

repair or replacement of the Mortgaged Property, if practicable to do so, or to the payment of the Indebtedness; (iii) the interest of Beneficiary shall be insured regardless of any breach or violation by Grantor of any warranties, declarations or conditions in such policy; (iv) if any such insurance policy be subject to cancellation or be endorsed or sought to be endorsed to effect a change in coverage for any reason whatsoever, such insurer will promptly notify Beneficiary and such cancellation or change shall not be effective as to Beneficiary until thirty (30) days after receipt by Beneficiary of such notice; and (v) Beneficiary may, but shall not be obligated to, make premium payments to prevent such cancellation, and that such payments shall be credited by the insurer. In addition, Grantor shall furnish to Beneficiary duplicate executed copies of each such policy at the time of execution hereof, and copies of each renewal policy not less than thirty (30) days prior to the expiration of the original policy or the preceding renewal policy (as the case may be), together with receipts or other evidence that the premiums thereon have been paid; and furnish to Beneficiary on or before 120 days after the close of each fiscal year of Grantor a statement of Grantor of the amounts of insurance maintained in compliance with this subsection, of the risks covered by such insurance and of the insurance company or companies which carry such insurance.

3.5 Restoration Following Casualty. In the event of the happening of any casualty, of any kind or nature (whether insured against or not), resulting in damage to or destruction of the Mortgaged Property, Grantor will give prompt notice thereof to Beneficiary, and Grantor will promptly restore, repair, replace, rebuild or alter the Mortgaged Property as nearly as possible to its value and condition immediately prior to such damage or destruction.

3.6 Performance of Leases and Other Agreements. Grantor will duly and punctually perform all covenants and agreements expressed as running with or under the Leases and other agreements to which it is a party with respect to the Mortgaged Property or any part thereof.

3.7 Inspection. Grantor will permit Beneficiary, at all reasonable times, to inspect the Mortgaged Property.

3.8 Hold Harmless. Grantor will defend and hold Beneficiary harmless from any action, proceeding or claim affecting the Mortgaged Property, or the value of the Note or the Security Documents.

3.9 Books and Records. Grantor will maintain full and complete books of account and other records reflecting the results of its operations (in conjunction with its other operations as well as its operations of the Mortgaged Property), in accordance with generally accepted accounting principles, and furnish or cause to be furnished to Beneficiary such financial data as Beneficiary shall, from time to time, reasonably request with respect to Grantor and the ownership and operation of the Mortgaged Property, and Beneficiary shall have the right, at reasonable times and upon reasonable notice, to audit Grantor's books of account and records.

3.11 Payment of Rents. Grantor hereby agrees that the respective payments under the Leases, upon notice from Beneficiary of the occurrence of an Event of Default, shall thereafter pay to Beneficiary the rents due and to become due under the Leases without any obligation to determine whether or not

such an Event of Default does in fact exist. Until the occurrence of an Event of Default, Grantor shall be entitled to collect the rents as and when they become due and payable, but never more than two months in advance.

3.11 Awards. Grantor will file and prosecute its claims or claims for any Awards in good faith and with due diligence and cause the same to be collected and paid over to Beneficiary, and hereby irrevocably authorizes and empowers Beneficiary, if it so desires, to file such claims and collect any Awards and agrees that the proceeds of any Awards will be applied by Beneficiary in reduction of any portion of the indebtedness as Beneficiary may determine.

3.12 Licenses. Grantor shall keep in full force and effect all licenses, permits and other governmental approvals which are necessary for the operation of the Mortgaged Property and related facilities, and furnish evidence satisfactory to Beneficiary that the Mortgaged Property and the use thereof comply with all applicable zoning and building laws, regulations, ordinances and other applicable laws.

3.13 Junior Financing. Grantor shall not without the prior written consent of Beneficiary incur any additional indebtedness or create or permit to be created or to remain, any mortgage, pledge, lien, lease, encumbrance or charge on, or conditional sale or other title retention agreement, whether prior or subordinate to the liens of the Security Documents, with respect to the Mortgaged Property or any part thereof or income therefrom, other than the Security Documents and the Permitted Encumbrances.

3.14 Representations and Warranties of Grantor. Grantor hereby represents and warrants to Beneficiary that:

(a) Grantor is qualified to do business in every jurisdiction in which the nature of Grantor's business or properties makes such qualification necessary, and is in compliance with all laws, regulations, ordinances and orders of public authorities applicable to Grantor.

(b) The Note and the Security Documents will not violate any provision of law (including, but not limited to, any law relating to usury), any order of any Court or other agency or government, or any indenture, agreement or other instrument to which Grantor is a party or by which Grantor or any of their property is bound, or be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of Grantor, except as contemplated by the Note and the Security Documents, and no action with respect thereto by Grantor is required.

(c) No consent or approval of any regulatory body to the execution, delivery and performance of the Note and the Security Documents or the transactions contemplated thereby is required by law.

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(d) There are no suits, proceedings or investigations pending or threatened against or affecting Grantor or Guarantor, at law or in equity, or before or by any governmental or administrative agency or instrumentality which, if adversely determined, would have a material adverse effect on the business or condition of Grantor or Guarantor.

(e) No judgment, decree or order of any court or governmental or administrative agency or instrumentality has been rendered against Grantor or Guarantor which has or may have any material adverse effect on the business or condition of Grantor or Guarantor.

(f) All information, reports, papers and data given to beneficiary with respect to Grantor, Guarantor or others obligated under the terms of the Security Documents are accurate and correct in all material respects and complete insofar as completeness may be necessary to give beneficiary a true and accurate knowledge of the subject matter therein.

(g) Grantor has good and marketable title to fee simple in the Land and Buildings, and good and marketable title to the fixtures and personalty, free and clear of any liens, charges, encumbrances, security interests and adverse claims whatsoever except the Permitted Encumbrances.

(h) The Permitted Encumbrances have not materially interfered with the operation of the Mortgaged Property, nor does Grantor reasonably foresee any material interference arising from the Permitted Encumbrances during the term of the Note.

(i) Grantor and Guarantor have filed all Federal, State, county and municipal income tax returns required to have been filed by them and have paid all taxes which have become due pursuant to any assessments received by them, and Grantor does not know of any basis for additional assessment in respect to such taxes.

(j) The Mortgaged Property is being used for commercial purposes.

(k) The Mortgaged Property is not currently used for agricultural, timber, or grazing purposes.

Breach of such representations and warranties shall constitute an event of default hereunder. Grantor shall promptly give written notice to beneficiary of any breach hereunder.

EVENTS OF DEFAULT

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1. Events of Default

The term "Event(s) of Default", as used in the Security Documents and in the Note, shall mean the occurrence or happening, from time to time, of any one or more of the following:

1.1 Payment of Indebtedness. If Grantor shall default in the due and principal payment of all or any portion of any installment of the Indebtedness as and when the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment or by acceleration or otherwise, and such default shall continue for a period of 30 days after written notice thereof by Beneficiary to Grantor.

1.2 Performance of Obligations. If Grantor shall default in the due observance or performance of any of the obligations other than payment of money and such default shall not be curable, or if curable shall continue for a period of fifteen days after written notice thereof from Beneficiary to Grantor (unless such default, if curable, requires work to be performed, which to be done on conditions to be specified which by their nature cannot be performed, done or remedied, as the case may be, within such fifteen day period and Grantor shall commence to cure such default within such fifteen day period and shall thereafter diligently and continuously process the same to completion).

1.3 Bankruptcy, Receivership, Insolvency, Etc. If voluntary or involuntary proceedings under the Federal Bankruptcy Reform Act of 1937, as amended, shall be commenced by or against Grantor or Guarantor or Beneficiary, or receivership, insolvency, reorganization, dissolution, liquidation or other similar proceedings shall be instituted by or against Grantor or Guarantor with respect to all or any part of Grantor's or Guarantor's property under the Federal Bankruptcy Reform Act of 1937, as amended, or other law of the United States or of any state or other competent jurisdiction, and if such proceedings are instituted against Grantor or Guarantor, it shall constitute thereof or shall fail to cause the same to be discharged within sixty days.

1.4 Laws Affecting Obligations and Indebtedness. If subsequent to the date of this Mortgage, any governmental entity in which the Mortgaged Property is located passes any law (a) which renders payment of the Indebtedness and/or performance of the obligations by Grantor unlawful, or (b) which prohibits Beneficiary from exercising any of its rights and remedies under the Security Documents.

1.5 False Representation. If any representation or warranty made by Grantor or others to, under or pursuant to the Note or the Security Documents, shall prove to have been false or assisting in any material respect as of the date on which such representation or warranty was made.

1.6 Detraction of Instruments. If any of the instruments is destroyed or removed or obliterated or removed thereof is omitted, without court proceedings excepted.

4.7 Default Under Other Deed of Trust. If the holder of any junior deed of trust or any other lien on the Mortgaged Property (without hereby implying Grantor's consent to any such junior deed of trust or lien) institutes foreclosure or other proceedings for the enforcement of its remedies thereunder, or if a default exists under any other deed of trust or lien on the Mortgaged Property, and such default shall continue for a period of ten (10) business days after written notice thereof by Beneficiary to Grantor, notwithstanding any provision in the Security Instruments or in any other document to the contrary with respect to notice and right of cure being provided to Beneficiary, then Beneficiary may, at its option, declare such an occurrence an Event of Default under this Deed of Trust.

4.8 Security Instruments. If a default shall occur under any of the Security Instruments.

4.9 Judgment. If a final judgment for the payment of money in excess of twenty-five thousand dollars shall be rendered against Grantor or Guarantor and the same shall remain unpaid for a period of sixty consecutive days during which period execution shall not be effectively stayed.

4.10 Use of Mortgaged Property. If for any reason the Mortgaged Property ceases to be occupied by a person or persons who or which is a party to a duly authorized and existing Sales Agreement with First Mutual Company.

4.11 Due on Sale. In the event of any sale, long-term lease, transfer, assignment, hypothecation, encumbrance, or agreement for deed, whether voluntary or involuntary, of all or part of the Mortgaged Property or any interest therein, or the attachment of any lien thereon, whether voluntary or involuntary, which has not previously been consented to in writing by Beneficiary or which has not been removed or bonded off to Beneficiary's satisfaction within 60 days.

Article 5

DEFAULT AND FORECLOSURE

5.1 Remedies. If an Event of Default shall occur and be continuing, Beneficiary may, at its option, by or through trustee or otherwise, exercise one or more or all of the following remedies:

5.1.1 Acceleration. Declare the unpaid portion of the indebtedness to be immediately due and payable, without further notice or demand (each of which hereby is expressly waived by Grantor), whereupon the same shall become immediately due and payable.

5.1.2 Entry on Mortgaged Property. Enter upon the Mortgaged Property and take possession thereof and of all books, records, and accounts existing thereon.

5.1.3 Operation of Mortgaged Property. Hold, lease, operate or otherwise use or permit the use of the Mortgaged Property, or any portion thereof, in such manner, for such time and upon such terms as Beneficiary may deem to be in its best interest (bearing such repairs, alterations, additions and improvements thereto, from time to time, as Beneficiary shall deem necessary or desirable) and collect and retain all earnings, rents, profits or other amounts payable in connection therewith.

5.1.4 Enforcement of Deed of Trust. Beneficiary, with or without entry, personally or by its agents or attorneys, insofar as practicable, may: (a) sell the Mortgaged Property and all estate, right, title and interest, claims and demands therein, and right of redemption thereof, to the extent permitted by and pursuant to the procedures provided by law, at one or more sales, and at such time and place upon such terms and after such notice thereof as may be required or permitted by law; (b) institute proceedings for the complete or partial foreclosure of this Deed of Trust; or (c) take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Note or in this Deed of Trust (without being required to foreclose this Deed of Trust), or in and of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy or otherwise as Beneficiary shall elect.

5.1.5 Foreclosure and Private Sale. Sell the Mortgaged Property, in whole or in part, (a) under the judgment or decree of a court of competent jurisdiction, or (b) at public auction (if permitted by the laws of the jurisdiction in which the Mortgaged Property is situated) in such manner, at such time or times and upon such terms as Beneficiary may determine, or as provided by law and/or sell the Personalty and/or the Fixtures, in whole or in part, at one or more public or private sales, in such manner, at such time or times and upon such terms as Beneficiary may determine, or as provided by law.

5.1.6 Receiver. Beneficiary shall be entitled, as a matter of strict right, without notice and ex parte, and without regard to the value or occupancy of the security, or the solvency of the Grantor or of the Guarantor, or the adequacy of the Mortgaged Property as security for the Note, to have a Receiver appointed to enter upon and take possession of the Mortgaged Property, collect the rents and profits therefrom and apply the same as the court may direct, such Receiver to have all the rights and powers permitted under the laws of the jurisdiction in which the Mortgaged Property is situated. Grantor hereby waives any requirements or Receiver or Beneficiary to post any surety or other bond. Beneficiary or the Receiver may also take possession of, and for these purposes use, any and all Personalty which is a part of the Mortgaged Property and used by Grantor in the rental or leasing thereof or any part thereof. The expense (including Receiver's fees, counsel fees, costs and agent's compensation) incurred pursuant to the powers

herein contained shall be secured by this Deed of Trust. Beneficiary shall (after payment of all costs and expenses incurred) apply such Rents, Issues and profits received by it on the indebtedness in the order herein provided. The right to enter and take possession of the Mortgaged Property, to manage and operate the same, and to collect the Rents, Issues and profits thereof, whether by Receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof. Beneficiary shall be liable to account only for such Rents, Issues and profits actually received by Beneficiary.

5.1.7 Other. Exercise any other remedy specifically granted under the Security Documents or now or hereafter existing in equity, at law, by virtue of statute or otherwise, including the rights described below.

5.2 Separate Sales. Any real estate or any interest or estate therein sold pursuant to any writ of execution issued on a judgment obtained by virtue of the Note or this Deed of Trust or the other Security Documents, or pursuant to any other judicial proceedings under this Deed of Trust or the other Security Documents, may be sold in one parcel, as an entirety, or in such parcels, and in such manner or order as Beneficiary, in its sole discretion, may elect.

5.3 Remedies Cumulative and Concurrent. The rights and remedies of Beneficiary as provided in the Note and in the Security Documents shall be cumulative and concurrent and may be pursued separately, successively or together against Grantor or Guarantor or against other obligors or against the Mortgaged Property, or any one or more of them, at the sole discretion of Beneficiary, and may be exercised as often as occasion therefor shall arise. The failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof, nor shall the choice of one remedy be deemed an election of remedies to the exclusion of other remedies.

5.4 Additional Rights and Remedies. At any time after default in the payment or performance of the Indebtedness or Obligation, Beneficiary and Trustee shall have all the following rights and remedies:

with or without notice, and without releasing Grantor from any Indebtedness and Obligations, and without becoming a mortgagee in possession, to cure any breach or default of Grantor and, in connection therewith, to enter upon the Property and to do such acts and things as Beneficiary or Trustee deem necessary or desirable to protect the security hereof including, but without limitation, to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee hereunder; to pay, purchase, contest or compromise any encumbrance, charge, lien or claim of third parties, in the judgment of either Beneficiary or Trustee, is prior or superior hereto, the judgment of Beneficiary or Trustee being conclusive as between the parties hereto; to obtain insurance; to pay any premiums or charges with respect to insurance required to be carried hereunder; and to employ counsel, accountants, contractors and other appropriate persons to assist them.

5.5 No Cure or Waiver. Notwithstanding Beneficiary's nor Trustee's nor any receiver's entry upon and taking possession of all or any part of the property for any collection of rents, issues, profits, insurance proceeds, condemnation proceeds or damages, other security or proceeds of other security, or other sums, nor the application of any collected sum to any indebtedness and obligations, nor the exercise of any other right or remedy by Beneficiary and Trustee or any receiver shall negate the status of the security, or cure or waive any default or notice of default or sale (unless all indebtedness and obligations which are then due have been paid and performed and Grantor has the effect of any notice of default or sale pursuant to the exercise of any right or remedy, or be construed as an admission by Beneficiary of any deficiency, lease or option or a substitution of the item of this deed of trust.

5.6 Payment of Costs, Expenses and Attorney's Fees. Grantor agrees to pay to Beneficiary immediately and without demand all costs and expenses incurred by Trustee and Beneficiary in exercising the remedies under the Note and Security Documents (including the without limit, court costs and attorneys' fees, whether incurred in litigation or not) with interest at the greater of the rate of the highest rate payable under any indebtedness and obligations, from the date of expenditure until said sums have been paid. Beneficiary shall be entitled to bid, at the sale of the property pursuant to the power of sale granted herein or pursuant to any judicial foreclosure of this instrument, the amount of said costs, expenses and interest in addition to the amount of the other indebtedness and obligations as a credit bid, the equivalent of cash.

5.7 Release of Redemption, Notice, Forfeiture, Etc. Grantor hereby waives and releases all benefits and rights accruing to Grantor and Guarantor by virtue of any present or future law exempting the mortgaged property, or any part of the proceeds arising from any foreclosure, from attachment, levy or sale in execution, or providing for any abatement, reduction, stay of execution, exemption from civil process, redemption or extension of time for payment (a) unless specifically required herein, all notices of Grantor's default or of Beneficiary's election to exercise, or Beneficiary's actual exercise, of any option or remedy under the Note or the Security Documents, and (b) any right to have the liens against mortgaged property perfected.

5.8 Application of Proceeds. The proceeds of any sale of all or any portion of the mortgaged property and the amounts generated by any holding, leasing, operation or other use of the mortgaged property shall be applied by Beneficiary in the following order:

(a) first, to the payment of the costs and expenses of taking possession of the mortgaged property and of holding, using, leasing, operating, improving and selling the same;

(b) second, to the extent allowed by law, to the payment of attorneys' fees and other legal expenses, including expenses and fees incurred on appeals; legal expenses and fees of a receiver;

(c) third, to the payment of accrued and unpaid interest on the Note; and

(d) fourth, to the payment of the balance of the Indebtedness. The balance, if any, shall be paid to the parties entitled to receive it.

5.19 Strict Performance. Any failure by Beneficiary to insist upon strict performance by Grantor or Guarantor of any of the terms and provisions of the Security Documents or of the Note shall not be deemed to be a waiver of any of the terms or provisions of the Security Documents or the Note and Beneficiary shall have the right thereafter to insist upon strict performance by Grantor or Guarantor of any and all of them.

5.20 No Conditions Precedent to Exercise of Remedies. Whether Grantor or any other person now or hereafter obligated for payment of all or any part of the Indebtedness (including Guarantor) shall be relieved of such obligation by reason of the failure of Beneficiary to comply with any request of Grantor or Guarantor or of any other person so obligated to take action to foreclose on this Debt of Trust or otherwise enforce any provisions of the Security Documents or the Note, or by reason of the release, regardless of consideration, of all or any part of the security held for the Indebtedness, or by reason of any agreement or stipulation between any subsequent owner of the Mortgaged Property and Beneficiary extending the time of payment or modifying the terms of the Security Documents or Note without first having obtained the consent of Grantor, Guarantor or such other persons; and in the latter event Grantor, Guarantor and all such other persons shall continue to be liable to make payment according to the terms of any such extension or modification agreement, unless expressly released and discharged in writing by Beneficiary.

5.21 Release of Collateral. Beneficiary may release, regardless of consideration, any part of the security held for the Indebtedness or Obligations without, as to the remainder of the security, in any way impairing or affecting the rights of the Security Documents or their priority over any subordinate lien. Without affecting the liability of Grantor or any other person (except any person expressly released in writing) for payment of any Indebtedness secured hereby or for performance of any Obligations contained herein, and without affecting the rights of Beneficiary with respect to any security not expressly released in writing, Beneficiary may, at any time and from time to time, either before or after maturity of said Note, and without notice or consent: a) release any person liable for payment of all or any part of the Indebtedness or for performance of any Obligations; b) make any agreement extending the time or otherwise altering terms of payment of all or any part of the Indebtedness, or modifying or waiving any Obligation, or subordinating, modifying or otherwise dealing with the lien or charge hereby; c) exercise or refrain from exercising or waive any right Beneficiary may have; d) accept additional security of any kind; e) release or otherwise deal with any property, real or personal, securing the Indebtedness, including all or any part of the Mortgaged Property.

5.12 Other Collateral. For payment of the Indebtedness, Beneficiary may resort to any other security therefor held by Beneficiary in such order and manner as Beneficiary may elect.

5.13 Discontinuance of Proceedings. In case Beneficiary shall have proceeded to enforce any right under the Note or the Security Documents and such proceedings shall have been discontinued or abandoned for any reason, then in every such case Grantor, Guarantor and Beneficiary shall be restored to their former positions and the rights, remedies and powers of Beneficiary shall continue as if no such proceedings had been taken.

Article 6

CONDEMNATION

6.1 Condemnation. Grantor hereby assigns, transfers and sets over to Beneficiary all rights of Grantor in any award or payment in respect of (a) any taking of all or a portion of the Mortgaged Property as a result of, or by agreement or anticipation of, the exercise of the right of condemnation or eminent domain; (b) any such taking of any accretions to the Mortgaged Property or of easels, areas or projections outside the boundaries of the Mortgaged Property, or rights in, under or above the alleys, streets or avenues adjoining the Mortgaged Property, or rights and benefits of light, air, view or access to said alleys, streets, or avenues or for the taking of space or rights therein, below the level of, or above the Mortgaged Property; and (c) any damage to the Mortgaged Property or any part thereof due to governmental action, but not resulting in, a taking of any portion of the Mortgaged Property, such as, without limitation, the changing of the grade of any street adjacent to the Mortgaged Property. Grantor hereby agrees to file and prosecute his claim or claims for any such award or payment in good faith and with due diligence and cause the same to be collected and paid over to Beneficiary, and hereby irrevocably authorizes and empowers Beneficiary, in the name of Grantor or otherwise, to collect and receipt for any such award or payment and, in the event Grantor fails to act, or in the event that an event of default has occurred and is continuing to file and prosecute such claim or claims.

6.2 Application of Proceeds. All proceeds received by Beneficiary when caused by a taking of all or any part of the Mortgaged Property or with respect to damage to all or any part of the Mortgaged Property from governmental action not resulting in a taking of the Mortgaged Property, shall be applied as follows, in the order of priority indicated:

(a) to reimburse Beneficiary for all costs and expenses, including reasonable attorneys' fees incurred in connection with collecting the said proceeds;

(b) to the payment of accrued and unpaid interest on the Note;

(c) to the payment of the unpaid principal of the Note, without premium; and

(c) to the payment of the balance of the Indebtedness.
The balance, if any, will be paid to Grantor.

Article 7

MISCELLANEOUS

7.1 Security Interest. Grantor hereby grants, transfers and assigns to Beneficiary a security interest under the Uniform Commercial Code as adopted by the State of Oregon in the Personality and Fixtures, and Beneficiary shall have all rights with respect thereto afforded to Beneficiary by the Security Documents. As to the Personality and Fixtures, the grant, transfer and assignment provisions of this Section 7.1 shall control over the grant in trust provisions of Section 2.1 of this deed of trust.

7.2 Financing Statements. Grantor agrees to and shall execute and deliver to Beneficiary, in form satisfactory to Beneficiary, such "Financing Statements" and such further assurances as Beneficiary may, from time to time, consider reasonably necessary to create, perfect and preserve Beneficiary's liens upon the land, Personality and Fixtures, and Beneficiary, at the expense of Grantor, may or shall cause such statements and assurances to be recorded and re-recorded, filed and re-filed, at such times and places as may be required or permitted by Oregon law to so create, perfect and preserve such liens.

7.3 Uniform Commercial Code. Beneficiary shall have all the rights with respect to the land, Personality and the Fixtures afforded to it by the Uniform Commercial Code as adopted by the State of Oregon in addition to, but not in limitation of, the other rights afforded Beneficiary by the Security Documents.

7.4 Information. Grantor represents and warrants that all information, reports, papers and data given to Beneficiary with respect to Grantor or others obligated under the terms of the Security Documents are accurate and correct in all material respects and complete insofar as completeness may be necessary to give Grantor a true and accurate knowledge of the subject matter thereof.

7.5 Further Assurances. Grantor, upon the reasonable request of Beneficiary, will execute, acknowledge and deliver such further instruments (including, without limitation, a declaration of no second lien) and do such further acts as may be necessary, desired or in proper to carry out more effectively the purpose of the Security Documents and to subject to the liens thereon any property included by the terms thereof to be covered thereby, and any renewals, additions, substitutions, replacements or betterments thereof.

7.6 Recording and Filing. Grantor, at his expense, will cause the Security Documents and all requirements thereof at all times to be recorded and filed and re-recorded and re-filed in such manner and in such places as Beneficiary shall reasonably request, and will pay all such recording, filing, re-recording and re-filing taxes, fees and other charges.

2.7 Notice. All notices, demands, requests and other communications required under the Security Documents and the Note shall be in writing and shall be deemed to have been properly given if sent by U. S. certified or registered mail, postage prepaid, addressed to the party to whom it is intended at the Grantor's address or the Beneficiary's address, as the case may be. Any party may designate a change of address by written notice to the other, given at least 10 business days before such change of address is to become effective.

2.8 Beneficiary's Right to Perform the Obligations. If Grantor shall fail to make any payment or perform any act required by the Note or the Security Documents, then, at any time thereafter, without notice to or demand upon Grantor and without waiting or releasing any obligation or default, Beneficiary may make such payment or perform such act for the amount of and in the expense of Grantor, and shall have the right to enter the land and/or buildings for such purpose and to take all such action thereon and with respect to the mortgaged property as may be necessary or appropriate for such purpose. All sums so paid by Beneficiary, and all costs and expenses, including, without limitation, reasonable attorneys' fees and expenses so incurred together with interest thereon at the default interest rate, from the date of payment or incurring, shall constitute additions to the indebtedness secured by the Security Documents, and shall be paid by Grantor to Beneficiary, on demand. If Beneficiary shall elect to pay any disbursement, Beneficiary may do so in reliance on any bill, statement or assignment procured from the appropriate public office, without assuming into the accuracy thereof or into the validity of such disbursement, Grantor shall indemnify Beneficiary for all losses and expenses, including reasonable attorneys' fees, incurred by reason of any acts performed by Beneficiary pursuant to the provisions of this subsection or by reason of the Security Documents, and any funds expended by Beneficiary to which it shall be entitled to be indemnified, together with interest thereon at the default interest rate from the date of such expenditures, shall constitute additions to the indebtedness and shall be secured by the Security Documents and shall be paid by Grantor to Beneficiary upon demand.

2.9 Covenants Running with the Land. All covenants contained in the Security Documents shall run with the mortgaged property.

2.10 Severability. In case any one or more of the obligations shall be invalid, illegal or unenforceable in any respect, the validity of the Note, Security Documents and remaining obligations shall be in no way affected, prejudiced or diminished thereby.

2.11 Modification. The Security Documents and the terms of each of them may not be changed, waived, discharged or terminated orally, but only by an instrument or instruments in writing signed by the party against which enforcement of the change, waiver, discharge or termination is attempted.

2.12 Use or Sale. The loan evidenced by the Note and secured by this deed of trust is personal to Grantor, and Beneficiary made such loan to Grantor based upon the credit of Grantor and Beneficiary's judgment of the ability of Grantor to repay the entire indebtedness and therefore this loan of funds may not be assigned by any subsequent holder of an interest in the mortgaged property without Beneficiary's prior written consent. In the event

of any sale, long term lease, transfer, assignment, hypothecation, encumbrance, or agreement for deed, whether voluntary or involuntary, of all or any part of the Mortgaged Property or any interest therein, or the attachment of any lien thereon, whether voluntary or involuntary, which has not previously been consented to in writing by Beneficiary or which has not been removed or bonded off to Beneficiary's satisfaction within 60 days, then and in any such event Beneficiary may, by written notice to Grantor, accelerate and declare the Indebtedness immediately due and payable, notwithstanding any provision to the contrary contained herein or in the Note or in the Security Documents. Beneficiary shall notify Grantor promptly in writing of any transaction or event that may give rise to a right of acceleration hereunder.

2.03 Tax on Indebtedness in Case of Death. In the event of the death, after the date of this loan or trust, of any law deducting from the value of land for the purposes of taxation, any lien thereon, or imposing upon Beneficiary the obligation to pay the whole, or any part, of the taxes or assessments or charges or liens herein required to be paid by Grantor, or changing in any way the laws relating to the taxation of lands or trust, mortgages or debts as to affect the land or trust or the Indebtedness, the entire unpaid balance of the Indebtedness shall, at the option of Beneficiary, after thirty (30) days written notice to Grantor, become due and payable, provided, however, that if, in the opinion of Beneficiary's counsel, it shall be inadvisable for Grantor to pay such taxes, assessments, or charges, or to reimburse Beneficiary therefor, then there shall be no such acceleration of the time for payment of the unpaid balance of the Indebtedness if a mutually satisfactory agreement for reimbursement, in writing, is executed by Grantor and delivered to Beneficiary within the aforesaid period.

2.04 Maximum Rate of Interest. Notwithstanding any provision in this deed of trust, or in any instrument now or hereafter relating to or securing the Indebtedness evidenced by the Note, the total liability for payments of interest and payments in the nature of interest, including, without limitation, all charges, fees, extensions, or other sums which may at any time be deemed to be interest, shall not exceed the limit imposed by applicable usury laws. In the event the total liability for payments of interest and payments in the nature of interest, including without limitation, all charges, fees, extensions or other sums which may at any time be deemed to be interest, shall, for any reason whatsoever, result in an effective rate of interest, which for any month or other interest payment period exceeds the limit imposed by the applicable usury laws, all sums in excess of those lawfully collectable as interest for the period in question shall, without further agreement or notice by, between, or to any party herein, be applied to the reduction of the Principal balance immediately upon receipt of such sums by Beneficiary, with the same force and effect as though Grantor had specifically designated such excess sums to be so applied to the reduction of the Principal balance and Beneficiary had agreed to accept such sums as a preclaim-free payment of the Principal balance, provided, however, that Beneficiary may, at any time and from time to time, elect, by notice in writing to Grantor, to waive, reduce, or limit the collection of any sums (or refund to Grantor any sums collected) in excess of those lawfully collectable as interest rather than accept such sums as a prepayment of the Principal balance.

7.15 Survival of Warranties and Covenants. The warranties, representations, covenants and agreements set forth in the Security Documents shall survive the making of the loan and the execution and delivery of the Note, and shall continue in full force and effect until the Indebtedness shall have been paid in full.

7.16 Applicable Law. The Security Documents shall be governed by and construed according to the laws of the State of Oregon.

7.17 Loan Expenses. Grantor shall pay all costs and expenses in connection with the preparation, execution, delivery and performance of the Note and the Security Documents, including (but not limited to) legal and disbursements of its and Beneficiary's counsel, broker's fees, recording costs and expenses, conveyance fee, documentary stamp, intangible and other taxes, surveys, appraisals and policies of title insurance, physical damage insurance, liability insurance, and a closing fee of \$1,000.00.

7.18 Tax and Insurance Escrow. In the event Grantor is delinquent for 10 days in any payment required under the Note or the Security Documents, Beneficiary shall have the option upon fifteen days' prior written notice to Grantor to require Grantor to pay to Beneficiary, on each of the monthly due dates of interest payments, as set forth in the Note, an amount equal to one-twelfth of the annual (a) impositions and (b) insurance premiums for such insurance as is required hereunder. Grantor shall also pay into such account such additional amounts, to be determined by Beneficiary from time to time, as will provide a sufficient fund, at least thirty days prior to the due dates of impositions and premiums, for payment of such tax. Amounts held hereunder by Beneficiary shall be non-interest bearing and held in trust. Beneficiary shall have the right to pay over the balance of such amounts then in its possession to the assignee and Beneficiary shall thereupon be completely released from all liability with respect to such amounts. Upon full payment of the Indebtedness, or, at the election of Beneficiary at any prior time, the balance of such amounts shall be paid over to Grantor and no other party shall have any right or claim therein. Amounts held by Beneficiary pursuant to this Section 7.18 shall (a) be made available to Grantor in sufficient time to allow Grantor to satisfy Grantor's obligations under the Security Documents to pay impositions and required insurance premiums, within the maximum discount period, where applicable and (b) not bear interest.

7.19 Lease Agreement. Grantor agrees not to terminate, amend, or modify any of the leases or subleases, or grant any concessions in connection therewith, or to accept a surrender thereof without the written consent of Beneficiary. Grantor agrees not to execute any future lease or leases or subleases pertaining to the Mortgaged Property without the prior written consent of Beneficiary, which shall not be unreasonably withheld.

IN WITNESS WHEREOF, Grantor has executed this Deed of Trust as of the date first above written.

Signed, sealed and delivered
in the presence of:

Edwin Phillips
John Stille

WITNESSETH

By: Michael S. Wray
Michael S. Wray, Authorized Partner

ACKNOWLEDGMENT

STATE OF OREGON)
) SS.
COUNTY OF CLATSOP)

On this 2nd day of June, A.D., 1947, before me, Robert L. Fidd, a notary public in and for the county and state aforesaid, personally appeared Michael S. Wray, known to me to be a partner of Wray Partnership, who executed the foregoing instrument on behalf of said partnership, and acknowledged the execution thereof to be the free and voluntary act and deed of said partnership, for the uses and purposes therein mentioned.

In witness whereof, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.



Robert L. Fidd

Notary Public in and for the State
of Oregon

My commission expires: 11/16/52

SCHEDULE A

Lot 4 in Block 5 of Tract 1080 Washington Park, according to the official plat thereof on file in the office of the County Clerk of Clatsop County, Oregon.

Unofficial
Copy

SCHEDULE 3

9689

Permitted Encumbrances

1. The premises herein described are within and subject to the statutory powers, including the power of assessment, of South Suburban Sanitary District.
2. Reservations and restrictions as contained in plat dedication.
3. Subject to a 10 foot building setback from Broadway Street as shown on dedicated plat.
4. Subject to a 25 foot building setback from Washington Way as shown on dedicated plat.
5. Reservations and restrictions, including the terms and provisions thereof, as contained in instrument recorded May 22, 1964 in Volume 986 at page 9083, Microfilm Records of Clatsop County, Oregon, wherein Washington Enterprises, Inc., an Oregon corporation, is grantor and W. C. Ranch, Inc., an Oregon corporation is grantee.
6. Right-of-way easement, including the terms and provisions thereof.
 Dated: None given
 Recorded: May 23, 1966
 Volume: 986, page 8913, Microfilm Records of Clatsop County, Oregon
 Grantor: W. C. Ranch, Inc., an Oregon corporation
 Grantee: Pacific Power and Light Company, a corporation
7. Right-of-way easement, including the terms and provisions thereof.
 Dated: October 27, 1966
 Recorded: November 4, 1966
 Volume: 986, page 19883, Microfilm Records of Clatsop County, Oregon
 Grantor: Harvest Ford
 Grantee: CP National Corporation
8. Underground Right-of-way easement, subject to the terms and provisions thereof.
 Dated: January 23, 1967
 Recorded: February 13, 1967
 Volume: 987, page 2530, Microfilm Records of Clatsop County, Oregon
 From: W. C. Ranch, Inc., an Oregon corporation
 To: Pacific Power & Light Company, a corporation

122779.4

STATE OF OREGON COUNTY OF CLATSOP

Filed for record a copy of Washington State Company by W. C. Ranch, Inc. on May 23, 1966 at Clatsop and duly recorded in Vol. 986 at Page 8913

Witness My Hand and Seal of Office this 23rd day of May 1966.

Notary Public for Oregon