority for the taking by eminent domain, condemnation or otherwise of all or any part thereof, including awards for any change of grade of streets.

TO HAVE AND TO HOLD, all and singular the Property, whether now owned or leased (to the extent of Trustor's leasehold interest as a lessor) or hereafter acquired and whether now or

hereafter existing, together with all rights, privileges and appurtenances thereunto belonging, unto Trustee and Beneficiary, forever, for the uses and purposes herein set forth.

2. Assignment of Rents. Trustor absolutely and unconditionally transfers and assigns to Beneficiary all of the rents, issues, profits, royalties, income, revenues and other benefits of the Property (but not any profits, income, revenues or other benefits resulting from the sale of inventory from the Property or the collection of accounts receivable arising from the sale of inventory from the Property) upon the terms and conditions hereinafter set forth. This assignment is absolute, primary and direct and is not intended to be a separate or secondary pledge, or other form of additional security, and no further act or step is or shall be required of Beneficiary to perfect this assignment. This assignment shall not impose upon Beneficiary any duty to cause the Property to produce rents nor shall Beneficiary be deemed to be a mortgagee in possession by reason thereof for any purpose. Beneficiary confers upon Trustor the authority to collect and retain the rents, issues, profits, royalties, income, revenues and other benefits of the Property as they become due and payable; provided, however, that Beneficiary may at any time after the occurrence of an Event of Default as defined in Section 7.1 of the Loan Agreement (an "Event of Default"), without regard to the value of the security, in Beneficiary's sole discretion and without notice to Trustor, revoke said authority and may collect and retain the rents, issues, profits, royalties, income, revenues and other benefits of the Property (but not any profits, income, revenues or other benefits resulting from the sale of inventory from the Property or the collection of accounts receivable arising from the sale of inventory from the Property) without taking possession of all or any part of the Property. The right to collect the rents, issues, profits, royalties, income, revenues and other benefits as herein provided shall not be deemed to grant to Beneficiary or Trustee the right to possession of the Property, except as expressly herein provided, or impose upon Beneficiary or Trustee the duty to produce rents or profits or maintain the Property in whole or in part. Any rents, issues, profits, royalties, income, revenues and other benefits collected by Beneficiary may be applied by Beneficiary, in its sole discretion, against any obligation secured hereby, whether existing on the date hereof or hereafter arising. Collection of any of the rents, issues, profits, royalties, income, revenues and other benefits by Beneficiary shall not waive any other rights or remedies of Beneficiary hereunder or any notice of default given hereunder or invalidate any acts done pursuant to such notice.

3. Obligations Secured. This Deed of Trust secures, in such order of priority as Beneficiary may determine:
 (A) Payment of the loan and indebtedness evidenced by a Promissory Note (hereinafter the "Note") of Trustor of even

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date herewith in the principal sum of Six Million Seven Hundred Two Thousand One Hundred Ninety-Seven Dollars (\$6,702,197.00) payable to Beneficiary or order, and any and all modifications, extensions or renewals thereof, and the interest on such indebtedness according to the terms of the Note;

(B) Any sums expended by Trustor under any obligation secured by, or curing of any default by Beneficiary in the prevention of, or consisting of, a lien or encumbrance on the Land or the Property, or any part thereof, which is prior in right hereto; becoming due and payable to Beneficiary or Trustee pursuant to the terms hereof;

(C) All other sums (with interest as herein provided) additional note or notes reciting the same to be secured hereby, with interest thereon, as Beneficiary at its sole discretion may advance to, or at the direction of, Trustor, or its successor in interest, from time to time;

(D) Every obligation contained herein, in the Note or any such additional note or notes reciting the same to be secured hereby, in the application for the loan hereby secured, or in any instrument now or hereafter evidencing or securing any indebtedness hereby secured, and any default by Trustor under any of said documents shall be part of the obligations and indebtedness secured hereby;

(E) Every obligation contained in that certain Term Loan Agreement (hereinafter referred to as the "Loan Agreement"); those certain five other deeds of trust in respect of Trustor's interest in certain other parcels of real property located in the Counties of Imperial, Monterey, Santa Barbara and San Luis Obispo, State of California, and the County of Lake, State of Oregon (hereinafter referred to as the "Other Deeds of Trust"); those certain three assignments of lessor's interest in leases in respect of Trustor's interest in certain leases pertaining to real property owned by Trustor and located in the Counties of Monterey, Santa Barbara and Imperial, California (hereinafter referred to as the "Assignments"); and that certain Security Agreement (hereinafter referred to as the "Security Agreement," and together with the Other Deeds of Trust and the Assignments, the "Collateral Documents," and together with the Note, the Loan Agreement and the other Collateral Documents, the "Loan Documents"), all executed concurrently herewith by Trustor in favor of Beneficiary and of even date herewith.

TO PROTECT AND MAINTAIN THE SECURITY OF THIS DEED OF TRUST,
TRUSTOR AGREES THAT:

4. **Taxes and Assessments.** Trustor will pay when due all monies secured hereby, with interest, in lawful money of the United States. Subject to Trustor's right to contest as set forth in paragraph 6 below, Trustor will pay or cause to be paid

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prior to delinquency all taxes and assessments affecting the Property or any part thereof and deliver to Beneficiary copies of checks or other evidence of such payment. Trustor shall, at its sole cost and expense and so long as any sums remain outstanding hereunder, under the Note or under any of the other Loan Documents, procure and maintain, for the benefit of Beneficiary, a tax service (non-impound) contract with such company or companies as may from time to time be designated by Beneficiary.

5. Insurance. Trustor will keep all of the Property insured against fire (extended coverage), flood damage (if the Land is wholly or partially located in a flood hazard area), all risk and boiler, machinery and equipment insurance, all in amounts not less than and having deductibles not greater than those insurance policies presently maintained by Trustor shown on Exhibit "B" attached hereto and with companies reasonably acceptable to Beneficiary, provided, however, that fire (extended coverage) insurance shall be in an amount not less than the full replacement value of all Improvements and Equipment (if any) existing from time to time on or as a part of the Land. Trustor shall pay all premiums therefor by the respective due dates therefor, shall deliver copies of all policies (or a certificate in the case of a blanket policy of insurance) and satisfactory evidence of renewals to Beneficiary promptly upon effecting such coverage, and shall do all things reasonably necessary to obtain prompt settlement for each loss or claim covered by any such policy. All insurance policies shall be noncancellable and not subject to material change by any party without thirty (30) days' prior written notice to Beneficiary, shall name Beneficiary as an insured as its interest may appear, and shall include a waiver of subrogation endorsement, where available. In the event any of the Property covered by any such insurance is damaged or destroyed by any casualty against which insurance is required hereunder, (a) Beneficiary may, but shall not be obligated, to make proof of loss if not made promptly by Trustor, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Beneficiary instead of to Trustor, and (b) without waiving or curing any Event of Default, Beneficiary may deduct and retain from the proceeds of such insurance the amount of all reasonable expenses incurred by it in connection with the collection of Trust proceeds. Any other provision of this Deed of Trust notwithstanding, in the event any of the Property covered by any such insurance is damaged or destroyed by any casualty against which insurance is required hereunder, any and all proceeds from such insurance, up to an amount equal to the balance of all sums outstanding under the Note and the other Loan Documents (at the time of payment by the insurance company), shall be promptly paid over to Beneficiary, and the balance thereof shall be deposited in a separate escrow account with an institutional escrowholder designated by Beneficiary and held therein and disbursed therefrom only for the

purposes specified in this paragraph 5. Provided that there is not an uncured Event of Default in existence at the time of Beneficiary's receipt of any insurance proceeds hereunder or while Beneficiary is holding any such proceeds, and provided further that the use of the proceeds to rebuild, restore or repair the Property, will not, in Beneficiary's reasonable judgment, impair the value of the Property as security for the obligations described in paragraph 3 above, Beneficiary, after deducting any portion of the proceeds otherwise payable to Beneficiary under the provisions of this paragraph, shall disburse the balance of such proceeds as directed by Trustor to pay, upon Trustor's submittal to Beneficiary of sufficient written documentation establishing that the cost has been incurred by Trustor for such purpose, for the cost of rebuilding, restoring or repairing those portions of the Property damaged or destroyed, and any monies released to Trustor or paid or applied on the cost of restoration, repair or alteration shall in no event be deemed a payment on the indebtedness hereby secured, and shall be disbursed to Trustor under such reasonable disbursement procedures as may be prescribed by Beneficiary to ensure the full, prompt and lien free completion of such restoration, repair or alteration (but Beneficiary shall not be obligated to see to the proper application of any amount paid over to Trustor). Should there be an uncured Event of Default in existence at the time of Beneficiary's receipt of any insurance proceeds hereunder or while Beneficiary is holding any such proceeds, or should the use of the proceeds to rebuild, restore or repair the Property, in Beneficiary's reasonable judgment, impair the value of the Property as security for the obligations described in paragraph 3 above, such proceeds may, at the option of Beneficiary, either be applied in reduction of the indebtedness secured hereby in the inverse order of maturity, whether due or not, or be held by Beneficiary and used to reimburse Trustor for the cost of rebuilding, restoring or repairing the Property in the same manner as if there had not been such an uncured Event of Default. No insurance proceeds at any time held by Beneficiary hereunder shall be deemed to be held in trust, although Beneficiary shall hold such proceeds in a segregated account and shall pay interest on any proceeds to which Trustor may be entitled at the rate of five percent (5%) per annum. Upon sale of any of the Land because of the occurrence of an Event of Default, all unexpired hazard or other insurance on or obtained in connection with the Property so sold, to the extent possible, shall pass to and inure to the benefit of the purchaser of the Property at such sale, and Beneficiary is hereby irrevocably authorized to assign in Trustor's name to such purchaser all such policies, which may be amended or rewritten to show the interest of such purchaser. Trustor shall not, without Beneficiary's prior written consent compromise or settle any insurance claims where the casualty insured against has caused more than Two Hundred Fifty Thousand Dollars (\$250,000.00) in damage or destruction.

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6. Right to Contest. Trustor shall have the right to contest diligently and in good faith, the validity or amount of any tax, assessment, lien or charge affecting the Property encumbered hereby or any part thereof, including but not limited to any liens, claims of lien or charges for work performed on or materials furnished to the Property in connection with any work performed thereon) and, so long as the validity or amount thereof is being contested diligently and in good faith, Trustor may, to the extent permitted by law, defer payment of such tax, assessment or charge, provided that if in the event any such taxes, assessments, liens or charges being contested totaling in excess of Fifty Thousand Dollars (\$50,000.00) in the aggregate, Trustor shall deposit, as a precondition to the right to contest, cash in the full amount of such taxes, assessments, liens or charges with Beneficiary, and Beneficiary shall hold such sum in a segregated account and shall pay interest to Trustor thereon at the rate of five percent (5%) per annum. No such monies at any time so held by Beneficiary hereunder shall be deemed to be held in trust.

7. Maintenance and Repair. Trustor agrees to keep all Improvements and Equipment in good repair and condition, and not to commit or permit waste of any part of the Property. In no event shall Trustor defer any maintenance on any Improvements or Equipment to the point that either the value of the Property or the operating condition of the Property and the Improvements and Equipment located thereon are jeopardized. Trustor will perform all such acts on said Improvements and Equipment as may be reasonably necessary in the opinion of Beneficiary to maintain its quality, condition and value under the circumstances of its character and use. Subject to the provisions of paragraph 6 above and paragraph 23(B) below, Trustor shall keep the Property and every part thereof free from any and all liens, claims of lien or charges for work performed on or materials furnished to the Property in connection with any work of maintenance or repair performed thereon.

8. Compliance. Trustor will comply in all material respects with all laws, ordinances, licensing requirements or governmental rules or regulations and any easements, agreements or covenants, conditions or restrictions affecting all or any part of the Premises or the use thereof or requiring any alteration or improvement thereof, and will permit, suffer or cause no violation, as to the Premises, of such law, ordinance or governmental rule or regulation, nor of any easement, agreement or covenant, condition or restriction affecting the Premises if such violation would have an adverse effect upon the value of the Premises. Trustor agrees to obtain and maintain, or cause to be obtained and maintained by any lessee(s) and/or operator(s) of all or any part of the Property which is used for or in connection with the operation of the sugar refining and processing

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plant located upon the Land, such licenses, permits and approvals as may be required by any governmental agencies or bodies having jurisdiction over the operation thereof for such purposes and such other licenses, permits and approvals as may be necessary or desirable for the operation thereof.

9. Alterations. Trustor will not permit, suffer or cause any extraordinary repairs to, and will not permit, suffer or cause any removal or demolition of, any portion of the Premises and will not permit, suffer or cause any structural or material changes or alterations in any portion of the Premises, the total cost of which change exceeds the sum of Five Hundred Thousand Dollars (\$500,000.00), without the prior written consent of Beneficiary, and will complete any such work in conformity with plans and specifications approved in advance by Beneficiary. Trustor shall complete any such extraordinary repairs, removal, demolition, changes or alterations to the Improvements promptly following commencement of the work and in a good and workmanlike manner, and shall restore any portion of the Improvements which may be damaged or destroyed in doing such work. Subject to the provisions of paragraph 6 above and paragraph 23(B) below, Trustor will promptly pay when due all claims for work performed or materials furnished on or in connection with all or any part of the Property and shall keep the Property and every part thereof free from any and all liens, claims of lien or charges for work performed on or materials furnished to the Property in connection with any work described in this paragraph 9.

10. Right to Perform. At any time there exists an uncured Event of Default, Beneficiary, or at its request Trustee, at any time and from time to time, upon notice to Trustor except in the case of an emergency which threatens injury or damage to person or property, and without demand upon Trustor, may perform the same and pay such sums in such manner and to such extent as Beneficiary in its sole discretion deems advisable, without incurring any obligation so to do or releasing Trustor from any obligation and without thereby waiving or curing any default. Beneficiary and Trustee are each hereby authorized for such purposes to enter upon the Land, and shall not be deemed a mortgagee in possession by reason of such entry or any work done or control exercised in the course thereof. Trustor will pay promptly following demand all sums so expended and any reasonable cost so incurred with interest thereon from date of such expenditure at the Default Rate, as set forth in the Note, provided that any amount demanded by Beneficiary shall not exceed the maximum rate, if any, allowed by law.

11. Obligation to Defend. Trustor will appear in and defend all actions or proceedings purporting or tending to affect the security hereof or any right or power of Beneficiary or Trustee hereunder; provided that Beneficiary shall have the right

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if, in Beneficiary's reasonable judgment, Trustor is not taking all steps as may be reasonably necessary to protect the security hereof or any right or power of Beneficiary hereunder to appear in and defend any such action or proceeding and to protect such interest and under such circumstances to pay, purchase or compromise on behalf of Trustor any encumbrance or claim which in its judgment appears to or purports to affect the security hereof or to be superior hereto. Trustor will pay promptly upon demand all sums so expended and any reasonable costs so incurred, with interest thereon from the date of such expenditure at the Default Rate, as defined in the Note.

IT IS MUTUALLY AGREED THAT:

12. Condemnation. All compensation and every award of damages in connection with any condemnation for public use of, or injury to, all or any part of the Property and all causes of action and recoveries for loss or diminution in value of all or any part of the Property, are hereby assigned and shall be paid to Beneficiary, to be used, held, paid or applied, in the absolute discretion of Beneficiary and without regard to the adequacy of its security, in the same manner and with the same effect as above provided for the disposition of insurance proceeds. Trustor agrees in this connection to execute such further assignments as Beneficiary may require.

13. Additional Taxes or Assessments. In the event of the passage after the date hereof of any federal, state or local law deducting from the value of real property, for taxation purposes, any lien thereon or changing in any way the laws now in force for the taxation of deeds of trust or debts secured thereby or changing in any way the manner of collection of any such taxes so as to affect this Deed of Trust or the Note or any additional note or notes which state that they are secured by this Deed of Trust, then Trustor shall pay such tax if it may lawfully do so. If Trustor is not permitted by applicable law to pay such tax or if such payment would violate the Usury Law of the State of California, then, in such event, the whole of the principal sum secured by this Deed of Trust, together with accrued interest thereon, at the option of the Beneficiary, shall become due and payable six (6) months after Beneficiary gives Trustor written notice of Beneficiary's election to accelerate the maturity date of all sums secured hereby. If Trustor may lawfully pay such tax and such payment will not violate the Usury Law but Trustor fails to do so when the same is due and payable, then, in such event, the whole of the principal sum secured by this Deed of Trust, together with accrued interest thereon, at the option of the Beneficiary, without demand, upon notice to Trustor shall immediately become due and payable.

14. No Waiver. Any acceptance by Beneficiary of late payment of any sum hereby secured shall not constitute a waiver of its right to require prompt payment when due of all other sums so secured, or to declare default as herein provided for any failure so to pay, or to proceed with foreclosure or sale for any other default then existing. Any acceptance by Beneficiary of partial payment of any sum hereby secured after default shall not cure such default or affect any notice of default heretofore given or recorded unless such notice of default is expressly revoked in writing by Beneficiary. No failure or delay by Beneficiary in exercising any of its rights or remedies contained or referred to herein shall be deemed to be a waiver of such rights or remedies. No provision hereunder shall be deemed waived unless such waiver shall be in writing signed by the Beneficiary.

15. Additional Rights. At any time or from time to time, without liability therefor and without notice, and without releasing or otherwise affecting the liability of any person for payment of any indebtedness hereby secured: (a) Beneficiary at its sole discretion may extend the time for, or release any person now or hereafter liable for, payment of any or all such indebtedness, or accept or release additional security therefor, or subordinate the lien or charge hereof; or, (b) Trustee, upon written request of both Beneficiary and Trustor and presentation of the Note and any additional note(s) and this Deed of Trust for endorsement, may reconvey any part of the Land, consent to the making of any map or plat thereof, join in granting any easement thereon, or join in any such agreement of extension or subordination.

16. Reconveyance. Upon written request of Beneficiary and surrender of the Note and any additional note or notes which state that they are secured by this Deed of Trust and this Deed of Trust to Trustee for cancellation, and upon payment to Trustee of its fees and expenses, Trustee shall reconvey without warranty of the property then held hereunder. The recitals in any reconveyance shall be conclusive proof (except as between Beneficiary and Trustor in any litigation or other proceeding involving them) of the truthfulness thereof and the grantee in any reconveyance may be described as "the person or persons legally entitled thereto".

17. Default Remedies.
 (A) Upon the occurrence of an Event of Default by Trustor, and without limitation upon any other rights which Beneficiary may have hereunder or under any other agreement then existing between Beneficiary and Trustor, Beneficiary, without demand, upon written notice to Trustor may declare all sums hereby secured immediately due and payable and may execute and record, or cause the Trustee to execute and record, a notice of default and election to cause the Property to be sold to satisfy the obligations secured hereby, or may commence an appropriate

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action to foreclose this Deed of Trust, or may take any other action to enforce its rights and remedies hereunder as it may deem to be appropriate. After delivery to Trustor of written notice of default and demand for sale and after at least three months, or such lesser or greater period of time as may then be required by law, has elapsed after recordation of a notice of default, and provided Trustor has not cured such default as provided by law, Trustee shall give 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 said notice of sale, either as a whole or in separate parcels and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale. Upon such sale, Trustee shall deliver to the purchaser its deed conveying the property so sold, but without any covenant or warranty expressed or implied. The recitals in such deed of any matters or facts shall be conclusive proof (except as between Beneficiary and Trustor in any litigation or other proceeding involving them) of the truthfulness thereof. Upon sale by Trustee, and after deducting all costs, expenses and fees of Trustee and of this trust, Trustee shall apply the proceeds of sale to the payment of the principal indebtedness hereby secured, whether evidenced by the Note or otherwise, or representing advances made or costs or expenses paid or incurred by Beneficiary under this or any other instrument evidencing or securing any indebtedness hereby secured and to the payment of all other sums then secured hereby, including interest as provided in the Note or in this or any other instrument, all in such order as Beneficiary shall direct; and then the remainder, if any, shall be paid to the person or persons legally entitled thereto.

(B) Upon the occurrence of an Event of Default by Trustor, and without limitation upon any other rights which Beneficiary may have hereunder or under any other agreement then existing between Beneficiary and Trustor, Beneficiary at any time without demand or regard to the adequacy of any security for the indebtedness and obligations hereby secured, upon written notice to Trustor (except in the event possession is taken pursuant to court process), in person, or by any agent or employee, or by a receiver appointed by court, may enter upon and take possession of all or any part of the Property and Trustor shall on demand surrender possession thereof to Beneficiary, and Beneficiary may in its own name rent, lease, operate and maintain the same or any part thereof to such extent as Beneficiary deems advisable, and sue for or otherwise collect any or all of the rents, issues and profits thereof, including those past due and unpaid.

(C) Nothing herein shall be deemed to limit or otherwise affect the rights of Beneficiary, whether granted herein or in any of the other Loan Documents, to exercise other security rights and remedies which it has consequent upon a default under the Loan Documents, or any of them, with respect to the Property or any part thereof, and nothing herein contained shall be deemed to constitute an election of remedies by Beneficiary.

18. Waiver of Certain Rights with Respect to Collateral.

(A) Trustor hereby waives any marshalling equity or other right to inhibit, delay or restrict any sale or other disposition of the Property or any of the other collateral held by Beneficiary as security for the obligations described in paragraph 3 above, by Beneficiary or to direct the order of such sale or sales or other disposition;

(B) Any power of sale granted to Beneficiary in this Deed of Trust or in the Security Agreement may be exercised separately with respect to each and every item or parcel of the Property or with respect to groups and assemblages of the Property, in Beneficiary's sole discretion, and may be exercised on separate days or at separate times or in separate places; the exercise of such power of sale shall not be an action for purposes of any law or statute pertaining to actions to enforce secured transactions;

(C) As and to the fullest extent permitted by law, Trustor waives any right to have the property which is sold or otherwise disposed of pursuant to this Deed of Trust or the Security Agreement valued after such sale or disposition, so that the total deficiency then remaining may be bid in any order and in any part by Beneficiary at any other sale until the debt is satisfied in full or the final deficiency then remaining shall be reducible to judgment against Trustor by any court of competent jurisdiction (although nothing herein shall modify or limit the non-recourse provisions of Section 2.8 of the Loan Agreement); provided that notwithstanding anything to the contrary contained in this Deed of Trust the value of the the Property sold or otherwise disposed of by Beneficiary pursuant to this Deed of Trust or the Security Agreement shall, to the extent required by the law of the jurisdiction in which such portion of the Property is located, be taken into account before entering a deficiency judgment against Trustor;

(D) Any defense available to Trustor with respect to or as a result of a sale or other disposition of any collateral held by Beneficiary as security for the obligations described in paragraph 3 above pursuant to this paragraph 19 within one state shall not be available to Trustor with respect to any collateral located in any other state; and

(E) Beneficiary shall be entitled to sell or dispose of any collateral or any part thereof pursuant to this Deed of Trust or the Security Agreement in any order and in any state or states, whether privately or by court proceeding for foreclosure,

seizure, appointment of receiver or otherwise, without regard to any substantive or procedural defense, pleading bar, sanction or other remedy which would otherwise be available to Trustor affecting Beneficiary's sole discretion to sell or dispose of the collateral or any part thereof in one action, rather than in multiple actions, en masse rather than by parcel, in satisfaction of all the indebtedness then secured by such collateral rather than of any part of the indebtedness designated by Beneficiary in its sole discretion, and for that purpose, and as and to the extent required to make the remaining waivers, representations and agreements set forth in this section and to the extent permitted by law, Trustor hereby disclaims any right and waives any defense under California Civil Code Section 1479, concerning the application of general performance under several obligations to one creditor, Section 2924g(b), concerning the conduct of trustee's sales, and Section 3433, concerning the relative rights of different creditors interested in the same property.

19. Order of Exercise. Should Beneficiary hold any other or additional security for the payment of any indebtedness or performance of any obligation hereby secured, its sale or foreclosure upon any default of such payment or performance, in the sole discretion of Beneficiary, may be prior to, subsequent to, or contemporaneous with, any sale or foreclosure hereunder and any property in which Beneficiary holds a security interest may, but need not, be sold as a unit with the Property herein described. In addition to the rights herein specifically provided, Beneficiary, at any time and from time to time, may exercise any right or remedy now or hereafter given by law or equity to beneficiaries under deeds of trust, or to the holders of any obligation of the kind hereby secured.

20. Waivers. So far as lawfully may be, Trustor waives every statute of limitation applicable at any time to any action or proceeding to enforce any obligation hereby secured, or to prevent or redress any breach thereof. This Deed of Trust shall apply to, bind and inure to the benefit of all parties hereto, their heirs, devisees, legatees, executors, administrators, successors and assigns. To the extent permitted by law, Trustor hereby disclaims any right and waives any defense under California Civil Code Section 1479, concerning the application of general performance under several obligations to one creditor, Section 2924g(b), concerning the conduct of trustee's sales, and Section 3433, concerning the relative rights of different creditors interested in the same property. Except to the extent expressly waived in this paragraph or elsewhere in this Deed of Trust or in any of the other Loan Documents, Trustor shall retain all statutory rights of a trustor under a deed of trust.

21. The Trustee. Beneficiary, at any time and from time to time, by instrument in writing, may substitute and appoint a

successor or successors (either corporate or individual) to any trustee named herein or previously substituted hereunder, which instrument when executed, acknowledged, and recorded in the office of the Recorder of the county or counties where the Land is situated shall be conclusive proof of the proper substitution and appointment of each such successor trustee or trustees, who shall then have all the title, powers, duties and rights of the predecessor trustee, without the necessity of any conveyance from such predecessor. Trustee shall not be obligated to notify any party hereto of any pending sale under any other deed of trust, or, unless brought by Trustee, of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

22. Impounds. From and after the occurrence of an Event of Default by Trustor, Trustor agrees that in order to fully protect the security herein described, Trustor will deposit with the Beneficiary, or with such other party as the Beneficiary may designate in writing, on the regular monthly payment dates, one-twelfth of: the amount (as estimated by the Beneficiary) which will be sufficient to pay taxes, assessments, insurance premiums and other charges on said property that will become due and payable during the ensuing year. Beneficiary or such other party shall hold monthly deposits, without any allowance of interest or other return, and shall use such fund for the payment of such items when the same are due and payable. If at any time the fund so held by Beneficiary or such other party is insufficient to pay any such item, when the same shall become due, Beneficiary shall advise Trustor of the deficiency and Trustor shall, within ten (10) days after receipt of such notice, deposit with the Beneficiary or such other party such additional funds as may be necessary to pay such items. Failure to make any deposit when due shall be a default under this Deed of Trust. On full payment of the indebtedness secured by this Deed of Trust, any unused portion of the fund shall be paid over to the Trustor or such other party as may then be entitled thereto. Transfer of legal title to the Land and the Improvements shall automatically transfer to the new owner the beneficial interest in the fund.

23. Transfer of Interest.

(A) Trustor understands and agrees that in making the Loan, Beneficiary is relying to a material extent upon the business expertise and net worth of Trustor and upon the continuing interest which Trustor has in the Premises. Accordingly, (except as otherwise expressly permitted in this Deed of Trust) in the event, whether voluntarily or involuntarily, by operation of law or otherwise, without the written consent of Beneficiary being first had and obtained (which consent may be given, withheld or conditioned in the sole discretion of Beneficiary), (i) Trustor shall execute or deliver, or agree to execute or deliver,

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any pledge, security agreement, mortgage, deed of trust or other instrument of hypothecation, covering all or any portion of the Premises or any interest therein, or (ii) Trustor shall suffer to exist any other lien against all or any portion of or any interest in the Premises, or (iii) Trustor shall sell or shall convey, lease with option to purchase, convey, alienate, transfer or otherwise dispose or be divested of all or any portion of the Premises or any interest therein, then, or at any time thereafter, Beneficiary shall have the right, at its option, to declare any indebtedness or obligations set forth in or evidenced by the Note, irrespective of the unpaid principal balance hereof and all accrued interest thereon, immediately due and payable if, within thirty (30) days after Beneficiary's giving of written notice to Trustor, any such pledge, security agreement, mortgage, deed of trust, other instrument of hypothecation, conveyance, alienation, assignment or otherwise cancelled, any such lien has not been returned to Trustor (following any such sale, conveyance, alienation, transfer, discharge or title to the Property has not been returned to Trustor (following any such sale, conveyance, alienation, transfer, rescinded or otherwise cancelled, any such lien has not been returned to Trustor (following any such sale, conveyance, alienation, transfer, discharged or otherwise cancelled, any such lien has not been returned to Trustor (following any such sale, conveyance, alienation, transfer, exercised at any time after the occurrence of any such event, and the acceptance thereafter of one or more installments from any person shall not constitute a waiver of Beneficiary's option. Beneficiary's approval of any sale, assignment, transfer, disposition, encumbrance or other lien or failure to exercise said option with respect thereto shall not be construed as a waiver of the provisions hereof with regard to any subsequent transaction. (B) Any other provision of this paragraph 23 notwithstanding, Trustor shall be entitled to purchase and lease back (in a single transaction) additional Equipment, or to execute and deliver, or agree to execute and deliver, a pledge, security agreement or other instrument of hypothecation pertaining to any Equipment hereafter acquired by Trustor, in accordance with the terms and provisions of Section 6.2(b)(i) of the Loan Agreement.

24. Insolvency. Further, Trustor agrees that Beneficiary, at its option, shall have the right to declare all unpaid principal and accrued interest on the Note immediately due and payable if, and at any time after: (A) an order for relief against Trustor or any guarantor of the obligations of Trustor to Beneficiary (a "Guarantor") is entered under the federal bankruptcy law; or (B) Trustor or any such Guarantor: (1) makes a general assignment for the benefit of creditors, (2) files a voluntary petition under the federal bankruptcy law, (3) files a petition or answer seeking for it or him any relief, reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law, or regulation relating to bankruptcy, insolvency, rehabilitation, or other relief for debtors, (4) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it or him in any proceeding of such nature.

ture, (5) seeks, consents to, or acquiesces by any act or omission in the appointment of a trustee, assignee, sequester, receiver, custodian, guardian, administrator or liquidator of it or him or of all or any substantial part of the proceeds of the Loan (the "Proceeds"), the Property or its or his other property; or (C) 30 days after the commencement of any proceeding against Trustor or any Guarantor seeking any relief, reorganization, arrangement, composition, readjustment, liquidation, dissolution, the appointment of a trustee, assignee, sequester, receiver, custodian, guardian, administrator or liquidator or similar relief under any present or future statute, law or regulation relating to bankruptcy, insolvency, rehabilitation or other relief for debtors, the proceeding has not been dismissed (provided, however, that if within said 30 days Trustor has filed its response to such proceeding seeking to cause the dismissal of the same and thereafter diligently pursues the same to completion, Trustor provides Beneficiary with such information regarding the proceeding as Beneficiary may request in writing and, if in Beneficiary's reasonable judgment, such proceeding lacks merit or there is a substantial likelihood that the proceeding will be dismissed, then Trustor shall have an additional 60 days to cause such proceeding to be dismissed); or (D) if within 30 days after the appointment without its or his consent or acquiescence of a trustee, receiver, custodian, guardian, administrator or liquidator of Trustor or any Guarantor of all or any substantial part of the Proceeds, the Property or its or his other property, the appointment is not vacated or stayed, or within 30 days after the expiration of any such stay, the appointment is not vacated (provided, however, that if within said 30 days Trustor has filed its response to such proceeding seeking to cause such appointment to be vacated or stayed and thereafter diligently pursues the same to completion, Trustor provides Beneficiary with such information regarding such appointment (and any related proceeding) as Beneficiary may request in writing and, if in Beneficiary's reasonable judgment, such appointment lacks merit or there is a substantial likelihood that such appointment will be vacated, then Trustor shall have an additional 60 days to cause such appointment to be vacated); or (E) Trustor or any Guarantor shall generally not pay its or his debts as such debts become due; or (F) Trustor or any Guarantor shall have concealed, removed, or permitted to be concealed or removed, any part of the Proceeds, the Property or its or his other property with intent to hinder, delay or defraud its or his creditors or any of them, or made or suffered a transfer of any of the Proceeds, the Property or such property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law, or shall have made any transfer of the Proceeds, the Property or such property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or (G) Trustor or any Guarantor shall have suffered or permitted, while insolvent, any creditor to obtain a lien upon any of the Proceeds, the Property or its or his other

property through legal proceedings or distraint which are not vacated within 30 days from the date thereof; or (H) any execution, attachment or other writ shall be levied against the Proceeds, the Property or any one or more of them, and remain in effect for 15 days; or (I) any Guarantor revokes or attempts to revoke his or its guaranty whether in respect of future transactions or otherwise. The foregoing option may be exercised at any time after the occurrence of any such event (each of such events being herein referred to as an "Event of Insolvency") and the acceptance of one or more installments from any person thereafter shall not constitute a waiver of Beneficiary's option.

25. Additional Warranties. Trustor hereby warrants, represents and covenants to Beneficiary:

(A) That Trustor and the Property presently (to the best of Trustor's knowledge) comply and will in the future substantially comply in all material respects with all applicable governmental licenses, rules, regulations, ordinances and laws affecting Trustor's qualification to do business, the sale, proposed leasing or financing of the Property and the intended occupancy, use and enjoyment thereof, including, but not limited to, the Subdivision Map Act, all applicable Parcel Map ordinances, all flood disaster laws, and, to the extent any violation thereof would have an adverse effect upon the value of the Property, all applicable licenses, building codes, zoning ordinances, and environmental protection laws.

(B) In the alternative, either: (i) that the Land is not included in an area identified by an agency of the Federal government, acting pursuant to the Flood Disaster Protection Act, as flood prone; or, (ii) that the Land is and will continue to be protected by flood insurance and all such insurance shall be subject to the other provisions of this Deed of Trust pertaining to insurance.

26. No Purchase of Securities. Trustor warrants that the proceeds of the loan referred to herein will not be used for the purchase of registered equity securities within the purview of Regulation G issued by the Board of Governors of the Federal Reserve System.

27. Inspections. Trustor agrees to permit Beneficiary and/or Trustee to enter upon the Land and to inspect the Property, and all books and records pertaining to the operation thereof, at all reasonable times upon advance written notice to Trustor, in person or by agent.

28. Further Assurances. Trustor agrees to execute such further assurances as may be deemed desirable by the Beneficiary or Trustee for the purposes of further evidencing, carrying out and/or confirming this Deed of Trust and all purposes intended by this Deed of Trust. From time to time, upon request of Benefi-

ciary, Trustor agrees to execute and deliver, or cause to be executed and delivered, effective Security Agreements, Financing Statements and Continuation Statements effecting and evidencing a first (or, in the case of such portion of the Property upon which Trustor has been permitted to place a third party lien pursuant to the provisions of paragraph 23(B) above, a second) lien on all fixtures, machinery, equipment and appliances covered hereby or by any separate Security Agreement executed by Trustor in favor of Beneficiary.

29. Attorney's Fees and Costs. Trustor will promptly pay all reasonable fees, costs and expenses of this trust, or which Beneficiary or Trustee may incur in connection with any obligation hereby secured, or to prevent or redress any breach thereof, whether for attorney's fees or otherwise, provided that nothing herein shall modify or limit the non-recourse provisions of Section 2.8 of the Loan Agreement.

30. Definitions. In this Deed of Trust: (a) the term "Beneficiary" shall mean the owner and holder, including pledgees, of the Note hereby secured, whether or not named as Beneficiary herein; (b) terms such as "herein" and "hereunder" refer to this entire instrument; (c) either of the words "costs" or "expenses" shall include, but shall not be limited to, the cost of title evidence and reasonable fees of the attorneys for Beneficiary or Trustee; (d) the enumeration of certain particulars as included within general language shall not restrict the scope or affect the generality of such language; (e) personal pronouns shall be construed as though they are of the gender and number required by the context, and the singular shall include the plural and the plural the singular as may be required by the context; (f) the term "Trustor" shall mean the original signatory hereof, and, in addition shall mean the successors and assigns thereof and any future owners of the Property described herein or any part thereof; (g) the term "including," when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not nonlimiting language (such as "without limitation," or "but not limited to," or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter; and (h) the term "Usury Law" shall mean all constitutional provisions, statutes, other laws and regulations of the State of California which limit the rate at which, or the amount of, interest which may be charged and which now or hereafter govern or are otherwise applicable to the loan transaction hereby secured or the obligations hereby imposed.

31. Incorporation by Reference. All of the terms, condi-

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tions and provisions of the Note, any additional note or notes which state that they are secured by this Deed of Trust and the Loan Agreement are by this reference incorporated herein as though set forth in full.

32. Notices of Occurrences. Trustor shall notify Beneficiary promptly of the occurrence of any of the following:
 (A) a fire or other casualty causing more than One Hundred Thousand Dollars (\$100,000.00) in damage to the Property;
 (B) receipt of notice of condemnation or other taking of all or any part of the Property or any interest therein;
 (C) receipt of notice from any governmental agency relating to the structure, use or occupancy of the Land having a material impact on the value of the Property or the business operation being conducted on the Property immediately prior to the receipt of the notice;
 (D) a substantial adverse change in the occupancy of the Land; or,
 (E) the commencement of any litigation affecting the Property, or any part thereof, any interest therein or the title thereto having a material impact on the value of the Property or the business operation being conducted on the Property immediately prior to the commencement of the litigation.

33. Choice of Law. This Deed of Trust, the Note and each and all of the other documents evidencing or securing the payment of the loan referred to herein shall be governed by and construed in accordance with the laws of the State of California.

34. Time. Subject to the time limits expressly given to Trustor by the provisions of this Deed of Trust or any of the other Loan Documents for curing an Event of Default or taking any other action, time is of the essence of all of the obligations imposed or secured hereby and of each such obligation.

35. Successors and Assigns. Without limitation upon the rights of Beneficiary pursuant to paragraphs 24 and 25 above, this Deed of Trust shall apply to, bind and inure to the benefit of all parties hereto, their heirs, devisees, legatees, executors, administrators, successors and assigns.

36. Severability. If any term of this Deed of Trust, or the application thereof to any person or circumstances, shall to any extent be invalid or unenforceable, then the remainder of this Deed of Trust shall not be affected thereby and each term of this Deed of Trust shall be valid and enforceable to the fullest extent permitted by law and to persons or circumstances other than those as to which it is invalid and unenforceable.

37. Entire Understanding. This Deed of Trust, together with all of the other Loan Documents, constitutes the entire

agreement and supersedes all prior agreements and understandings, both written and oral, between Trustor and Beneficiary with respect to the subject matter hereof.

38. No Merger. Trustor and Beneficiary expressly covenant and agree that the rights and remedies of Beneficiary under this Deed of Trust shall not at any time merge into, be extinguished by or otherwise be affected or impaired in any way as a result of any greater or different right, title or interest now held or hereafter acquired by Beneficiary in the Property or any part thereof, by deed in lieu of foreclosure or other voluntary or involuntary transfer, or in or under any other Deed of Trust which may constitute a lien on the Property, whether prior or subordinate hereto.

39. No Liability of Beneficiary. Notwithstanding anything contained herein, this Deed of Trust is only intended as security and Beneficiary shall not be obligated to perform or discharge, and does not hereby undertake to perform or discharge, any obligation, duty or liability of Trustor in respect of the Property, and Trustor shall and does hereby agree to indemnify and hold Beneficiary harmless of and from any and all liability, loss or damage which it may or might incur by reason of its exercise of rights hereunder and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part, pursuant to this Deed of Trust, and Trustor agrees to reimburse Beneficiary promptly upon demand for the amount thereof, including costs, expenses and reasonable attorneys' fees; provided, however, that Trustor shall not be obligated to so indemnify and hold Beneficiary harmless from the claims of third parties which arise from the negligent acts or omissions or intentional acts or omissions of Beneficiary in the management or operation of the Property after the occurrence of an Event of Default and the taking possession of the Property by Beneficiary. Beneficiary shall not have responsibility for the control, care, management or repair of the Property nor shall Beneficiary be responsible or liable for any negligence in the management, operation, upkeep, repair or control of the Property resulting in loss or injury or death to any licensee, employee, tenant or stranger. No liability shall be enforced or asserted against Beneficiary in its exercise of the powers herein granted to it, and Trustor expressly waives and releases any such liability.

40. Precedence of Provisions. This Deed of Trust is also given for the purpose of securing the full and complete performance of all of the terms, conditions and provisions of the Loan Agreement entered into by Trustor, as borrower, and Beneficiary, as lender. Trustor agrees that the terms of the Loan Agreement shall control over the terms of this Deed of Trust, the Note and any other documents referred to herein or therein to the extent

the same are inconsistent, and Trustor further agrees that, without limitation, any default under the terms of the Loan Agreement shall also constitute a default hereunder and shall entitle Beneficiary to exercise any and all of the rights and remedies provided for herein with regard to a default.

41. Request for Notice. All notices, demands, requests, consents, approvals or other communications (collectively, "Notices") desired or required to be given under this Agreement shall be in writing, and, any law or statute to the contrary notwithstanding, shall be effective for any purpose if given or served by certified or registered mail, return receipt requested, addressed as set forth below. Notices may also effectively be given by transmittal over electronic transmitting devices such as IBM System 6, NBI, TWIX, Telex or telecopy machine, if the party to whom the notice is being sent has such a device in its office, provided a complete copy of any notice so transmitted shall also be mailed in the same manner as required for a mailed notice.

(i) If to Trustor:

Holly Sugar Corporation
P. O. Box 1052
Colorado Springs, Colorado 80901

Attention: President

(or if delivered by hand:

Holly Sugar Corporation
Holly Sugar Building
100 Chase Stone Center
Colorado Springs, Colorado 80903

Attention: President)

(ii) If to the Beneficiary:

Westamerica Bank, National Association
Corporate Banking Office
1108 Fifth Avenue
P.O. Box 600
San Rafael, CA 94901

Attention: Manager

All Notices shall be deemed given or served on the earlier of actual receipt or on the third business day after being deposited in the United States mails, postage prepaid in the manner previously specified. Any party to this Agreement may change the

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address to which Notice shall be delivered to it and its representatives by notice in accordance with this Section. Trustor hereby requests that a copy of any notice of default and of any notice of sale hereunder be mailed to it at the address for Trustor set forth above.

42. Leases. Trustor, in its capacity as lessor, shall not execute or enter into any lease pertaining to the property or any part thereof (except for any lease which has a term of not more than one (1) year, does not pertain to a material portion of the Property (either in size or in effect on the ability to operate the remainder of the Property in the same manner as it is currently operated) and was executed in an arms length transaction), or any amendment or modification of any such lease, without the advance written consent of Beneficiary as to the form and substance of the lease and the acceptability of the tenant, and Trustor shall on demand execute such further assignments to Beneficiary of any or all such leases, agreements, rents, issues, profits or monies as Beneficiary may require and shall deliver to Beneficiary a fully executed original of any or all such leases or agreements.

43. Possession of Original Documents. Beneficiary shall maintain the sole and exclusive right to possession of the original Note and Deed of Trust, notwithstanding that a sale or disposition of any of the Property has occurred, and Trustor hereby expressly authorizes Trustee to release and return possession of the original Note and Deed of Trust, without cancelling, stamping "Paid" or otherwise marking upon said instrument, to Beneficiary following the entrustment of said instruments to Trustee for the purpose of conducting a trustee's sale, granting a reconveyance or any other purpose hereunder, without regard to the amount or collectibility of, or Trustor's liability for, indebtedness evidenced by the Note or which may remain secured hereby or by any of the Property.

44. Reasonable Consent or Approval. Unless the specific provisions of this Deed of Trust provide otherwise, all approvals and consents to be granted hereunder shall not be unreasonably withheld and shall be timely made by the parties hereto.

45. Non-Recourse. This Deed of Trust and the liability of Trustor hereunder is expressly subject to the non-recourse provisions of Section 2.8 of the Loan Agreement which limit the

amount and circumstances under which Beneficiary may recover a ¹¹⁷⁹⁵
deficiency judgment or other monies from Trustor.

"Trustor"

Holly Sugar Corporation,
a New York corporation

By

John Evans
John Evans
Vice-President

By

W.O. Lueders
W.O. Lueders
Vice President

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STATE OF CALIFORNIA)
COUNTY OF San Francisco) ss.

On this 2nd day of July, in the year 1986,
before me, a Notary Public, personally appeared John
Evans, personally known to me (or proved to me on the
basis of satisfactory evidence) to be the person who
executed the within instrument as Vice-President on
behalf of the corporation therein named and acknow-
ledged to me that the corporation executed it.

[Signature]
Notary Public
My commission expires 09.23.1987



CAT. NO. NN00737
TO 1945 CA (7-82)
(Corporation)

STATE OF CALIFORNIA
COUNTY OF San Francisco) ss.



STAPLE HERE

On July 2nd before me, the undersigned, a Notary Public in and for
said State, personally appeared W.O. Ludwig
personally known to me or proved to me on the basis
of satisfactory evidence to be the person who executed
the within instrument as the VICE
President, and

 personally known to me or
proved to me on the basis of satisfactory evidence to be
the person who executed the within instrument as the
 Secretary of the Corporation
that executed the within instrument and acknowledged
to me that such corporation executed the within instru-
ment pursuant to its by-laws or a resolution of its
board of directors.
WITNESS my hand and official seal.

Signature [Signature]



(This area for official notarial seal)

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The following described real property in Klamath County, Oregon:

Lots 3 and 4, S $\frac{1}{2}$ NW $\frac{1}{4}$ and SW $\frac{1}{4}$ in Section 2; Lots 1, 2, 3, and 4, S $\frac{1}{2}$ N $\frac{1}{2}$ and SE $\frac{1}{4}$, in Section 3; SW $\frac{1}{4}$ in Section 4; E $\frac{1}{2}$ in Section 10; ALL in Township 33 South, Range 13 East of the Willamette Meridian.

ALSO the E $\frac{1}{2}$ SW $\frac{1}{4}$ and SW $\frac{1}{4}$ SE $\frac{1}{4}$ in Section 10; the SW $\frac{1}{4}$ SW $\frac{1}{4}$ in Section 11; NE $\frac{1}{4}$ NW $\frac{1}{4}$ in Section 15; the SE $\frac{1}{4}$ NW $\frac{1}{4}$ in Section 19; the SE $\frac{1}{4}$ NE $\frac{1}{4}$ in Section 23; and the NW $\frac{1}{4}$ NE $\frac{1}{4}$ in Section 26, ALL in Township 33 South Range 14 East of the Willamette Meridian.

ALSO the W $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$; SE $\frac{1}{4}$ NW $\frac{1}{4}$ and E $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$ in Section 20 of Township 35 South, Range 13 East of the Willamette Meridian.

EXHIBIT A

SCHEDULE OF INSURANCE

<u>INSURER</u>	<u>TYPE OF INSURANCE</u>	<u>AMOUNT</u>	<u>DEDUCTIBLE</u>
<u>First \$10,000,000:</u>			
Lloyds of London (\$6,000,000)			
National Union (\$3,000,000)			
California Union (\$1,000,000)			
<u>In Excess of \$10,000,000:</u>			
Alexander Howden (\$6,000,000)			
Allianz (\$1,000,000)			
RLI (\$2,500,000)			
Progressive Casualty (\$2,000,000)			
Imperial Casualty (\$500,000)			
Home Insurance Co. (\$3,000,000)			
<u>In Excess of \$25,000,000:</u>			
PMMO (\$10,000,000)			
Associated International (\$2,500,000)			
Great American (\$10,000,000)			
Industrial Indemnity (\$2,500,000)			
<u>In Excess of \$50,000,000:</u>			
Great American (\$5,000,000)			
Continental (\$10,000,000)			
Hartford (\$10,000,000)			

All Risk-Real & personal
Property
Earthquake & Flood

\$75,000,000
\$25,000,000
5% of Plnt.
Ins. value

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St. Paul Insurance Companies
 Atlantic Insurance Company of
 America
 Centennial Insurance
 Continental

Data Processing

(Inventory)
 \$1,255,584

Unlicensed Mobile Equipment

\$500,000

Office Equipment

Boiler & Machinery

\$1,800,000

\$30,000,000

\$100 -- Equipment;
 \$5,000 -- Break-
 down

\$1,000

\$100

\$10,000 Property;
 96 hrs Business
 Interruption

STATE OF OREGON,
 County of Klamath ss.

Filed for record at request of:

on this 6th day of July A.D., 19 86
 at 2:08 o'clock P M. and duly recorded
 in Vol. 186 of Mortgages Page 11771
 Evelyn Diehn
 By Bernetha H. Detach County Clerk

Fee, \$117.00

Deputy.