

OREGON

K-40240

TRUST DEED
and
SECURITY AGREEMENT
and
ASSIGNMENT OF LEASES

GRANTOR : BROUGHTON AND HARRELL CORPORATION,
An Oregon Corporation

TRUSTEE : AMVESCO, INC. dba Western Pioneer Title Co.
of Lane County

BENEFICIARIES: ALBERT A. BROUGHTON, CONNIE L. BROUGHTON,
JAMES R. HARRELL AND LORETTA M. HARRELL

DATE : March 14, 1988

SECTION 1. DEFINITIONS.

As used herein, the following terms shall have the following meanings:

1.1 Covenant. The Covenant Not to Compete dated this day, given by Grantor to Beneficiaries, with the remaining balance of \$1 million, payable in accordance with the terms thereof.

1.2 Awards. All awards and payments made or hereafter to be made by any municipal, county, state, federal or other governmental body or any other entity having the power of eminent domain to Grantor, including any awards and payments for any taking of all or a portion of the Real Property, as a result of, or by agreement in anticipation of, the exercise of the right of condemnation or eminent domain.

1.3 Beneficiaries. Albert A. Broughton, Connie L. Broughton, James R. Harrell and Loretta M. Harrell, and their heirs, legal representatives and assigns, and the holders, from time to time of the Note.

1.4 Beneficiaries' Addresses:

Albert A. Broughton and
Connie L. Broughton
3586 Melrose Road
Roseburg, OR 97470

James R. Harrell and
Loretta M. Harrell
2418 Acorn Way
Medford, or 97504

descr ASAP fault. The happenings and occurrences
this Trust Deed.

there: Pom Q the extent of Grantor's interest
or us: KCTC or at any time hereafter attached to
connection with the operation, use or

occupation of the Real Property, including without limitation all machinery and equipment, furniture and furnishings, screens, awnings, storm windows and doors, window shades, floor coverings, shrubbery, plants, boilers, tanks, furnaces, radiators, all heating, lighting, plumbing, gas, electric, ventilation, refrigerating, air conditioning and incinerating equipment of whatever kind and nature, all of which fixtures and articles of personal property are hereby declared and shall be deemed to be fixtures and accessory to the fee and part of the Real Property as between the parties hereto, their heirs, legal representatives, successors and assigns and all persons claiming by, through or under them.

1.7 Grantor. Broughton & Harrell Corporation, and its successors and assigns.

1.8 Grantor's Address. 2722 N.E. Stephens Street, Roseburg, Oregon 97470.

1.9 Guaranty. The Guaranty, dated this date, made by Grantor to Beneficiaries, guaranteeing payment of the Note.

1.10 Improvements. All buildings and other improvements and all additions thereto and alterations thereof now, or at any time hereafter, located upon the Land or any part thereof.

1.11 Impositions. All real estate and personal property taxes and other taxes and assessments, water and sewer rates and charges, and other governmental charges and any interest or costs for penalties with respect thereto, and charges for any easement or agreement maintained for the benefit of the Real Property which at any time prior to or after the execution of this Trust Deed may be assessed, levied or imposed upon the real property, or the rent or income received therefrom, or any use or occupancy thereof, and any other taxes, assessments, fees and governmental charges levied, imposed or assessed upon or against Grantor or any of its properties.

1.12 Indebtedness. The principal and interest and all other amounts due under the Note, the Guaranty, the Covenant, including damages for breach thereof, and all other indebtedness of Grantor to Beneficiaries under the Security Documents.

1.13 Land. All of the parcels of real estate described in Schedule A attached hereto.

1.14 Leases. Any and all leases, subleases, licenses or grants of other possessory interests now or hereafter in force, oral or written, covering or affecting the Real Property, or any part thereof, together with all rights, powers, privileges, options and other benefits of Grantor thereunder.

1.15 Letter of Credit. The Letter(s) of Credit referred to in the Note and the Covenant, guarantying the payment of both, in accordance with the terms set out in such Letter(s) of Credit.

1.16 Note. The promissory note made by Abby's Holding, Inc., a Delaware Corporation (AHI), payable to Beneficiaries, dated this date, in the amount of \$6 Million, the final payment of which, if not sooner paid, is due twenty (20) years from the date hereof, as may be extended, renewed, modified or amended, and including any adjustments in interest, principal, and payment terms.

1.17 Obligations. Any and all of the covenants, promises and other obligations (other than the Indebtedness) made or owing by Grantor and others to or due to Beneficiaries under and as set forth in the Note, the Guaranty, the Covenant and the Security Documents, and any and all extensions, renewals, modifications and amendments thereof.

1.18 Permitted Encumbrances. The encumbrances described in Schedule B attached hereto.

1.19 Personalty. All furniture, furnishings, equipment, machinery, trade fixtures (other than the Fixtures and notwithstanding the inclusion of such items in the definition of Fixtures) owned by Grantor and now or at any time hereafter located in, upon or about the Land and the Improvements, together with all accessions thereto and replacements, substitutions and proceeds thereof.

1.20 Real Property. The Land, the Improvements, the Fixtures, the Vendee's Interest, the Leases and the Rents, together with:

1.20.1 All rights, privileges, permits, licenses, tenements, hereditaments, rights-of-way, easements, appendages and appurtenances of the land belonging or in any way appertaining thereto and all right, title and interest of Grantor in and to any streets, ways, alleys or strips adjoining the Land or any part thereof;

1.20.2 All the estate, right, title, interest, claim or demand whatsoever of Grantor, either at law or in equity, in and to the Land, the Improvements, the Fixtures, the Vendee's Interest, the Leases and the Rents; and

1.20.3 All the estate, right, title, interest, claim or demand whatsoever of Grantor, either at law or in equity, in and to the Awards, or payments with respect to casualties.

1.21 Rents. All of the rents, revenues, income, profits, deposits, tenders and other benefits payable under any Leases or otherwise arising from the use and enjoyment of all or any portion of the Real Property.

1.22 Security Agreement. The security agreement contained in this Trust Deed wherein Grantor grants a security interest in the Personalty and the Fixtures to Beneficiaries.

1.23 Security Documents. The following:

1.23.1 This Trust Deed and Security Agreement and Assignment of Leases;

1.23.2 The Deed of Trust and Security Agreement and Assignment of Leases dated this date, from Grantor to the Trustee specified therein, in trust for the benefit of Beneficiaries, covering property situated in Douglas County, Washington, partially securing the Guaranty, the Note, the Covenant and the Obligations;

1.23.3 The security agreement dated this date from Grantor to Beneficiaries covering partnership interests, franchise agreements and proprietary rights, partially securing the Guaranty, the Note, the Covenant and the Obligations.

1.23.4 The Stock Pledge Agreement dated this date between AHI and Beneficiaries, covering the common stock of Guarantor, partially securing the Note, AHI's guaranty of the Covenant and the Obligations.

1.23.5 All other trust deeds, deeds of trust and other security agreements given by Grantor to or in favor of Beneficiaries, securing the indebtedness or Obligations.

1.24 Trustee. The entity named as such in the preamble of this Trust Deed, and its successors and assigns, and any successor trustee appointed by Beneficiaries.

1.25 Vendee's Interest. The vendee's interest in the land sale contracts for purchase of certain parcels of the Land, more particularly identified on Schedule C, attached hereto.

SECTION 2. GRANT.

2.1 Grant. To secure the Guaranty and payment of the Indebtedness, and performance and discharge of the Obligations, Grantor hereby grants, bargains, sells and conveys to Trustee, in trust for Beneficiaries, with power of sale, the Real Property, subject to the Permitted Encumbrances and

restrictions, reservations, covenants and easements of record. This grant and conveyance in trust shall also constitute an assignment of the Vendee's Interest for security purposes.

2.2 Counterparts. This Trust Deed is executed this date in several counterparts, for convenience in recording in the counties in which the Land is situated, and may, at Beneficiaries' option, upon the occurrence of an Event of Default, be foreclosed as a single Trust Deed and assignment of Vendee's Interest in any county in which one or more parcels of the Land is situated.

2.3 Reconveyance. When the Indebtedness is paid in full as and when the same becomes due and the Obligations are fully performed, observed and discharged, then the Security Documents and the estate and rights granted by Grantor shall terminate and shall be released and reconveyed by Beneficiaries, at the cost and expense of Grantor.

SECTION 3. SECURITY INTEREST AND ASSIGNMENT OF LEASES AND RENTS.

3.1 Security Agreement. This Trust Deed shall constitute a "security agreement" within the meaning of, and shall create a security interest under, the Oregon Uniform Commercial Code, in the Personalty, the Fixtures and the Leases and Rents. As to the Personalty and the Fixtures, the grant, transfer and assignment provisions of this Section 3 shall control over the grant and trust provisions of Section 2 of this Trust Deed.

3.2 Security Interest Granted. Grantor hereby grants to Beneficiaries a security interest in the Personalty, the Fixtures and the Leases and Rents, and Beneficiaries shall have all the rights with respect thereto afforded to it by the Oregon Uniform Commercial Code, in addition to, but not in limitation of, the other rights afforded Beneficiaries by the Security Documents.

3.3 Financing Statements. Grantor agrees to and shall execute and deliver to Beneficiaries in a form satisfactory to Beneficiaries, such financing statements and other further assurances as Beneficiaries may, from time to time, consider reasonably necessary to create, perfect and preserve Beneficiaries' security interest in the Personalty, the Fixtures and the Leases and Rents. Beneficiaries, at the expense of Grantor, may or shall cause such statements and assurances to be recorded and re-recorded, filed and refiled, at such times and places as may be required or permitted by law to so create, perfect and preserve such liens.

3.4 Assignment of Leases and Rents. To further secure the Guaranty, the Note, the Covenant, and payment of the Indebtedness and the observance, performance and discharge of the Obligations, Grantor hereby absolutely and irrevocably

assigns and transfers to Beneficiaries, all of Grantor's right, title and interest in and under the Leases and in the Rents, subject only to the Permitted Encumbrances. Grantor hereby appoints Beneficiaries, its true and lawful attorneys-in-fact, with the right, at Beneficiaries' option at any time, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, either in Grantor's or Beneficiaries' name, for all Rents. Notwithstanding this Assignment of Leases and Rents, as long as no Event of Default has occurred, Grantor shall have the right to collect, retain and enjoy all rents. This Assignment shall not be deemed or construed to constitute Beneficiaries or Trustee as a mortgagee in possession nor obligate Beneficiaries or Trustee to take any action or to incur any expense or perform or discharge any obligation, duty or liability.

SECTION 4. COVENANTS.

Until the entire Indebtedness has been paid in full, Grantor covenants and agrees as follows:

4.1 Compliance With Laws. Grantor will promptly and faithfully comply with, conform to and obey all present and future laws, ordinances, rules, regulations and requirements of every duly constituted governmental authority or agency and of every Board of Fire Underwriters having jurisdiction, or similar body exercising similar functions, which may be applicable to it or to the Real Property, or any part thereof, or to the use or manner of use, occupancy, possession, operation, maintenance, alteration, repair or reconstruction of the Real Property, or any part thereof, whether or not such law, ordinance, rule, order, regulation or requirement necessitates structural changes or improvements or interferes with the use or enjoyment of the Real Property.

4.2 Payment of Impositions. Grantor will duly pay and discharge, or cause to be paid and discharged, the Impositions. Installments thereof shall be paid prior to the day before any fine, penalty, interest or cost may be added thereto or imposed by law for the non-payment thereof.

4.3 Repair. Grantor will keep the Real Property and Personalty in good order and condition and make all necessary or appropriate repairs, replacements and renewals thereof, and will use its best efforts to prevent any act or thing which might impair the value or usefulness of the Real Property. Grantor shall not make any alterations or additions to the Improvements or remove any of the Improvements if such alterations, additions or removal would impair the value of the Real Property.

4.4 Disposition of Personalty and Fixtures. The Company shall not sell, exchange, lease or otherwise dispose of all or

substantially all of the Personalty or Fixtures or suffer or permit any lien, levy or attachment thereon or security interest therein or financing statement to be filed with reference thereto, superior in right to that of Sellers. This restriction shall not be construed to prevent the Company from selling or otherwise disposing of items of the Personalty or Fixtures in anticipation of replacement thereof. The Company may grant purchase money security interests in the replacement items. Proceeds of items of the Personalty or Fixtures sold and not replaced within thirty days of such sale shall be paid to Sellers and applied in the matter provided in Section 8.

4.5 Insurance Required. Grantor shall obtain and continuously maintain throughout the term of this Trust Deed insurance upon the Improvements, Fixtures and Personalty against loss by fire and other casualties as are normally and usually covered by special extended coverage or "all-risk" policies in effect in the locality where the Land is situated and such other risks as may be reasonably specified by Beneficiaries, from time to time, in amounts and with insurers acceptable to Beneficiaries, but not less than the replacement value of the Improvements, Fixtures and Personalty. Such policy or policies of insurance shall name Beneficiaries as additional insureds, and shall require at least thirty (30) days' notice to Beneficiaries before cancellation, expiration or material change. Each policy required by these provisions shall contain an "agreed amount endorsement" or similar provision that will prevent loss of coverage or reduction in proceeds due to the operation of a co-insurance or contribution clause. For purposes of these provisions, replacement value shall be equal to the cost of replacing the Improvements, Fixtures and Personalty. Grantor shall provide Beneficiaries with a copy of all insurance policies required by these provisions, or certificates thereof, satisfactory to Beneficiaries and shall, from time to time, upon request by Beneficiaries, furnish a statement of Grantor of the amounts of insurance maintained in compliance with these provisions, the risks covered by such insurance, the insurance company or companies which carry such insurance and evidence that the premiums thereon have been paid.

4.6 Restoration Following Casualty. In the event of any casualty resulting in damage to or loss or destruction of the Improvements, Fixtures or Personalty, Grantor shall give prompt notice thereof to Beneficiaries, and Grantor shall promptly restore, repair or replace the damaged, lost or destroyed property to a value and condition that is equal to or better than the value and condition existing immediately prior to such damage, loss or destruction.

4.7 Application of Insurance Proceeds. If at the time of damage to or loss or destruction of the Improvements, Fixtures or Personalty, for which proceeds are payable under Grantor's insurance policies, an Event of Default has occurred

and is continuing or an event as occurred and is continuing which with the passage of time or the giving of notice would constitute an Event of Default, then all insurance proceeds shall be applied in the same manner specified in Section 7.2 below. Otherwise, the proceeds may be used by Grantor for repair, replacement or restoration of damaged, lost or destroyed Improvements, Fixtures or Personalty for which the proceeds have been paid or are payable. Beneficiaries may require the proceeds to be deposited or held in such a manner as to reasonably insure their application by Grantor for restoration, repair or replacement.

4.8 Lease Agreements. Grantor will promptly perform all covenants and agreements under any Leases and any other agreements to which it is a party with respect to the Real Property or any part thereof, and will use its best efforts to enforce and secure the performance of each and every obligation and undertaking of any and all Leases. Grantor shall exercise sound business judgment with respect to the above or the execution or any terminations, modifications or extensions of any Leases.

4.9 Payment of Rents. Grantor agrees that the lessees under any Lease, upon notice from Beneficiaries of an Event of Default, shall thereafter pay to Beneficiaries the Rents due and to become due under any Lease without any obligation to determine whether or not an Event of Default does in fact exist. Until the occurrence of an Event of Default, Grantor shall be entitled to collect Rents as and when they become due and payable, but not more than three months in advance.

4.10 Inspection. Beneficiaries shall have the right, individually or through agent(s), at all reasonable times, upon giving not less than 24 hours prior notice, to inspect the Real Property and Personalty.

4.11 Indemnification. Grantor will defend (or pay the expenses of Beneficiaries to defend, at Beneficiaries' option), indemnify and hold Beneficiaries harmless from any action, claim, proceeding or liability affecting, arising out of or in any way relating to the Real Property or Personalty or Grantor's use thereof, or any action or proceeding purporting to affect the security of this Trust Deed or the rights or powers of Beneficiaries hereunder. Grantor's obligations hereunder shall survive the termination of this Trust Deed.

4.12 Books and Records. Grantor will maintain full and complete books of account and other records (not less than accurately and completely than similar records were maintained by Beneficiaries) relating to the Real Property and Personalty, and shall furnish or cause to be furnished to Beneficiaries such financial data and other information, including, without limitation, copies of any Leases, as Beneficiaries may, from time to time, reasonably request. Beneficiaries shall have the

right, at reasonable times and upon reasonable advance notice, to examine and make copies of Grantor's records and books of account which pertain to the Real Property and Personalty.

4.13 Awards. Grantor will file and prosecute its claim or claims for any Awards in good faith and with due diligence and cause the same to be collected and paid over to Beneficiaries to the extent permitted pursuant to Section 7.

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

4.15 Construction Liens. Grantor shall not permit or suffer any construction or similar lien on any of the Real Property, except as such liens may be filed in the normal course by contractors, materialmen and the like. Grantor shall remove or cause the removal of all such liens by payment of amounts due on account thereof. If Grantor desires to contest any such lien, immediately upon the commencement of any litigation concerning the same, Grantor may contest the lien by posting a bond necessary for its removal.

4.16 Representation and Warranties of Grantor. Grantor hereby represents and warrants to Beneficiaries as follows:

4.16.1 Grantor has the right to grant this Trust Deed and Security Agreement and to assign the Leases and Rents to Beneficiaries.

4.16.2 The Real Property is being used for commercial or investment purposes.

4.17 Junior Liens. Nothing herein shall prohibit encumbrances as security for obligations of the Company on the Real Property which are junior to the liens granted herein.

SECTION 5. EVENTS OF DEFAULT.

The following shall be Events of Default:

5.1 Failure of AHI or Grantor to make any payment of principal or interest when due under the Note and such failure continues for five (5) days after notice of such failure is given to AHI.

5.2 Failure of Grantor or AHI to make any payment when due under the Covenant and such failure continues for five (5) days after notice of such failure is given to Grantor.

5.3 Failure of AHI or Grantor to pay any of the Indebtedness, other than as specified in 5.1 and 5.2 above, when due and such failure continues for five (5) days (or such longer period that may be available pursuant to the Security Documents) after notice of such failure is given to AHI and Grantor.

5.4 Failure of AHI or Grantor to secure renewal of any Letter of Credit prior to twenty (20) days before its expiration.

5.5 Upon the occurrence of an Event of Default in the Stock Pledge Agreement, dated this date, between AHI, as pledgor, and Grantor, as pledgee.

5.6 Failure of Grantor or AHI to observe or perform any of the Obligations, other than as specified in 5.1 through 5.5 above, and such failure continues for a period of thirty (30) days after notice thereof is given to Grantor, unless such failure, if cureable, requires work to be performed acts to be done, or conditions to be remedied which by their nature cannot be performed, done or remedied, as the case may be, within such 30-day period, and Grantor commences to cure such failure promptly and within such 30-day period and thereafter diligently and continuously processes the same to completion, but in no event shall the period for cure in such case exceed 90 days unless otherwise agreed by Beneficiaries.

5.7 Upon the occurrence of a default, uncured after 30 days, in any Permitted Encumbrance.

5.8 Insolvency of Grantor; abandonment of the real property, or any parcel or portion thereof; except as permitted by the Security Documents, disposition by Grantor of any substantial portion of its assets or property; assignment by Grantor for the benefit of creditors; the filing by Grantor of a voluntary petition in bankruptcy or an adjudication that Grantor is bankrupt, or the appointment of a receiver for the property of Grantor; or the filing of an involuntary petition in bankruptcy and the failure of Grantor to secure the dismissal of the petition within 60 days after filing.

5.9 Material falsity or misrepresentation in any warranty or representation made by the Grantor, as of the date when made, in, under or pursuant to the Note, the Covenant, the Security Documents, or AHI's Guaranty, and such falsity or misrepresentation is not cured by the Company or AHI within 30 days after notice of such falsity or misrepresentation is given by Beneficiaries.

5.10 Upon the sale of any of the Real Property, or any portion thereof, or any interest therein, whether by deed, conveyance, contract, or assignment of a Vendee's Interest, or otherwise, or in the event Grantor encumbers or suffers an

encumbrance superior to the lien granted herein of any of the Real Property, without payment of the applicable release amount specified in Section 8 below.

5.11 Any act or failure to act that causes dissolution of Grantor under applicable state laws.

SECTION 6. REMEDIES.

Upon the occurrence of an Event of Default, Beneficiaries may, at their option, by or through Trustee, or otherwise, exercise any one or more of the following remedies:

6.1 Acceleration. Declare the unpaid portion of the Indebtedness to be immediately due and payable.

6.2 Foreclosure. Foreclose this Trust Deed, either in equity as a mortgage in the manner provided by law for mortgage foreclosures, or non-judicially by directing the Trustee to foreclose this Trust Deed by advertisement and sale in the manner provided by law.

6.3 UCC Remedies. To exercise any and all remedies available to Beneficiaries under the Oregon Uniform Commercial Code with respect to the Security Agreement.

6.4 Receiver. Beneficiaries shall be entitled, as a matter of right, without notice and ex parte, and without regard to the value or occupancy of the security, or the solvency of Grantor or the adequacy of the Real Property as security for the Guaranty and Covenant, to have a receiver appointed to enter upon and take possession of the Real Property, collect the Rents therefrom, and apply the same as the court may direct. Any receiver appointed may serve without bond. Beneficiaries shall not be disqualified to serve as receiver. The receiver may take possession of, and for these purposes use, any and all Personalty. The expense of the receivership (including counsel fees and other costs) shall be secured by this Trust Deed.

6.4 Remedies Cumulative and Concurrent. The rights and remedies of Beneficiaries as provided in the Note, Guaranty, Covenant, this Trust Deed and in the other Security Documents, shall be cumulative and concurrent and may be pursued separately, successively, or together against Grantor or against other obligors, or against the Real Property, or any one or more of them, at the sole discretion of Beneficiaries, and may be exercised as often as occasion therefore shall arise.

6.5 Non-Waiver. The election of Beneficiaries not to exercise any option or remedy which they may have under this Trust Deed with respect to any Event of Default shall not be deemed a waiver of Beneficiaries' right to exercise such rights

or options as to any proceeding or subsequent Event of Default, nor shall it be deemed a waiver with respect to that Event of Default or any other remedy available to Beneficiaries under this Trust Deed, the other Security Documents or applicable law.

SECTION 7. CONDEMNATION.

7.1 Condemnation. Grantor hereby assigns to Beneficiaries all rights of Grantor to any Award or payment in respect to the following:

7.1.1 Any taking of all or more than 50% of the Real Property as a result of, or by agreement and anticipation of, the exercise of the right of eminent domain;

7.1.2 Any such taking (all or more than 50%) of any appurtenances to the Real Property or of any areas or projections outside the boundaries of the Land, or rights in, under or above the alleys, streets or avenues adjoining the Land, or rights and benefits of light, air, view or access to such alleys, streets or avenues or for the taking of space or rights therein, below the level of, or above the Land; and

7.1.3 Any damage to all or more than 50% of the Real Property or any part thereof due to governmental action, not resulting in a taking of any portion of the Real Property, such as, without limitation, the changing of the grade of any street adjacent to the Land.

Grantor hereby agrees to file and prosecute its 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 Beneficiaries, and hereby irrevocably authorizes and empowers Beneficiaries, 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.

7.2 Application of Proceeds. All proceeds received by Beneficiaries with respect to a taking pursuant to Section 7.1 shall be applied as follows, in the order of priority indicated:

7.2.1 To reimburse Beneficiaries for all costs and expenses, including reasonable attorney fees incurred in connection with collecting the proceeds;

7.2.2 To Grantor for the purpose of and to the extent necessary for repair or restoration of Land and/or Improvements damaged by the taking, to the extent the Award includes sums for such damage.

7.2.3 To the prepayment of the Covenant;

7.2.4 To the payment of accrued and unpaid interest on the Note;

7.2.5 To the prepayment of unpaid principal of the Note; and

7.2.6 To the payment of the balance of the Indebtedness.

The balance, if any, will be paid to Grantor.

7.3 Application of Award Proceeds If Less than 50% Taking. If at the time of any Award, and Event of Default has occurred and is continuing or an event has occurred and is continuing which with the passage of time or the giving of a notice would constitute an Event of Default, then all Award proceeds shall be applied in the same manner as specified in Section 7.2 above. Otherwise, the proceeds may be used by Grantor for repair, replacement or restoration of the Real Property consistent with rebuilding, to the extent possible, the Real Property. Beneficiaries may require the Award proceeds to be deposited or held in such a manner as to reasonably insure their application by Grantor for such uses.

SECTION 8. RELEASE OF REAL PROPERTY.

Beneficiaries shall release the lien of this Trust Deed with respect to the Real Property comprising the properties described on Schedule A upon the payment to Beneficiaries of an amount equal to 125% of the agreed values set forth on Schedule D. The release shall be accomplished by a reconveyance of this Trust Deed and a partial termination of any applicable financing statements pertaining to the Real Property to be released, upon request by Grantor accompanied by a tender of the release amount. The release amount shall be applied as follows, in the order of priority indicated:

8.1 To the prepayment of the Covenant;

8.2 To the payment of accrued and unpaid interest on the Note;

8.3 To the prepayment of unpaid principal on the Note;

8.4 To the payment of the balance of the Indebtedness.

SECTION 9. MISCELLANEOUS.

9.1 Beneficiaries' Right to Act. Upon an Event of Default, Beneficiaries may, at their option and without waiver

of the default, perform the same on behalf of Grantor. Expenditures made or charges incurred by Beneficiaries for the foregoing purposes shall be paid by Grantor to Beneficiaries immediately upon demand and shall be secured by this Trust Deed. Any such expenditures made or charges incurred by Beneficiaries which are not immediately repaid shall bear interest at the rate specified in the Note, from the date paid or incurred by Beneficiaries until repaid. Beneficiaries may at their option bring an action to collect all or any part of such expenditures without foreclosing this Trust Deed and without affecting their right to foreclose judicially or non-judicially at any future time. Beneficiaries shall not be required to inquire into the validity of any lien, encumbrance or claim in advancing monies as authorized by this subsection. Nothing herein shall require Beneficiaries to advance monies for any purpose or to do any other act, and Beneficiaries shall not incur any personal liability because of their action or inaction under this subsection.

9.2 Attorney Fees and Costs.

(a) The Grantor agrees to pay all costs and reasonable attorneys' fees incurred by the Beneficiaries in the following circumstances:

1. In the Event of a Default if there is no litigation.

2. In the Event of a Default if litigation is instituted and the Beneficiaries are the prevailing parties in such litigation, including appeals, upon final judgment.

(b) The Beneficiaries agree to pay all costs and reasonable attorneys' fees and costs incurred by the Grantor in the following circumstances:

1. If Beneficiaries default on any obligation under this Trust Deed if there is no litigation.

2. In the event litigation is instituted with respect to this Trust Deed and the Grantor is the prevailing party in such litigation, including appeals, upon final judgment.

(c) Recovery of attorneys' fees under this Trust Deed shall not prevent any party from seeking attorneys' fees under any other agreement between the parties.

9.3 Successor Trustee. For any reason permitted by law, Beneficiaries may, from time to time, appoint a successor to Trustee or any successor trustee. Upon such appointment and

without conveyance to the successor trustee, the latter shall be vested with all title, powers and duties conferred upon Trustee herein. Each such appointment and substitution shall be made by written instrument executed by Beneficiaries, containing reference to this Trust Deed, and its placing of record shall be conclusive proof of proper appointment of the successor trustee.

9.4 Applicable Law. Except for deeds of trust covering property in the state of Washington, the Security Documents shall be governed by and construed according to the laws of the state of Oregon. Deeds of trust covering Washington property shall be governed by the laws of the state of Washington.

9.5 Severability. In case any one or more of the Obligations shall be invalid, illegal or unenforceable in any respect, the validity of the Note, Guaranty, Covenant, Security Documents and remaining Obligations shall be in no way affected, prejudiced or disturbed thereby.

9.6 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 asserted.

9.7 Notices. Whenever any notice is required by the terms of this Trust Deed, the Security Documents, or by any law, such notice shall be deemed given when personally delivered, or five days after deposit in the United States mail, postage fully prepaid, certified, return receipt requested, addressed to the parties at the addresses specified in Section 1 of this Trust Deed, or such other address as either party may specify by notice given in accordance with this subsection. A copy of any notice to Grantor or AHI shall be mailed to Gaston and Snow, Attention: Robertson C. Jones, 4722 N. 24th Street, Suite 400, Phoenix, AZ 85016.

9.8 Offset. The off-set provisions of Section 6.5 and 6.6, the Stock Purchase Agreement dated December 31, 1987, between Beneficiaries, as sellers, and AHI, as buyer, shall be applicable to the exercise of Beneficiaries' rights and remedies under this Trust Deed.

BROUGHTON AND HARRELL CORPORATION

By: 

Title: Vice President

By: 

Title: Treasurer

State of Arizona)
)ss.
County of Maricopa)

The instrument was acknowledged before me on March 14,
1988, by Robert A. Burk and S. Nels Snelapi as Vice President
and Treasurer, respectively, of Broughton and Harrell
Corporation.

Dorise A. Nash

Notary Public for Arizona
My Commission Expires:
December 2, 1990



0509D
53003-0706

**SCHEDULE A
LEGAL DESCRIPTION**

3719

**DOUGLAS COUNTY:
Property**

1. 590 N.E. Brooklyn
Roseburg, Oregon

Lots three (3) and four (4), Block six (6), THOMAS SUBDIVISION,
Douglas County, Oregon.

2. 1511 N.W. Pacific Hwy.
Myrtle Creek, Oregon

A parcel of land in Section 28, Township 29 South, Range 5 West,
W.M., Douglas County, Oregon, being more particularly described
as follows:

BEGINNING at a 5/8 inch iron rod with plastic cap which bears
South 89° 39' 30" East 97.48 feet from the Southwest corner of
the Lazarus Wright D. L. C. No. 45, Douglas County, Oregon;
thence South 89° 39' 30" East 345.00 feet to a 5/8" iron rod
with plastic cap on the Westerly right of way line of Old
Pacific Highway No. 99; thence South 15° 02' East 125.00 feet
along said right of way to a 5/8" iron rod with plastic cap;
thence leaving said right of way North 89° 39' 30" West 345.00
feet to a 5/8" iron rod with plastic cap; thence North 15° 02'
West 125.00 feet to the point of beginning.

3. 2585 Diamond Lake Blvd
Roseburg, Oregon

PARCEL A:

Beginning at a point on the North line of Lot 21, First
Brookside Addition to the City of Roseburg, Douglas County,
Oregon, said point being 80 feet West of the Northeast corner of
said Lot; thence South 110 feet; thence West 118 feet to a point
on the East line of the lands conveyed to H. W. Sanders and
wife, as recorded in Volume 130, Page 214, Deed Records of
Douglas County, Oregon; thence North 110 feet to a point on the
North line of said lot which is 118 feet West of the point of
beginning; thence East 118 feet to the place of beginning,
excepting therefrom that portion included in the lands conveyed
to the State of Oregon for road purposes as described in Volume
147, Page 97, Deed Records of Douglas County, Oregon. Excepting
that portion taken for widening of Diamond Lake Boulevard.

3720

3. 2585 Diamond Lake Blvd (continued)
Roseburg, Oregon

PARCEL B:

Beginning at a 1/2 inch iron pin on the East line of Lot 21, First Brookside Addition, Douglas County, Oregon, located South corner of said Lot 21 and on the South right of way line 40.0 feet distant, Southerly at right angles from Engineer's Station 56+06.7 on the centerline of the North Umpqua Highway; thence South along said East line of Lot 21, a distance of 96.0 feet to a 1/2 inch iron pin; thence West a distance of 80.0 feet to a 1/2 inch iron pin; thence North a distance of 95.8 feet to a 1/2 inch iron pin on said South right of way line; thence South 89° 59' 30" East along said South right of way line, a distance of 80.0 feet to the point of beginning. Except that portion conveyed to the City of Roseburg in Instrument No. 68-7198, records of Douglas County, Oregon.

PARCEL C:

Beginning at a point which bears South 110.0 feet from the Northeast corner of Lot 21, First Brookside Addition to Roseburg, Douglas County, Oregon, which point is on the East boundary of said Lot 21; thence South 101.32 feet along the East boundary of said Lot 21; thence West 198.0 feet; thence North 101.32 feet; thence East 198.0 feet to the point of beginning, all situated in Lot 21, First Brookside Addition to Roseburg, Douglas County, Oregon.

4. 2520 W.E. Stephens
Roseburg, Oregon

A parcel of land lying in the Northeast quarter of Section 12, Township 27 South, Range 6 West, W. M., Douglas County, Oregon, and in Lot 38, Edenbower Orchard Tracts, Douglas County, Oregon, described as follows:

Beginning at a 5/8 inch iron rod set on the West right of way line of the Old Pacific Highway, which is North 3° 42' West 898.0 feet and North 0° 03' West, along the Old Pacific Highway right of way line, 657.1 feet from the Southwest corner of the Daniel P. Barnes D. L. C. No. 39, said Township and Range, at the Southeast corner of lands described in Volume 221, Page 614, Deed Records of Douglas County, Oregon; thence West 125.0 feet to a 5/8" iron rod; thence South 0° 03' East 50.0 feet to a point; thence West 109.4 feet to a point; thence North 5° 19' East 100.44 feet to a 3/4 inch iron pipe; thence East 225.0 feet to a 1 inch steel axle set in the West right of way line of the Old Pacific Highway; thence along said West right of way line, South 0° 03' East 50.0 feet to the place of beginning.

3721

5. 96 S.W. Douglas Blvd
Winston, Oregon

PARCEL A:

BEGINNING at a point on the South right of way line of State Highway 42, said point of beginning bears North 68° 25' East 180.9 feet and South 30.66 chains and East 39.41 feet from the Southwest corner of Section 16, Township 28 South, Range 6 West W. M.; thence leaving said Highway 42 and running South 2° 04' East 233.7 feet; thence South 89° 17' East 180.7 feet to a point on the West right of way line of U. S. Highway 99; thence North 14° 17' East 128.9 feet along said Highway 99; thence leaving said Highway 99 and running North 59° 17' West 100.0 feet; thence North 18° 09' West 104.0 feet to a point on said State Highway 42; thence South 75° 53' West 26.2 feet and South 68° 25' West 86.6 feet along said State Highway 42 to the point of beginning, all being in Douglas County, Oregon.

EXCEPTING THEREFROM that portion described as follows:

BEGINNING at a 3/4" iron pipe on the North side of a 50 foot wide road Easement, said point of beginning bears East 39.41 chains and South 30.66 chains and South 0° 04' West 164.7 feet and South 89° 17' East 232.5 feet from the Southwest corner of Section 16, Township 28 South, Range 6 West, W. M., Douglas County, Oregon; thence running South 89° 37' East 125.0 feet along said road Easement to its intersection with the Westerly right of way line of U.S. Highway 99; thence North 14° 17' East 128.0 feet along the said Highway right of way to its intersection with the Southerly line of that tract of land more fully described in Volume 314, Page 411, Deed Records of the Clerk of Douglas County; thence leaving said highway and running North 60° 16' West 100.8 feet along the said tract of land to the Southwest corner of said tract; thence South 61° 40' West 81.0 feet; thence South 1° 00' East 135.0 feet to the point of beginning, all being situated in the City of Winston in Section 21 of said Township 28 South, Range 6 West of the W. M., Douglas County, Oregon. **ALSO EXCEPTING THEREFROM** that portion as conveyed to the State of Oregon, by and through its State Highway Commission, by Deed recorded August 2, 1972, in Book 499, records of Douglas County, Oregon, Recorder's No. 72-11031.

6. 1661 N.E. Stephens
Roseburg, OR

PARCEL A

The North half of Lots ten (10), eleven (11), twelve (12) and thirteen (13) in Block five (5), **THOMAS' SUBDIVISION OF FRUITVALE**, Douglas County, Oregon, together with that part of vacated William Street that inured thereto on vacation thereof. **EXCEPT** that portion conveyed to the State of Oregon by Deed recorded in Book 749, Page 457, records of Douglas County, Oregon, Recorder's No. 80-4136.

3722

6. 1661 W.B. Stephens (continued)
Roseburg, OR

PARCEL B:
The South half of Lots 10, 11, 12 and 13, Block 5, THOMAS SUBDIVISION, Douglas County, Oregon, together with that part of vacated William Street that inured thereto on vacation thereof. EXCEPT that portion conveyed to the State of Oregon by Deed recorded in Book 749, Page 457, records of Douglas County, Oregon, Recorder's No. 80-4136.

PARCEL C:
Lots five (5) and six (6), Block five (5), Thomas Subdivision of Lot 13, Fruitvale, Section 13, Township 27 South, Range 6 West, W. M., Douglas County, Oregon. ALSO beginning at the Southeast corner of Lot 5, Block 5, Thomas Subdivision of Fruitvale, running thence South 12.5 feet South on the East line of Lot 4, in the same block and addition; thence West on a parallel line with the South line of said Lot 5, 100 feet to the West boundary line of Lot 3, in the same block and addition, to a point 12.5 feet South of said lot 5; thence North 12.5 feet to the South line of said Lot 5; thence East to the place of beginning, being a strip of land 12.5 feet wide off the North end of Lot 3 and 4, Thomas Addition to Fruitvale. ALSO, that part of vacated William Street that inured thereto on vacation thereof.

PARCEL D:
Lots 7, 8, 9, 14, 15 and 16 of Block 5, THOMAS SUBDIVISION OF FRUITVALE ADDITION to the City of Roseburg, Douglas County, Oregon. Together with the part of vacated William Street that inured thereto on vacation thereof. EXCEPT that portion conveyed to the State of Oregon by Deed recorded in Book 749, Page 457, records of Douglas County, Oregon, Recorder's No. 80-4136.

PARCEL E:
Lots seventeen (17) and eighteen (18) and Also beginning at a 1/2" iron pipe on the Easterly right of way line of the Pacific Highway (U.S. 99) from which the Southwest corner of Block 5, THOMAS SUBDIVISION OF FRUITVALE bears South 2° 45' West 89.67 feet; thence South 89° 23' East 95.27 feet to a 7/8" iron rod on the East line of Lot 2, Block 5, Thomas Subdivision; thence North 0° 05' West 10.0 feet to a 3/4" iron rod on the North line of said Lot 2; thence North 89° 28' West 95.55 feet along the Northerly line of Lots 1 and 2 to a point on the Easterly right of way of said U.S. Highway 99; thence along a 686.28 foot radius curve left, the chord of which bears South 1° 42' East 10.0 feet to the point of beginning.

3723

6. 1661 N.E. Stephens (continued)
Roseburg, OR

All lying in Block 5, THOMAS SUBDIVISION of Lot 13, FRUITVALE, according to the official plat on file and of record in the office of the County Clerk, Douglas County, Oregon.
EXCEPT that portion conveyed to the State of Oregon by Deed recorded in Book 749, Page 457, records of Douglas County, Oregon, Recorder's No. 80-4136.

7. 2722/2724 N.E. Stephens
Roseburg, Oregon

Beginning at a point on the West right of way line of the Pacific Highway No. 99, Business Route, which is North 0° 03' West 610.0 feet from an iron pipe or a point which is South 0° 34' West 2720.4 feet from the North corner of Lot 38, Edenbower Orchard Tracts, Douglas County, Oregon; thence North 0° 03' West 150.0 feet along the West right of way line of said highway; thence South 88° 58' West 154.2 feet to the Easterly right of way line of the Southern Pacific Railroad; thence South 5° 19' West 150.0 feet along said railroad right of way line; thence North 89° 16' East 165.5 feet to the point of beginning, in Lot 38, Edenbower Orchard Tracts, Douglas County, Oregon.

JACKSON COUNTY
Property

8. 121 Pine Street
Rogue River, OR

PARCEL A:
Commencing at a point on the East line of Section 16, Township 36 South, Range 4 West, Willamette Meridian, Jackson County, Oregon, 35 rods North of the Southeast corner of said section; thence West, 336 feet; thence North 64 feet; thence East, 336 feet; thence South, 64 feet, to the point of beginning.

EXCEPTING THEREFROM the West one-half as heretofore conveyed by Warranty Deed recorded July 3, 1978, as Document No. 78-14884, Official Records of Jackson County, Oregon.

PARCEL B:
All of Lots 15 and 23, and the North half of Lots 16 and 22, Block 2, BERGLAND ADDITION, to the City of Rogue River, Jackson County, Oregon.

3724

9. 1080 E. Riverside
Medford, OR

Commencing at the Southeast corner of Donation Land Claim No. 44 in township 37 South, Range 1 West of the Willamette Meridian, Jackson County, Oregon; thence North 89° 58' West 735.70 feet along the South line of said Claim to an intersection of the Westerly boundary of the Pacific Highway; thence North 26° 29' West along said Highway boundary 1078.5 feet to a 1" pipe for the true point of beginning; thence continue North 26° 29' West along said Highway boundary, 43.34 feet to the South boundary of Melrose Avenue-Barnett Road extension; thence along said boundary line, South 89° 37' 40" West 183.99 feet; thence South 0° 22' 20" West 22.56 feet; thence South 35° 07' 30" East 135.75 feet; thence North 63° 33' 00" East 154.74 feet to the Westerly boundary of the Pacific Highway; thence North 26° 29' West along said Highway boundary 30.0 feet to the true point of beginning.

JOSEPHINE COUNTY
Properties

10. 205 Beacon Drive
Grants Pass, OR

PARCEL A:

Beginning at the intersection of the Southerly right of way line of Northeast "E" Street with the West line of Section 16, Township 36 South, Range 5 West of the Willamette Meridian, Josephine County, Oregon; said intersection being North 0° 55' 23" West of and 1301.95 feet distant from the Southwest Corner of said Section 16; thence South 86° 14' 06" East along said Southerly right of way line, 16.55 feet to the true point of beginning; thence continue South 86° 14' 06" East along said right of way line 210.71 feet to a 5/8 inch diameter iron rod; thence South 0° 55' 23" East, parallel to the West line of said Section 16, 200.00 feet to a 5/8 inch diameter iron rod; thence North 86° 14' 06" West, parallel to the Southerly right of way line of Northeast "E" Street, 210.71 feet to established Easterly right of way line of McLearn Road; thence North 0° 55' 23" West along said Easterly right of way line, 200.00 feet to the true point of beginning, LESS AND EXCEPT the West 10.0 feet thereof.

3725

10. 205 Beacon Drive (continued)
Grants Pass, OR

PARCEL B:

Beginning at the intersection of the Southerly right of way line of Northeast "E" Street with the West line of Section 16, Township 36 South, Range 5 West of the Willamette Meridian, Josephine County, Oregon; said intersection being North 0° 55' 23" West of and 1301.95 feet distant from the Southwest corner of said Section 16; thence South 86° 14' 06" East along said Southerly right of way line 227.26 feet to a 5/8 inch iron rod at the Northeast corner of tract described in Volume 334, Page 67, Josephine County Deed Records; thence continue South 86° 14' 06" East, along said right of way line 50 feet to the true point of beginning; thence North 86° 14' 06" West 50 feet to said Northeast corner; thence along the East and South line of said tract, South 0° 55' 23" East, parallel to the West line of said Section 16, a distance of 200.00 feet to a 5/8 inch diameter iron rod; thence North 86° 14' 06" West, parallel to the Southerly right of way line of Northeast "E" Street, 210.71 feet to established Easterly right of way line of McLearn Road; thence South 0° 55' 23" East, along said Easterly right of way line 50 feet; thence South 86° 14' 06" East, parallel with the South line of said tract and the Easterly extension thereof, 250 feet, more or less, to a point that bears South 0° 55' 23" East from the true point of beginning; thence North 0° 55' 23" West 250 feet, more or less, to the true point of beginning. LESS AND EXCEPT that portion conveyed to Josephine County, for road purposes, by instrument recorded in Document No. 87-02227, Official Records of Josephine County, Oregon.

11. 1560 Williams Hwy.
Grants Pass, OR

PARCEL A:

The South 50 feet of the following described tract, to-wit:
Beginning at a point which is 1140 feet North and 1848.6 feet West of the Southeast corner of Section 19, Township 36 South, Range 5 West of the Willamette Meridian, Josephine County, Oregon; thence South 210.5 feet; thence East 129 feet; thence North 45° 25' East along the center line of the Murphy Road a distance of 138 feet; thence North 30° West 89.3 feet; thence North 78° 43' West 186.5 feet to the point of beginning. LESS AND EXCEPT any portion lying within Hwy. No. 238.

3726

11. 1560 Williams Hwy. (continued)
Grants Pass, OR

PARCEL B:

A tract of land situated in the Southeast Quarter of Section 19, Township 36 South, Range 5 West of the Willamette Meridian, Josephine County, Oregon, more particularly described as follows: Commencing at a point 1320 feet North and 1331.1 feet West of the Southeast corner of said Section; thence West, 517.5 feet along the Old Redwood Highway to the true point of beginning; thence continue along said Highway, 10 feet to the Northeast corner of tract described as Parcel I in Volume 332, Page 638, Josephine County Deed Records; thence South 170 feet; thence West 135 feet; thence South 220.5 feet; thence East 145 feet to the Southwest corner of tract described in Volume 299, Page 211, Josephine County Deed Records; thence North 390.5 feet to the true point of beginning. LESS AND EXCEPT any portion lying within relocated Union Avenue, including that portion conveyed to Josephine County by instrument recorded as Document No. 83-02970, Official Records of Josephine County, Oregon.

PARCEL C:

A tract of land situated in the Southeast Quarter of Section 19, Township 36 South, Range 5 West of the Willamette Meridian, Josephine County, Oregon, and more particularly described as follows: Commencing at a point 1320 feet North and 1331.1 feet West of the Southeast corner of said Section 19; thence West 702.5 feet along the Old Redwood Highway to the true point of beginning; thence South 170.0 feet; thence East 40.0 feet; thence South 220.5 feet; thence West 60.0 feet; thence North 390.5 feet; thence East 20.0 feet to the true point of beginning. LESS AND EXCEPT any portion lying within relocated Union Avenue, including that portion conveyed to Josephine County by instrument recorded as Document No. 83-02970, Official Records of Josephine County, Oregon.

PARCEL D:

A tract of land situated in the Southeast Quarter of Section 19, Township 36 South, Range 5 West of the Willamette Meridian, Josephine County, Oregon, more particularly described as follows: Beginning at a point 1320 feet North and 1331.1 feet West of the Southeast corner of said Section; thence West 722.5 feet along the Old Redwood Highway to the true point of beginning; thence South 390.5 feet; thence West 50 feet; thence North 390.5 feet; thence

3727

11. 1560 Williams Hwy. (continued)
Grants Pass, OR

East 50 feet to the true point of beginning. LESS AND EXCEPT any portion lying within relocated Union Avenue, including that portion conveyed to Josephine County by instrument recorded as Document No. 83-02970, Official Records of Josephine County, Oregon.

ALSO: Commencing at the Northwest corner of the Southwest Quarter of the Southeast Quarter of Section 19, Township 36 South, Range 5 West of the Willamette Meridian, Josephine County, Oregon; thence South, along the West line thereof, 30 feet to the South right of way line of Union Avenue; thence North 89° 57' East along said right of way line 557.51 feet to an iron rod for the true point of beginning; thence South 0° 03' East 361.22 feet to an iron rod; thence South 89° 42' 15" West 8.02 feet; thence North 1° 13' 20" East 361.35 feet to the true point of beginning. LESS AND EXCEPT any portion lying within relocated Union Avenue, including that portion conveyed to Josephine County by instrument recorded as Document No. 83-02970, Official Records of Josephine County, Oregon.

KLAMATH COUNTY
PROPERTY

12. 1919 Austin Street
Klamath Falls, Oregon

A piece or parcel of land situate in Tract 33A Enterprise Tracts, being a portion of the Northwest one-quarter of Section 3, Township 39 South, Range 9 East, Willamette Meridian, and being more particularly described as follows:

Beginning at a 5/8 inch aluminum capped rebar on the Easterly right-of-way line of Austin Street as the same is presently located and constructed from which the iron pipe monument marking the Northeast corner of Tract 33A of Enterprise Tracts bears N. 34°07'30" E. 53.32 feet and S. 89°30'00" E. 209.67 feet distant; thence S 34°07'30" W. along said right-of-way line of Austin Street 100.00 feet to a 5/8 inch aluminum capped rebar; thence S. 55°52'30" E. 255.00 feet to a 5/8 inch aluminum capped rebar; thence N. 34°07'30" E. 95.05 feet to a 5/8 inch aluminum capped rebar (said point being 30.00 feet distant from, when measured at right angles to, the East boundary of said Tract 33A of Enterprises Tracts); thence N. 0°21'15" E. parallel to said Tract 33A boundary 6.00 feet to a 5/8 inch aluminum capped rebar; thence N. 55°52'30" W. 251.66 feet, more or less, to the point of beginning; containing 0.585 acres, and RESERVING THEREFROM an easement for a 4.0 foot overhang from

3728

12. 1919 Austin Street (continued)
Klamath Falls, Oregon

the adjacent property and for walkway purposes along the Southeasterly 140.00 feet of the Southwesterly side of the above described parcel. TOGETHER with an easement for walkway purposes 4.0 feet wide and 140.0 feet long adjacent to and Southwesterly from the Easement herein reserved.

HARNEY COUNTY
Property

13. Van, Oregon

In Twp. 18 S., R. 33 E., W.M.:
Sec. 24: S½E½.
Sec. 25: N½E½, SE½E½.
Sec. 36: NE½.

MARION COUNTY
Property

14. 1215 Pacific Hwy., N
Woodburn, Oregon

A portion of Lot 1, Block 3, Mauna Kae Park Addition to the City of Woodburn, Marion County, Oregon, more particularly described as follows: Beginning at the Northeast corner of said lot; thence Westerly along the Northerly line thereof, a distance of 170 feet; thence South 30° 12' West parallel to the West lot line 209.08 feet to the South line of said lot; thence Easterly along South line a distance of 190.00 feet to the most Southeasterly corner of said lot; thence North 30° 12' East 131.03 feet to the point of beginning.

DOUGLAS COUNTY
Property

15. Mosher & Pine
Roseburg, Oregon

Lots fifteen (15) and sixteen (16), Block fifty-six (56), Railroad Addition, City of Roseburg, Douglas County, Oregon.

1031M/250M+
53003-0706

3729

SCHEDULE B

PERMITTED ENCUMBRANCES

Property: 2585 Diamond Lake Blvd.
Roseburg, OR

Parcel A:

CONTRACT, including the terms and provisions therein contained, from Gove and Wingfield Properties, an Oregon limited partnership, by its General Partner, Claron H. Gove, as Sellers, to BROUGHTON & HARRELL, INC., an Oregon corporation, as Buyer, dated June 3, 1983, recorded June 6, 1983, in Book 850, Page 23, records of Douglas County, Oregon, Recorder's No. 83-6596.

Parcels B and C:

CONTRACT, including the terms and provisions therein contained, from Phyllis G. Marr, who acquired title as Phyllis G. Pearson, as Seller, to BROUGHTON & HARRELL, INC., an Oregon corporation, as Buyer, dated June 2, 1983, recorded June 2, 1983, in Book 849, Page 756, records of Douglas County, Oregon, Recorder's No. 83-6456. The vendors interest was conveyed by Richard A. Marr, Personal Representative of the Estate of Phyllis G. Marr, Deceased, to Mark A. Pearson and Marci L. Pearson Gorthy, each as to an undivided 1/2 interest, as tenants in common, by Assignment of Contract, including the terms and provisions therein contained, recorded in Book 936, Page 58, Recorder's No. 86-557 and Personal Representative Deed recorded in Book 936, Page 138, records of Douglas County, Oregon, Recorder's No. 86-585.

Property: 2520 N.E. Stephens Street
Roseburg, OR

UNRECORDED CONTRACT including the terms and provisions thereof, between Dee Pereira and Suzanne Pereira, husband and wife, and Abby's Pizza Inn, an Oregon corporation, as evidenced by

Contract Memo dated February 1, 1983, and recorded February 4, 1983, in Book 839, Page 908, Recorder's No. 83-1430, Records of Douglas County, Oregon.

Property: 96 S.W. Douglas Blvd.
Winston, OR

UNRECORDED CONTRACT dated October 1, 1980, including the terms and provisions therein contained, from Ted E. Shultz and Leila Shultz, husband and wife, as Sellers, to BROUGHTON AND HARRELL CORPORATION, an Oregon corporation, as Buyers, as disclosed by Memorandum of Contract recorded October 1, 1980 in Book 766, Page 671, records of Douglas County, Oregon, Recorder's No. 80-13841. (Affects an undivided 1/2 interest)

Property: Williams Highway
Grants Pass, OR

Memorandum of Contract, including the terms and provisions thereof, dated April 15, 1982, recorded April 16, 1982, as Document No. 82-05014 and recorded as Document No. 82-05201, Official Records of Josephine County, Oregon, by and between Wayne E. West and Anna K. West aka Anna Marie West, vendor and Broughton and Harrell Corporation, vendee

Property: Mosher & Pine
Roseburg, OR

CONTRACT, including the terms and provisions therein contained, from Bobby Allen and Cleo P. Allen, husband and wife, as Sellers to BROUGHTON & HARRELL, INC., an Oregon corporation, as to an undivided 1/2 interest, and DAVID L. GEDDES and CORIENE L. GEDDES, husband and wife, as to an undivided 1/2 interest, as Buyers, dated March 4, 1983, recorded March 7, 1983, in Book 842, Page 311, records of Douglas County, Oregon, Recorder's No. 83-2591.

SCHEDULE C

VENDEE'S INTEREST

Property: 2585 Diamond Lake Blvd.
Roseburg, OR

Parcel A:

CONTRACT, including the terms and provisions therein contained, from Gove and Wingfield Properties, an Oregon limited partnership, by its General Partner, Claron H. Gove, as Sellers, to BROUGHTON & HARRELL, INC., an Oregon corporation, as Buyer, dated June 3, 1983, recorded June 6, 1983, in Book 850, Page 23, records of Douglas County, Oregon, Recorder's No. 83-6596.

Parcels B and C:

CONTRACT, including the terms and provisions therein contained, from Phyllis G. Marr, who acquired title as Phyllis G. Pearson, as Seller, to BROUGHTON & HARRELL, INC., an Oregon corporation, as Buyer, dated June 2, 1983, recorded June 2, 1983, in Book 849, Page 756, records of Douglas County, Oregon, Recorder's No. 83-6456. The vendors interest was conveyed by Richard A. Marr, Personal Representative of the Estate of Phyllis G. Marr, Deceased, to Mark A. Pearson and Marci L. Pearson Gorthy, each as to an undivided 1/2 interest, as tenants in common, by Assignment of Contract, including the terms and provisions therein contained, recorded in Book 936, Page 58, Recorder's No. 86-557 and Personal Representative Deed recorded in Book 936, Page 138, records of Douglas County, Oregon, Recorder's No. 86-585.

Property: 2520 N.E. Stephens Street
Roseburg, OR

UNRECORDED CONTRACT including the terms and provisions thereof, between Dee Pereira and Suzanne Pereira, husband and wife, and Abby's Pizza Inn, an Oregon corporation, as evidenced by

Contract Memo dated February 1, 1983, and recorded February 4, 1983, in Book 839, Page 908, Recorder's No. 83-1430, Records of Douglas County, Oregon.

Property: 96 S.W. Douglas Blvd.
Winston, OR

UNRECORDED CONTRACT dated October 1, 1980, including the terms and provisions therein contained, from Ted E. Shultz and Leila Shultz, husband and wife, as Sellers, to BROUGHTON AND HARRELL CORPORATION, an Oregon corporation, as Buyers, as disclosed by Memorandum of Contract recorded October 1, 1980 in Book 768, Page 671, records of Douglas County, Oregon, Recorder's No. 80-13841. (Affects an undivided 1/2 interest)

Property: Williams Highway
Grants Pass, OR

Memorandum of Contract, including the terms and provisions thereof, dated April 15, 1982, recorded April 16, 1982, as Document No. 82-05014 and recorded as Document No. 82-05201, Official Records of Josephine County, Oregon, by and between Wayne E. West and Anna M. West aka Anna Marie West, vendor and Broughton and Harrell Corporation, vendee

Property: Mosher & Pine
Roseburg, OR

CONTRACT, including the terms and provisions therein contained, from Bobby Allen and Cleo P. Allen, husband and wife, as Sellers to BROUGHTON & HARRELL, INC., an Oregon corporation, as to an undivided 1/2 interest, and DAVID L. GEDDES and CORIENE L. GEDDES, husband and wife, as to an undivided 1/2 interest, as Buyers, dated March 4, 1983, recorded March 7, 1983, in Book 842, Page 311, records of Douglas County, Oregon, Recorder's No. 83-2591.

SCHEDULE D
AGREED VALUES

<u>Property and Location</u>	<u>Agreed Value</u>
1. Vacant Lot 590 N.E. Brooklyn Roseburg, OR	\$ 12,500
2. 1511 N. Pacific Hwy. Myrtle Creek, OR 97457	\$ 435,000
3. 2585 Diamond Lake Blvd. Roseburg, OR	\$ 293,239
4. Warehouse 2520 N.E. Stephens Roseburg, OR	\$ 61,273
5. 96 S.W. Douglas Winston, OR 97496	\$ 266,336
6. 1661 N.E. Stephens Roseburg, OR	\$ 500,000
7. Warehouse 2722/2724 N.E. Stephens Roseburg, OR	\$ 250,000
8. 121 Pine Street Rogue River, OR	\$ 375,000
9. 1080 S. Riverside Medford, OR 97501	\$ 375,000
10. 205 Beacon Drive Grants Pass, OR 97526	\$ 475,000
11. 1560 Williams Hwy. Grants Pass, OR 97526	\$ 387,805
12. 1919 Austin Street Kalmath Falls, OR 97601	\$ 375,000
13. Van, Oregon	\$ 300,000
14. 1215 Pacific Hwy. N. Woodburn, OR 97071	\$ 375,000
15. Vacant Lot (50% Owned) Mosher & Pine Roseburg, OR	\$ 20,650

Return to: KC TC
53003-0706
32W+

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Company the 16th day
of March A.D. 19 88 at 1:27 o'clock P M., and duly recorded in Vol. M88
of Mortgages on Page 3703

FEE

\$155.00

Evelyn Biehn, County Clerk
By Pat Smith