

MTC 20725-K

Recording Requested by and
When Recorded Mail to:

MORRISON & FOERSTER
333 South Grand Avenue
Suite 3800
Los Angeles, California 90071

ATTN: Carla Hamre, Esq.

(Space above this line for Recorder's use)
LINE OF CREDIT MORTGAGE

DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING

THIS DEED OF TRUST is made as of this 15th day of March, 1989, by the Grantor, the owner of the real property described hereinbelow, QUALITY, INC., a Delaware corporation, whose address is 3122 Century Drive, Klamath Falls, Oregon 97601 (herein "Grantor"), to Mountain Title Company of Klamath Falls, an Oregon corporation (herein "Trustee"), whose address is 407 Main St., Klamath Falls, Oregon 97601, in favor of MANUFACTURERS HANOVER TRUST COMPANY, a New York banking corporation, whose address is 270 Park Avenue, 47th Floor, New York, New York 10017, as agent for the ratable benefit of lenders ("Lenders") from time to time party to that certain Credit Agreement (as defined below) (herein "Beneficiary"), which agency is created pursuant to the Credit Agreement.

GRANTOR, Lenders, Beneficiary, Trompeter, Inc., a Delaware Corporation ("Trompeter") and Sterling Holding Company, a Delaware corporation, have executed that certain Credit Agreement, dated as of even date herewith (together with any amendments or supplements thereto and any extensions or renewals thereof, the "Credit Agreement"), pursuant to which the Lenders have agreed, among other things, to make term loans to Grantor and Trompeter (collectively, the "Borrowers"), for which the Borrowers will be jointly and severally liable in an aggregate principal sum of TWENTY-ONE MILLION TWO HUNDRED THOUSAND DOLLARS (\$21,200,000) (collectively the "Term Loans"), and to make revolving credit loans to the Borrowers for which the Borrowers will be jointly and severally liable in an aggregate principal sum not to exceed TWO MILLION DOLLARS (\$2,000,000) for annual renewable terms not to extend beyond

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December 28, 1995, (collectively, the "Revolving Credit Loans"), each on the terms and conditions set forth in the Credit Agreement and for the purposes set forth therein. The Term Loans and the Revolving Credit Loans are referred to collectively herein as the "Loans." In each instance in this Deed of Trust where the term "Loan Documents" is used, such term shall collectively refer to the Credit Agreement, the Term Notes, the Revolving Credit Notes, the Deeds of Trust, the Security Agreements, the Sterling Pledge Agreement, the Trademark Agreement and the Life Insurance Assignment, as such terms are defined in the Credit Agreement. Pursuant to the Merger Certificate, and upon the effectiveness of the Merger (as such terms are defined in the Credit Agreement), which for the purposes hereof shall be deemed to occur immediately subsequent to the execution of the Credit Agreement and the making of the Loans thereunder, the name of Quality (the surviving corporation of the Merger) will be changed to Quality Components, Inc., and, accordingly, all references to Quality from and after the effectiveness of the Merger shall mean and be reference to the surviving corporation of the Merger, which until such time was named Quality, Inc.

GRANTOR, in consideration of the obligations herein recited and the trust herein created, and subject to the provisions of this Deed of Trust and the other Loan Documents, irrevocably grants, conveys, transfers and assigns to Trustee, its successors and assigns, in trust, with power of sale and right of entry and possession, and grants to Beneficiary, for the ratable benefit of the Lenders, a security interest in, all of Grantor's estate, right, title and interest in and to that certain real property more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Real Property");

TOGETHER WITH all of Grantor's right, title and interest in and to any and all agreements relating to the purchase or lease of any land which is adjacent or peripheral to the Real Property, including options relating to any such land or any interest therein, if any;

TOGETHER WITH all of Grantor's right, title and interest in and to any and all structures, buildings and improvements now existing or hereafter erected on the Real Property (the "Improvements"), all easements, rights and appurtenances thereto or used in connection therewith, all rents, royalties, issues, profits, revenues, income and other benefits thereof or arising from the use or enjoyment of all or any portion thereof (subject, however, to the rights and authorities given herein to Grantor to collect

and apply such rents, royalties, issues, profits, revenues, income and other benefits), all interests in and rights, royalties and profits in connection with all minerals, oil and gas and other hydrocarbon substances thereon or therein, development rights or credits, air rights, water, water rights (whether riparian, appropriative, or otherwise, and whether or not appurtenant) and water stock relating thereto;

TOGETHER WITH all of Grantor's right, title and interest in and to any and all present and future intangible property and rights of every nature relating to the operation of, or used in connection with, the Real Property or the Improvements, whether now existing or hereafter acquired or created, including without limitation all patents, patent applications, trademarks, trade names, service names, service marks, copyrights, logos, computer software, architectural drawings and renderings, goodwill, judgments, claims, choses in action, license agreements, royalty payments, insurance policies, permits, licenses and regulatory approvals (and all requests and applications with respect thereto), and any and all other general intangibles within the meaning of the Oregon Revised Statutes;

TOGETHER WITH all of Grantor's right, title and interest in and to any and all present and future fixtures, installations and other immovable tangible personal property now or hereafter installed in, affixed to, placed upon, or used or useful in connection with (and located at) the Real Property or the Improvements, including, but without limitation, all heating, lighting, laundry, incinerating, gas, electric and power equipment, engines, pipes, pumps, tanks, motors, conduits, switchboards, plumbing, lifting, cleaning, fire prevention, fire extinguishing, refrigerating, ventilating, and communications apparatus, air cooling and air conditioning apparatus, elevators and escalators and related machinery and equipment, shades, awnings, blinds, curtains, drapes, attached floor coverings, including rugs and carpeting, television, radio and music cable antennae and systems, screens, storm doors and windows, stoves, refrigerators, dishwashers and other installed appliances, attached cabinets, partitions, ducts and compressors, and trees, plants and other items of landscaping, and the foregoing equipment and other personal property covered hereby shall specifically include machinery, apparatus, equipment, fittings, and articles of personal property used in the business of Grantor (commonly referred to as "trade fixtures"), and all parts thereof, all additions and accessions thereto, all replacements thereof and all substitutions therefor;

TOGETHER WITH all of Grantor's right, title and interest in and to any and all present and future machinery, equipment, building materials, appliances, furniture, furnishings, goods and other tangible personal property of every nature whatsoever (herein collectively called "equipment and other personal property") now or hereafter located in, or on, or used or intended to be used in connection with, the Real Property or the Improvements;

TOGETHER WITH all of Grantor's right, title and interest in and to such of the following personal property as shall be owned or held by Grantor in connection with the use or operation of the Real Property or the Improvements: any plans and specifications pertaining to the structures or improvements, including, without limitation, mechanical, structural and electrical performance standards; all appraisals, engineering, soils, asbestos, hazardous materials and other reports and studies relating to the structures or improvements; and all permits, licenses, and, to the extent assignable, contract rights, warranties, guarantees, catalogs and correspondence with present or prospective suppliers;

TOGETHER WITH all of Grantor's right, title and interest in and to any and all present and future inventory of Grantor placed upon or used or useful in connection with the Real Property or the Improvements, and all documents of title or documents representing any of the foregoing, together with all additions and accessions thereto, all replacements and substitutions therefor and all products thereof, all whether now owned or existing or hereafter acquired by Grantor, including without limitation all goods held for sale or lease, all raw materials, work in process and materials used or consumed in Grantor's business, all finished goods, all supplies of any kind, nature or description which are or might be used in connection with the manufacture, production, packaging, packing, shipping, advertisement, sale or finishing of such goods;

TOGETHER WITH all of Grantor's right, title and interest in and to any and all proceeds of any and all of the foregoing items of property (as the term "proceeds" is defined under the Uniform Commercial Code in effect in any applicable jurisdiction), including without limitation any and all amounts or payments (in any form whatsoever) received or receivable when any of the foregoing items is sold, collected, exchanged or otherwise disposed of (whether voluntarily or involuntarily, or in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of all or any part of the foregoing items by any governmental authority, any and all

proceeds of and rights to payment (including without limitation return premiums) with respect to any insurance relating to the foregoing items, all proceeds of any indemnity, warranty or guaranty payable with respect to any of the foregoing items, all interest, dividends and other property receivables or received on account of the foregoing items or proceeds thereof, and any and all other amounts from time to time paid or payable under, in connection with or with respect to the foregoing items or any proceeds thereof.

ALL OF THE FOREGOING, including all parts thereof, all additions and accessions thereto, all replacements thereof and substitutions therefor, shall, to the fullest extent permitted by law and for the purposes of this Deed of Trust, be deemed to be part and parcel of, and appropriated to the use of, the Real Property and, whether affixed or annexed thereto or not, be deemed conclusively to be real property and conveyed by this Deed of Trust, and Grantor agrees to execute and deliver, from time to time, such further instruments and documents as may be required by Beneficiary to confirm the lien of this Deed of Trust on any of the foregoing; all of the foregoing property referred to above, together with the Real Property, is herein referred to as the "Mortgaged Property";

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect, the following obligations (collectively, the "Secured obligations"):

(a) The payment and performance of all indebtedness and obligations of the Borrowers with respect to the Loans evidenced by or arising under the Credit Agreement, as the same may be amended, supplemented, modified, extended and/or renewed with the consent of the Borrowers from time to time and all indebtedness and obligations evidenced by or arising under (i) those certain Term Notes in the original aggregate principal sum of Twenty-One Million Two Hundred Thousand Dollars (\$21,200,000) and (ii) those certain Revolving Credit Notes in the maximum aggregate principal sum of Two Million Dollars (\$2,000,000), each of such notes issued by the Borrowers, jointly and severally, pursuant to the Credit Agreement, with interest thereon, as provided therein, and all prepayment charges, late charges, loan fees and breakage and other costs and fees required thereunder, and all extensions, renewals, modifications, amendments and replacements thereof (collectively the "Notes");

(b) The payment of all other sums which may be advanced by or otherwise be due to Trustee, Beneficiary or any Lender by the Borrowers with respect to the Loans under any provision of this Deed of Trust or under any other instruments or documents referred to in clause (c) below, with interest thereon at the rate provided herein or therein, and the repayment of any other loans or advances, with interest thereon, hereafter made to the Borrowers (or any successor in interest to the Borrowers as the owner of the Mortgaged Property or any part thereof) by Beneficiary when the promissory note evidencing the loan or advance specifically states that said note is secured by this Deed of Trust, together with all extensions, renewals, modifications, amendments and replacements thereof (any of the foregoing being referred to herein as a "Future Advance"); and

(c) The performance of each and every one of the covenants and agreements of the Borrowers contained herein, in the Credit Agreement, the Notes, the Loan Documents (which include, without limitation, all deeds of trust, mortgages, security agreements, pledge agreements, loan agreements, supplemental agreements and assignments, executed by Grantor with respect to the Loans including, without limitation, the Loan Documents and other instruments of indebtedness or security now or hereafter executed by Grantor or the Borrowers in connection with the Loans or for the purpose of supplementing or amending this Deed of Trust or any instrument secured hereby.

ARTICLE I

COVENANTS OF GRANTOR

To Protect The Security Of This Deed Of Trust,
Grantor Covenants And Agrees As Follows:

1.01 Performance of Obligations Secured. Grantor shall perform each and every of the Secured Obligations in accordance with their terms, including without limitation payment of the principal of and interest on the indebtedness evidenced by the Notes, and any prepayments, late charges and loan fees provided for in the Notes or provided for herein, and shall further perform fully and in a timely manner all other obligations of Grantor contained herein or in the Loan Documents. All sums payable by Grantor hereunder shall be paid without demand, counterclaim, offset, deduction or defense. Grantor waives all rights now

or hereafter conferred by statute or otherwise to any such demand, counterclaim, setoff, deduction or defense.

1.02. Insurance. Grantor shall keep the Mortgaged Property insured against loss or damage by fire with extended coverage and against any other risks or hazards which, in the reasonable opinion of Beneficiary, should be insured against, in an amount not less than the full insurable value thereof on a replacement cost basis (including, without limitation, the cost of debris removal, and in any event in an amount sufficient to prevent Trustee or Beneficiary from becoming a co-insurer of any partial loss), with a company or companies and in such form and with such endorsements as may be reasonably approved or required by Beneficiary. All losses under said insurance shall be payable to Beneficiary and shall be applied in the manner provided in Section 1.03 hereof. Grantor shall also carry public liability insurance and business or rental interruption insurance in such form and amounts and with such companies as are reasonably satisfactory to Beneficiary. All hazard and business or rental interruption insurance policies shall be endorsed with a standard noncontributory mortgagee clause in favor of and in form reasonably acceptable to Beneficiary, and may be cancelled or modified only upon not less than ten (10) days' prior written notice to Beneficiary. All of the above-mentioned insurance policies or certificates of such insurance satisfactory to Beneficiary, together with receipts for the payment of premiums thereon, shall be delivered to and held by Beneficiary, which delivery shall constitute assignment to Beneficiary of all return premiums to be held as additional security hereunder. All renewal and replacement policies shall be delivered to Beneficiary at least fifteen (15) days before the expiration or cancellation date of the expiring or cancelled policies. Beneficiary shall not by the fact of approving, disapproving, accepting, preventing, obtaining or failing to obtain any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of insurance contracts, solvency of insurance companies, or payment or defense of lawsuits, and Grantor hereby expressly assumes full responsibility therefor and all liability, if any, with respect thereto. In the event a blanket policy is submitted to satisfy any of the above requirements, a copy of the certificate evidencing such policy shall be furnished, together with (1) an allocation of the amount of such policy to the Mortgaged Property satisfactory to Beneficiary, and (2) a certificate indicating that Beneficiary is the insured under said policy as a first mortgagee (or the equivalent) under a standard non-contributory mortgagee clause, in the proper designated amount, and providing for at least ten

(10) days' prior written notice of cancellation or material modification. At the request of Beneficiary, Grantor agrees to furnish to Beneficiary, no more than once every three (3) years throughout the term of any of the Loans, reasonable evidence of replacement cost, without cost to Beneficiary, such as is regularly and ordinarily made by insurance companies to determine the then current replacement cost of any of the improvements on the Mortgaged Property.

1.03. Condemnation and Insurance Proceeds.

(a) The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of or damage or injury to the Mortgaged Property, or any part thereof, or for conveyance in lieu of condemnation, are hereby assigned to and shall be paid directly to Beneficiary as loss payee; provided, however, that if no event of default has occurred and is then continuing under the Loan Documents, Grantor shall have the right to settle, adjust or compromise any claims for loss, damage or destruction under any policy or policies of insurance without Beneficiary's prior written approval if the amount of the original claim is \$100,000.00 or less, and any insurance proceeds arising from such a loss, damage or destruction may be disbursed by the insurer directly to Grantor and shall be utilized by Grantor for restoration or repair of the Mortgaged Property in accordance with all other applicable requirements of this Deed of Trust without involvement by Beneficiary, provided that Grantor gives to Beneficiary written notice of such claim and Grantor keeps Beneficiary reasonably informed of the progress of any settlement, adjustment and compromise and of the progress of such restoration or repair. In addition, all causes of action, whether accrued before or after the date of this Deed of Trust, of all types for damages or injury to the Mortgaged Property or any part thereof, or in connection with acquisition of the Real Property by Beneficiary and secured hereby, or in connection with or affecting the Mortgaged Property or any part thereof, including without limitation causes of action arising in tort or contract and causes of action for fraud or concealment of a material fact, are hereby assigned to Beneficiary as additional security, and the proceeds thereof shall be paid to Beneficiary. Beneficiary may at its option appear in and prosecute in its own name any action or proceeding to enforce any such cause of action and may make any compromise or settlement thereof. Grantor, promptly upon obtaining knowledge of the institution of any proceedings relating to condemnation or other taking of or damage or injury to the Mortgaged Property or any portion thereof, or knowledge of any casualty damage to the Mortgaged Property or damage in

any other manner, will promptly notify Beneficiary in writing. Beneficiary may participate in any such proceedings and may join Grantor in adjusting any loss covered by insurance.

(b) All compensation, awards, proceeds, damages, claims, insurance recoveries, rights of action and payments which Grantor may receive or to which Grantor may become entitled with respect to the Mortgaged Property or any part thereof shall be paid directly to Beneficiary (except as expressly provided pursuant to paragraph (a) above) and shall be applied first toward reimbursement of all reasonable costs and expenses of Beneficiary, if any, in connection with recovery of the same, and then shall be applied, in the sole and absolute discretion of Beneficiary and without regard to the adequacy of its security hereunder, to the payment or prepayment (without premium) of the Secured Obligations in such order as Beneficiary may determine or to the reimbursement of Grantor for expenses incurred by it in the restoration of the Mortgaged Property, and any such amounts thereafter remaining shall be paid over to Trustee. Any application of such amounts or any portion thereof to any Secured Obligations shall not be construed to cure or waive any default or notice of default hereunder or invalidate any act done pursuant to any such default or notice. In the event Beneficiary elects to make any monies available to Grantor to restore the Mortgaged Property, Grantor shall proceed forthwith with the completion of construction of the improvements, including the necessary work of restoration in accordance with plans, specifications and drawings submitted to and approved by Beneficiary, and any monies which Beneficiary so elects to make available for restoration shall be disbursed in accordance with standard construction lending practice or in any other manner approved by Beneficiary.

1.04. Taxes, Liens and Other Items. Except as expressly permitted pursuant to Section 7.3 of the Credit Agreement, Grantor shall pay all taxes, bonds, assessments, fees, liens, charges, fines, impositions and any and all other items which are attributable to or affect the Mortgaged Property and which may attain a priority over this Deed of Trust by making payment prior to delinquency directly to the payee thereof, unless Grantor shall be required to make payment to Beneficiary on account of such items pursuant to Section 1.05 hereof. Grantor shall promptly discharge any lien which has or may attain priority over this Deed of Trust.

1.05. Funds for Taxes and Insurance. Beneficiary may, at its option to be exercised upon the occurrence of an Event of Default, require the deposit with Beneficiary or its designee by Grantor, at the time of each payment of an installment of interest or principal under any of the Notes, of an additional amount sufficient to discharge the obligations of Grantor under Sections 1.02 and 1.04 hereof as and when they become due. The determination of the amount payable and of the fractional part thereof to be deposited with Beneficiary shall be made by Beneficiary in its reasonable discretion. Said amounts shall be held by Beneficiary or its designee not in trust and not as agent of Grantor and shall not bear interest, and shall be applied to the payment of the obligations in respect of which the amounts were deposited or, at the option of Beneficiary, in such order or priority as Beneficiary shall determine. If at any time within thirty (30) days prior to the due date of any of the aforementioned obligations the amounts then on deposit therefor shall be insufficient for the payment of such obligation in full, Grantor shall within ten (10) days after demand deposit the amount of the deficiency with Beneficiary. If the amounts deposited are in excess of the actual obligations for which they were deposited, Beneficiary may refund any such excess, or, at its option, may hold the same in a reserve account, not in trust and not bearing interest, and reduce proportionately the required monthly deposits for the ensuing year or, if there is no ensuing year, for the remainder of the year in which any such excess is received, provided that if no Secured obligations remain outstanding, any excess shall be refunded to Trustor. Nothing herein contained shall be deemed to affect any right or remedy of Beneficiary under any other provision of this Deed of Trust or under any statute or rule of law to pay any such amount and to add the amount so paid to the indebtedness hereby secured.

All amounts so deposited shall be held by Beneficiary or its designee as additional security for the sums and obligations secured by this Deed of Trust, and upon the occurrence of an Event of Default hereunder Beneficiary may, in its sole and absolute discretion and without regard to the adequacy of its security hereunder, apply such amounts or any portion thereof to any part of the indebtedness secured hereby. Any such application of said amounts or any portion thereof to any indebtedness secured hereby shall not be construed to cure or waive any default or notice of default hereunder or invalidate any act done pursuant to any such default or notice.

If Beneficiary requires deposits to be made pursuant to this Section, Grantor shall deliver to

Beneficiary all tax bills, bond and assessment statements, statements of insurance premiums, and statements for any other obligations referred to above as soon as the same are received by Grantor.

If Beneficiary sells or assigns this Deed of Trust, Beneficiary shall have the right to transfer all amounts deposited under this Section to the purchaser or assignee, and Beneficiary shall thereupon be released and have no further liability hereunder for the application of such deposits, and Grantor shall look solely to such purchaser or assignee for such application and for all responsibility relating to such deposits.

1.06. Rents and Profits.

(a) All of the rents, royalties, issues, profits, revenue, income and other benefits of the Mortgaged Property arising from the use or enjoyment of all or any portion thereof or from any lease or agreement pertaining thereto, together with all extensions, modifications, renewals, or replacements of said leases or agreements (the "Rents and Profits"), whether now due, past due, or to become due, and including all prepaid rents and security deposits, are hereby absolutely, presently and unconditionally assigned, transferred, conveyed and set over to Beneficiary to be applied by Beneficiary in payment of the principal and interest and all other sums payable on the Notes and under the Loan Documents, and of all other sums payable under this Deed of Trust. Prior to the happening of any Event of Default as set forth in Article II hereof, Grantor shall have a license to collect, receive and use all Rents and Profits, which license shall be terminable at the sole option of Beneficiary, without regard to the adequacy of its security hereunder and upon prior notice to Grantor, upon the occurrence of any Event of Default. It is understood and agreed that neither the foregoing assignment of Rents and Profits to Beneficiary nor the exercise by Beneficiary of any of its rights or remedies under Article III hereof shall be deemed to make Beneficiary a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Mortgaged Property or the use, occupancy, enjoyment or operation of all or any portion thereof, unless and until Beneficiary, in person or by agent, assumes actual possession thereof. Nor shall appointment of a receiver for the Mortgaged Property by any court at the request of Beneficiary or by agreement with Grantor, or the entering into possession of the Mortgaged Property or any part thereof by such receiver, be deemed to make Beneficiary a mortgagee-in-possession or otherwise responsible or liable in any manner with respect to the

Mortgaged Property or the use, occupancy, enjoyment or operation of all or any portion thereof.

(b) Grantor shall apply the Rents and Profits pursuant to any lease permitted by the Credit Agreement to the payment of all necessary and reasonable operating costs and expenses of the Mortgaged Property, debt service on the Secured Obligations, and a reasonable reserve for future expenses, repairs and replacements for the Mortgaged Property, before using the Rents and Profits for Grantor's personal use or any other purpose not for the direct benefit of the Mortgaged Property.

(c) Grantor shall not execute any lease or other occupancy agreement (herein "lease") of any part of the Mortgaged Property other than on a form approved by Beneficiary, and shall at all times fully perform the obligations of the lessor under all such leases. Grantor shall at any time or from time to time, upon request of Beneficiary, transfer and assign to Beneficiary, in such form as may be satisfactory to Beneficiary, Grantor's interest in any lease, subject to and upon the condition, however, that prior to the occurrence of any Event of Default hereunder and notice thereof Grantor shall have a license to collect, receive and use all Rents and Profits under such lease upon accrual (except as provided in Section 1.06(d) below), but not prior thereto, as set forth in paragraph (a) above. Whenever requested by Beneficiary, Grantor shall furnish to Beneficiary a certificate of Grantor setting forth the names of all lessees under any leases, the terms of their respective leases, the space occupied, and the rents payable thereunder.

(d) Without the prior written consent of Beneficiary, Grantor shall not (i) accept prepayments of rent exceeding one month under any leases of any part of the Mortgaged Property, or (ii) take any action under or with respect to any such leases which would materially decrease either the obligations of the lessee thereunder or the rights or remedies of the lessor, or (iii) modify or amend any such leases or, except where the lessee is in default, cancel or terminate the same or accept a surrender of the leased premises, or (iv) consent to the assignment of the whole or any portion of any lessee's interest under any such leases, or (v) create or permit any lien or encumbrance which, upon foreclosure, would be superior to any such leases, or (vi) in any other manner materially impair Beneficiary's rights and interest with respect to the Rents and Profits.

(e) Each lease of the Mortgaged Property, or any part thereof, shall make provision for the attornment of the lessee thereunder to any person succeeding to the interest of Grantor as the result of any foreclosure or transfer in lieu of foreclosure hereunder, said provision to be in form and substance approved by Beneficiary.

(f) If any part of any automobile parking areas included within the Mortgaged Property is taken by condemnation or before such areas are otherwise reduced, Grantor shall provide parking facilities in kind, size and location to comply with all leases, and before making any contract for such substitute parking facilities, Grantor shall furnish to Beneficiary satisfactory assurance of completion thereof, free of liens and in conformity with all governmental zoning, land use and environmental regulations.

1.07. Security Agreement. This Deed of Trust is intended to be a security agreement pursuant to the Oregon Uniform Commercial Code for (i) any and all items of personal property specified above as part of the Mortgaged Property which, under applicable law, may be subject to a security interest pursuant to the Oregon Uniform Commercial Code and which are not herein effectively made part of the real property, and (ii) any and all items of property specified above as part of the Mortgaged Property which, under applicable law, constitute fixtures and may be subject to a security interest under Oregon Revised Statutes 79.3130; and Grantor hereby grants Beneficiary a security interest in said property, and in all additions and accessions thereto, all replacements thereof, all substitutions therefor and proceeds thereof, for the purpose of securing all of the Secured Obligations of Grantor now or hereafter secured by this Deed of Trust. Grantor agrees to execute and deliver financing and continuation statements covering said property from time to time and in such form as Beneficiary may require to perfect and continue the perfection of Beneficiary's lien or security interest with respect to said property. Grantor shall pay all reasonable costs of filing such statements and renewals and releases thereof and shall pay all reasonable costs and expenses of any record searches for financing statements Beneficiary may reasonably require. Upon the occurrence of any Event of Default hereunder, Beneficiary shall have the rights and remedies of a secured party under the Oregon Uniform Commercial Code, as well as all other rights and remedies available at law or in equity, and, at Beneficiary's option, Beneficiary may also invoke the remedies provided in Article III of this Deed of Trust as to such property.

1.08. Further Encumbrances or Sales.

(a) Without the prior written consent of Beneficiary being first had and obtained, Grantor shall not, except as expressly permitted in the Credit Agreement, execute or deliver any pledge, security agreement, mortgage, deed of trust or other instrument of hypothecation, covering all or any portion of the Mortgaged Property or any interest therein, nor sell, contract to sell, lease with option to purchase, convey, alienate, transfer or otherwise dispose of all or any portion of the Mortgaged Property or any interest therein, whether voluntarily or involuntarily, by operation of law or otherwise.

(b) Notwithstanding (a) above, Grantor may from time to time replace items of personal property and fixtures constituting a part of the Mortgaged Property, provided that: (i) the replacements for such items of personal property or fixtures are of equivalent value and quality; (ii) Grantor has good and clear title to such replacement property free and clear of any and all liens, encumbrances, security interests, ownership interests, claims of title (contingent or otherwise), or charges of any kind, or the rights of any conditional sellers, vendors or other third parties in or to such replacement property have been expressly subordinated, at no cost to Beneficiary, to the lien of the Deed of Trust in a manner satisfactory to Beneficiary; and (iii) Grantor represents and warrants that the Deed of Trust constitutes a valid and subsisting first lien on and security interest in such replacement property and is not subject to being subordinated or the priority thereof affected under any applicable law, including but not limited to the provisions of Oregon Revised Statutes 79-3130.

1.09. Preservation and Maintenance of Mortgaged Property. Grantor shall keep the Mortgaged Property and every part thereof in good condition and repair, and shall not permit or commit any waste, impairment, or deterioration of the Mortgaged Property, or commit, suffer or permit any act upon or use of the Mortgaged Property in violation of law or applicable order of any governmental authority, whether now existing or hereafter enacted and whether foreseen or unforeseen, or in violation of any covenants, conditions or restrictions affecting the Mortgaged Property, or bring or keep any article upon any of the Mortgaged Property or cause or permit any condition to exist thereon which would be prohibited by or could invalidate any insurance coverage maintained, or required hereunder to be maintained, by Grantor on or with respect to any part of the Mortgaged Property, and Grantor further shall do all other

acts which from the character or use of the Mortgaged Property may be reasonably necessary to protect the security hereof, the specific enumerations herein not excluding the general, except where the failure to comply or perform, as the case may be, could not have a material adverse effect on the business, assets, operations or financial or other conditions of Grantor. Grantor shall underpin and support, when necessary, any building, structure or other improvement situated on the Mortgaged Property and shall not remove or demolish any building on the Mortgaged Property. Grantor shall complete or restore and repair promptly and in a good workmanlike manner any building, structure or improvement which may be constructed, damaged or destroyed thereon and pay when due all claims for labor performed and materials furnished therefor, whether or not insurance or other proceeds are available to cover in whole or in part the costs of any such completion, restoration or repair; provided, however, that Grantor shall not demolish, remove, expand or extend any building, structure or improvement on the Mortgaged Property, nor construct, restore, add to or alter any such building, structure or improvement, nor consent to or permit any of the foregoing to be done, except as expressly permitted pursuant to the Credit Agreement, without in each case obtaining the prior written consent of Beneficiary thereto. Grantor shall notify Beneficiary immediately in writing of any damage to the Mortgaged Property in excess of \$25,000.00.

Grantor shall not drill or extract or enter into any lease for the drilling for or extraction of oil, gas or other hydrocarbon substances or any mineral of any kind or character on or from the Mortgaged Property or any part thereof without first obtaining Beneficiary's written consent.

Unless required by applicable law or unless Beneficiary has otherwise first agreed in writing, Grantor shall not make any changes or allow any changes to be made in the nature of the occupancy or use of the Mortgaged Property or any part thereof (except with respect to a part changed in the ordinary course of business) for which the Mortgaged Property or such part was intended at the time this Deed of Trust was delivered. Grantor shall not initiate or acquiesce in any change in any zoning or other land use classification now or hereafter in effect and affecting the Mortgaged Property or any part thereof without in each case obtaining Beneficiary's prior written consent thereto.

1.10. Offset Certificates. Grantor, within three (3) days upon request in person or within five (5) days upon request by mail, shall furnish a written statement duly

acknowledged of all amounts due on any indebtedness secured hereby, whether for principal or interest on the Notes or otherwise, and stating whether any offsets or defenses exist against the indebtedness secured hereby and covering such other matters with respect to any such indebtedness as Beneficiary may reasonably require.

1.11. Trustee's Costs and Expenses; Governmental Charges. Grantor shall pay all reasonable costs, fees and expenses of Trustee, its agents and counsel in connection with the performance of its duties hereunder, including without limitation the cost of any trustee's sale guaranty or other title insurance coverage ordered in connection with any foreclosure proceedings hereunder, and shall pay all taxes (except federal and state income taxes) or other governmental charges or impositions imposed by any governmental authority on Trustee or Beneficiary by reason of its interest in the Notes, any of the Loan Documents, any note evidencing a Future Advance, or this Deed of Trust.

1.12. Protection of Security; Costs and Expenses. Grantor shall appear in and defend any action or proceeding of which it receives actual or constructive notice purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and shall pay all costs and expenses, including without limitation cost of evidence of title and reasonable attorneys' fees, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust or to enforce or establish any other rights or remedies of Beneficiary hereunder. If Grantor fails to perform any of the covenants or agreements contained in this Deed of Trust, or if any action or proceeding is commenced which affects Beneficiary's interest in the Mortgaged Property or any part thereof, including, but not limited to, eminent domain, code enforcement, or proceedings of any nature whatsoever under any federal or state law, whether now existing or hereafter enacted or amended, relating to bankruptcy, insolvency, arrangement, reorganization or other form of debtor relief, or to a decedent, then Beneficiary or Trustee may, but without obligation to do so and without prior notice (provided that subsequent notice will be given within a reasonable time) to or demand upon Grantor and without releasing Grantor from any obligation hereunder, make such appearances, disburse such sums and take such action as Beneficiary or Trustee deems necessary or appropriate to protect Beneficiary's interest, including, but not limited to, disbursement of reasonable attorneys' fees, entry upon the Mortgaged Property to make repairs or take other action to protect the security hereof, and payment, purchase, contest or compromise of any encumbrance,

charge or lien which in the judgment of either Beneficiary or Trustee appears to be prior or superior hereto. Grantor further agrees to pay all reasonable expenses of Beneficiary (including fees and disbursements of counsel) incident to the protection of the rights of Beneficiary hereunder, or to enforcement or collection of payment of the Notes, any obligations of Grantor under the Loan Documents, or any Future Advances, whether by judicial or nonjudicial proceedings, or in connection with any bankruptcy, insolvency, arrangement, reorganization or other debtor relief proceeding of Grantor, or otherwise. Any amounts disbursed by Beneficiary or Trustee pursuant to this Section shall be additional indebtedness of Grantor secured by this Deed of Trust and each of the Loan Documents as of the date of disbursement and shall bear interest at the rate set forth in the Note. All such amounts shall be payable by Grantor immediately upon demand, provided, however, that interest shall accrue on such amounts as of the date such amounts first become payable. Nothing contained in this Section shall be construed to require Beneficiary or Trustee to incur any expense, make any appearance, or take any other action.

1.13. Fixture Filing. This Deed of Trust constitutes a financing statement filed as a fixture filing in the Official Records of the County Recorder of the county in which the Mortgaged Property is located with respect to any and all fixtures included within the term "Mortgaged Property" as used herein and with respect to any goods or other personal property that may now be or hereafter become such fixtures, and will be effective for a period of ten (10) years.

1.14. Indemnity and Covenants Regarding Hazardous Materials and Asbestos.

(a) Grantor hereby indemnifies and agrees to defend, protect and hold the Beneficiary, its directors, officers, employees or agents, and any successor or successors to Beneficiary's interest as Agent under the Credit Agreement and the Lenders (collectively, the "Indemnified Parties") harmless from and against any and all losses, liabilities, fines, charges, damages, injuries, penalties, response costs, costs, expenses and claims of any and every kind whatsoever paid, incurred or suffered by, or asserted against, any such Indemnified Party including, without limitation, (i) all foreseeable consequential damages; (ii) the costs of any required or necessary repair, cleanup or detoxification of the Mortgaged Property, and the preparation and implementation of any closure, remedial or other required plans; and (iii) all reasonable costs and

expenses incurred by any such Indemnified Party in connection with clauses (i) and (ii), including, but not limited to, reasonable attorney's fees and expenses, (but excluding such costs and expenses incurred directly as a result of Beneficiary's actions while present on the premises to the extent such actions constitute gross negligence or willful misconduct), for, with respect to, or as a direct or indirect result of (I) the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharging, or release of any Hazardous Material (as hereinafter defined) from the Mortgaged Property or any other property legally or beneficially owned (or any interest or estate therein which is owned) by Grantor (including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under the Comprehensive Environmental Response, Compensation and Liability Act, any so-called "Superfund" or "Superlien" law, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning, any Hazardous Material), (II) the presence of any asbestos or asbestos-containing materials (collectively "Asbestos") on the Mortgaged Property (including, without limitation, the cost of removal) regardless of whether or not caused by, or within the control of, Grantor, or any predecessor in title or any employees, agents, contractors or subcontractors of Grantor, or any third persons at any time, occupying or present on the Mortgaged Property, irrespective of whether any of such activities were or will be undertaken in accordance with applicable laws, regulations, codes or ordinances, or (III) any breach or default by Grantor under subsection (b) below. For purposes herein, the term "Hazardous Material" means and includes any flammable, explosive, or radioactive material, or hazardous, toxic or dangerous waste, or substance, including, but not limited to, substances defined as such in (or for purposes of) the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. Section 9601, et seq.; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. Section 1801, et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901, et seq.; any so-called "Superfund" or "Superlien" law; or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereafter in effect. Such indemnification and hold harmless agreement shall survive the repayment of all sums or indebtednesses due under the Notes and the Loan

Documents and the reconveyance of or foreclosure under this Deed of Trust.

(b) Grantor shall keep and maintain the Mortgaged Property in compliance with, and shall not cause or permit the Mortgaged Property to be in violation of, any federal, state or local laws, ordinances or regulations relating to industrial hygiene or to the environmental conditions on, under or about the Mortgaged Property including, but not limited to, soil and ground water conditions. Grantor shall not use, generate, manufacture, store or dispose of on, under or about the Mortgaged Property or transport to or from the Mortgaged Property any Hazardous Material, except in connection with Grantor's business as presently conducted, and in compliance with all applicable federal, state and local laws, regulations, guidelines, codes, statutes and ordinances. Grantor shall immediately notify Beneficiary in writing of any material change in the volume, type, source or toxicity of any Hazardous Material used, generated, manufactured, stored or disposed of on, under or about the Mortgaged Property or transported to or from the Mortgaged Property. Grantor hereby agrees at all times to comply fully and in a timely manner with, and to cause all of its employees, agents, contractors and subcontractors and any other persons occupying or present on the Mortgaged Property to so comply with, all applicable federal, state and local laws, regulations, guidelines, codes, statutes, and ordinances applicable to the use, generation, handling, storage, treatment, transport and disposal of any Hazardous Material now or hereafter located or present on or under the Mortgaged Property. The provisions of this Section 1.14(b) shall apply except to the extent that any failure to so comply or any such violation could not have a material adverse effect on the Mortgaged Property or the Beneficiary's interest therein.

(c) Grantor shall immediately advise Beneficiary in writing of (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened pursuant to any applicable federal, state or local laws, ordinances, or regulations relating to any Hazardous Material affecting the Mortgaged Property ("Hazardous Material Laws"); (ii) all claims made or threatened by any third party against Grantor or the Mortgaged Property relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Material (the matters set forth in clauses (i) and (ii) above are hereinafter referred to as "Hazardous Materials Claims"); and (iii) Grantor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Mortgaged Property that could cause the

Mortgaged Property or any part thereof to be otherwise subject to any restriction on the ownership, occupancy, transferability or use of the Mortgaged Property under any Hazardous Materials Laws. Beneficiary shall have the right to join and participate in, as a party if it so elects, any legal proceedings or action initiated in connection with any Hazardous Materials Claims and to have its reasonable attorneys' fees in connection therewith paid by Grantor.

(d) Grantor shall not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Mortgaged Property, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claims without prior written notification to Beneficiary and the delivery to Beneficiary of a summary of all material terms of any remedial action, settlement, consent or compromise; provided, however, that if such remedial action, settlement, consent or compromise might, in Beneficiary's reasonable judgment, based on such summary of material terms, impair the value of Beneficiary's security hereunder, Beneficiary shall give Grantor prompt notice of such determination and Grantor shall not proceed without Beneficiary's prior written consent, and; provided, further, that Beneficiary's prior consent shall not be necessary in the event that the presence of any Hazardous Material on, under or about the Mortgaged Property either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not possible to obtain Beneficiary's consent before taking such action, provided that in such event Grantor shall notify Beneficiary as soon as practicable of any action so taken. Beneficiary agrees not to withhold its consent, where such consent is required hereunder, if either (i) a particular remedial action is ordered by a court of competent jurisdiction, or (ii) Grantor establishes to the reasonable satisfaction of Beneficiary that there is no reasonable alternative to such remedial action which would result in less impairment of Beneficiary's security hereunder.

(e) Beneficiary shall have the right at any time it reasonably expects the presence of Hazardous Material on the Mortgaged Property which (a) creates a potential liability which could have a material adverse effect on the business obligations, assets or financial or other condition of Grantor, (b) materially impairs the value of Beneficiary's security hereunder, or (c) is in violation of any applicable federal, state or local laws, ordinances or regulations concerning Hazardous Materials, to require Grantor to employ a qualified independent environmental auditor acceptable to Beneficiary to conduct and provide to

Grantor and Beneficiary an environmental audit and/or environmental investigation of the Mortgaged Property at Grantor's cost and expense. Should Grantor fail to employ such an auditor, Beneficiary may employ a qualified independent environmental auditor to provide an environmental audit and/or environmental investigation at Grantor's cost and expense.

(f) Grantor shall not install or permit to be installed any Asbestos in the Mortgaged Property. In addition, Grantor acknowledges that in the event Grantor shall remove or cause to be removed any Asbestos from the Mortgaged Property, any Environmental Protection Agency number assigned to the Asbestos so removed shall be solely in the name of the Grantor (as between Grantor and Beneficiary only), and Grantor shall assume (as between Grantor and Beneficiary only) on a recourse basis all liability for such removed Asbestos.

(g) Grantor's failure to perform any of its obligations under Sections 1.14(b), (d), or (f) shall constitute intentional, willful waste of the Mortgaged Property.

1.15. Commercial Trust Deed. Grantor hereby represents and warrants that this Deed of Trust and the Loans under (and as defined in) the Credit Agreement are and at all times will be for business and commercial purposes.

ARTICLE II

EVENTS OF DEFAULT

If any of the following (each an "Event of Default") shall occur:

2.01. An Event of Default shall occur under the Credit Agreement or any of the other Loan Documents. (For purposes of this Section 2.01, the term "Event of Default" shall have the meaning ascribed thereto in the Credit Agreement or the particular Loan Document, as the case may be); or

2.02. Grantor shall fail to make any payment due hereunder as to which Grantor has been notified and such failure continues for three (3) days after the due date therefor; or

2.03. Grantor shall fail to perform any nonmonetary covenant, agreement or obligation of Grantor hereunder and such default continues for a period of thirty (30) days

after written notice of such default is given by Beneficiary to Grantor;

THEN, upon the occurrence of any such Event of Default, Beneficiary may exercise any and all rights, powers and remedies granted to it in the Credit Agreement and Article III below.

ARTICLE III

REMEDIES

Upon the occurrence of any Event of Default, Trustee and Beneficiary shall have the following rights and remedies:

3.01. Acceleration. Beneficiary may declare the entire principal amount of the Notes or other Secured Obligations then outstanding (if not then due and payable), and accrued and unpaid interest thereon, and all other sums or payments required thereunder, to be due and payable immediately, and notwithstanding the stated maturity in the Notes, the principal amount of the Notes and the accrued and unpaid interest thereon and all other sums or payments required thereunder shall thereupon become and be immediately due and payable.

3.02. Entry. Irrespective of whether Beneficiary exercises the option provided in Section 3.01 above, Beneficiary in person or by agent or by court-appointed receiver may enter upon, take possession of, manage and operate the Mortgaged Property or any part thereof and do all things necessary or appropriate in Beneficiary's sole discretion in connection therewith, including without limitation making and enforcing, and if the same be subject to modification or cancellation, modifying or cancelling leases upon such terms or conditions as Beneficiary deems proper, obtaining and evicting tenants, and fixing or modifying rents, contracting for and making repairs and alterations, and doing any and all other acts which Beneficiary deems proper to protect the security hereof; and either with or without so taking possession, in its own name or in the name of Grantor, sue for or otherwise collect and receive the Rents and Profits, including those past due and unpaid, and apply the same less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any Secured Obligations, and in such order as Beneficiary may determine. Upon request of Beneficiary, Grantor shall assemble and make available to Beneficiary at the site of the Real Property covered hereby any of the

Mortgaged Property which has been removed therefrom. The entering upon and taking possession of the Mortgaged Property, or any part thereof, and the collection of any Rents and Profits and the application thereof as aforesaid shall not cure or waive any default theretofore or thereafter occurring or affect any notice or default hereunder or invalidate any act done pursuant to any such default or notice, and, notwithstanding continuance in possession of the Mortgaged Property or any part thereof by Beneficiary, Grantor or a receiver, and the collection, receipt and application of the Rents and Profits, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust or by law or in equity, including without limitation the right to exercise the power of sale. Any of the actions referred to in this Section 3.02 may be taken by Beneficiary irrespective of whether any notice of default or election to sell has been given hereunder and without regard to the adequacy of the security for the indebtedness hereby secured, except as otherwise provided hereunder or in the Credit Agreement.

3.03. Judicial Action. Beneficiary may bring an action in any court of competent jurisdiction to foreclose this instrument or to enforce any of the covenants and agreements hereof.

3.04. Power of Sale.

(a) Beneficiary may elect to cause the Mortgaged Property or any part thereof to be sold under the power of sale herein granted in any manner permitted by applicable law. In connection with any sale or sales hereunder, Beneficiary may elect to treat any of the Mortgaged Property which consists of a right in action or which is property that can be severed from the real property covered hereby or any improvements thereon without causing structural damage thereto as if the same were personal property, and dispose of the same in accordance with applicable law, separate and apart from the sale of real property. Any sale of any personal property hereunder shall be conducted in any manner permitted by Oregon Revised Statutes 79.5010-.5070. Where the Mortgaged Property consists of real and personal property or fixtures, whether or not such personal property is located on or within the real property, Beneficiary may elect in its discretion to exercise its rights and remedies against any or all of the real property, personal property, and fixtures in such order and manner as is now or hereafter permitted by applicable law.

(b) Without limiting the generality of the foregoing, Beneficiary may, in its sole and absolute discretion and without regard to the adequacy of its security, elect to proceed against any or all of the real property, personal property and fixtures in any manner permitted under Oregon Revised Statutes 79.5010(4); and if the Beneficiary elects to proceed in the manner permitted under Oregon Revised Statutes 79.5010(4), the power of sale herein granted shall be exercisable with respect to all or any of the real property, personal property and fixtures covered hereby, as designated by Beneficiary, and the Trustee is hereby authorized and empowered to conduct any such sale of any real property, personal property and fixtures in accordance with the procedures applicable to real property.

(c) Where the Mortgaged Property consists of real property and personal property, any reinstatement of the obligation secured hereby, following default and an election by the Beneficiary to accelerate the maturity of said obligation, which is made by Grantor or any other person or entity permitted to exercise the right of reinstatement under Oregon Revised Statutes 86.753 or any successor statute, shall, in accordance with the terms of Oregon Revised Statutes 79.5010(4), not prohibit the Beneficiary from proceeding against or continuing to proceed against any personal property or fixtures in any manner permitted by the Oregon Revised Statutes; nor shall any such reinstatement invalidate, rescind or otherwise affect any sale, disposition or other proceeding held, conducted or instituted with respect to any personal property or fixtures prior to such reinstatement or pending at the time of such reinstatement. Any sums paid to Beneficiary in effecting any reinstatement pursuant to Oregon Revised Statutes 86.753 shall be applied to the Secured Obligations and to the Beneficiary's and Trustee's reasonable costs and expenses in the manner required by Oregon Revised Statutes 86.753.

(d) Should Beneficiary elect to sell any portion of the Mortgaged Property which is real property or which is personal property or fixtures that Beneficiary has elected under Oregon Revised Statutes 79.5010(4) to sell

together with real property in accordance with the laws governing a sale of real property, Beneficiary or Trustee shall give such notice of default and election to sell as may then be required by law. Thereafter, upon the expiration of such time and the giving of such notice of sale as may then be required by law, and without the necessity of any demand on Grantor, Trustee, at the time and

place specified in the notice of sale, shall sell said real property or part thereof at public auction to the highest bidder for cash in lawful money of the United States. Trustee may, and upon request of Beneficiary shall, from time to time, postpone any sale hereunder by public announcement thereof, at the time and place noticed therefor, for one or more periods totaling not more than one hundred and eighty (180) days from the sale date originally specified.

(e) If the Mortgaged Property consists of several lots, parcels or items of property, Beneficiary may: (i) designate the order in which such lots, parcels or items shall be offered for sale or sold, or (ii) elect to sell such lots, parcels or items through a single sale, or through two or more successive sales, or in any other manner Beneficiary deems in its best interest. Any person, including Grantor or Beneficiary, may purchase at any sale hereunder, and Beneficiary shall have the right to purchase at any sale hereunder by crediting upon the bid price the amount of all or any part of the indebtedness hereby secured. Should Beneficiary desire that more than one sale or other disposition of the Mortgaged Property be conducted, Beneficiary may, at its option, cause the same to be conducted simultaneously, or successively, on the same day, or at such different days or times and in such order as Beneficiary may deem to be in its best interests, and no such sale shall terminate or otherwise affect the lien of this Deed of Trust on any part of the Mortgaged Property not sold until all of the Secured Obligations have been fully paid. In the event Beneficiary elects to dispose of the Mortgaged Property through more than one sale, Grantor agrees to pay the costs and expenses of each such sale and of any judicial proceedings wherein the same may be made, including reasonable compensation to Trustee and Beneficiary, their agents and counsel, and to pay all expenses, liabilities and advances made or incurred by Trustee in connection with such sale or sales, together with interest on all such advances made by Trustee at the lower of (a) the highest of the interest rates set forth in the applicable Note or Notes or (b) the maximum rate permitted by law to be charged by Trustee.

(f) Upon any sale hereunder, Trustee shall execute and deliver to the purchaser or purchasers a deed or deeds conveying the property so sold within ten (10) days of payment of the purchase price, but without any covenant or warranty whatsoever, express or implied, whereupon such purchaser or purchasers shall be let into immediate possession; and the recitals in any such deed or deeds of facts, such as default, the giving of notice of default and

notice of sale, and other facts affecting the regularity or validity of such sale or disposition, shall upon proper recordation be conclusive proof of the truth of such facts and any such deed or deeds shall be conclusive against all persons as to such facts recited therein.

3.05. Proceeds of Sale. The proceeds of any sale made under or by virtue of this Article III, together with all other sums which then may be held by Trustee or Beneficiary under this Deed of Trust, whether under the provisions of this Article III or otherwise, shall be applied as follows:

FIRST: To the payment of the reasonable costs and expenses of sale and of any judicial proceedings wherein the same may be made, including reasonable compensation to Trustee and Beneficiary, their agents and counsel, and to the payment of all expenses, liabilities and advances made or incurred by Trustee under this Deed of Trust, together with interest on all advances made by Trustee at the lower of (a) the highest of the interest rates set forth in the applicable Note or Notes or (b) the maximum rate permitted by law to be charged by Trustee.

SECOND: To the payment of any and all sums expended by Beneficiary under the terms hereof, not then repaid, with accrued interest at the highest of the rates set forth in the applicable Note or Notes, and all other sums (except advances of principal and interest thereon) required to be paid by Grantor pursuant to any provisions of this Deed of Trust, or any of the Notes, or any note evidencing any Future Advance, or any of the Related Agreements or Loan Documents, including without limitation all expenses, liabilities and advances made or incurred by Beneficiary under this Deed of Trust or in connection with the enforcement thereof, together with interest thereon as herein provided.

THIRD: To the payment of the entire amount then due, owing or unpaid for principal and interest upon the Notes and any notes evidencing any Future Advances, with interest on the unpaid principal at the rate set forth therein from the date of advancement thereof until the same is paid in full.

FOURTH: The remainder, if any, to the Grantor or any other person or persons legally entitled thereto.

3.06. Waiver of Marshaling. Grantor, for itself and for all persons hereafter claiming through or under it or who may at any time hereafter become holders of liens junior

to the lien of this Deed of Trust, hereby expressly (to the fullest extent permitted by law) waives and releases all rights to direct the order in which any of the Mortgaged Property shall be sold in the event of any sale or sales pursuant hereto and to have any of the Mortgaged Property and/or any other property now or hereafter constituting security for any of the Secured Obligations marshalled upon any foreclosure of this Deed of Trust or of any other security for any of said obligations.

3.07. Remedies Cumulative. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of Trustee or Beneficiary to exercise any right or power accruing upon any Event of Default shall impair any right or power or shall be construed to be a waiver of any Event of Default or any acquiescence therein; and every power and remedy given by this Deed of Trust to Trustee or Beneficiary may be exercised from time to time as often as may be deemed expedient (to the extent permitted by applicable law) by Trustee or Beneficiary. If there exists additional security for the performance of the Secured Obligations, the holder of the Notes, at its sole option, and without limiting or affecting any of its rights or remedies hereunder, may exercise any of the rights and remedies to which it may be entitled hereunder either concurrently with whatever rights and remedies it may have in connection with such other security or in such order as it may determine. Any application of any amounts or any portion thereof held by Beneficiary at any time as additional security hereunder, whether pursuant to Section 1.03 or Section 3.02 hereof or otherwise, to any indebtedness secured hereby shall not extend or postpone the due dates of any payments due from Grantor to Beneficiary hereunder or under any of the Notes, any Future Advances or any of the Loan Documents, or change the amounts of any such payments or otherwise be construed to cure or waive any default or notice of default hereunder or invalidate any act done pursuant to any such default or notice.

3.08 Cross-Collateralization; Grantor's Waiver. Grantor hereby acknowledges that this Deed of Trust is one of a group of deeds of trust, assignments and other security agreements which also secure the Notes and the other Secured Obligations. This Deed of Trust and all other such deeds of trust, assignments and other security agreements secure all of the Secured Obligations without any allocation of any property to any portion of the Secured Obligations.

Beneficiary may enforce or exercise its rights and remedies thereunder and hereunder in any order and as many times as it may in its sole discretion consider appropriate. Grantor further acknowledges that the Secured Obligations secured by this Deed of Trust include the joint and several obligations and indebtedness of Grantor and Trompeter under the Notes and the Loan Documents, and expressly agrees as follows:

(a) Grantor hereby waives (to the fullest extent permitted by law) any right to require Beneficiary to (1) proceed against Trompeter, (2) proceed against or exhaust any security held from Trompeter or any other collateral or security held by Beneficiary pursuant to the Loan Documents, or (3) pursue any other remedy in Beneficiary's power whatsoever. Grantor waives any defense because of any disability or any other defense or cessation of liability of Trompeter, or any other person or entity, or the unenforceability of the Secured Obligations or any part thereof for any cause.

(b) Beneficiary may, at its election and in its sole discretion, in such order as it may determine, exercise any right or remedy it may have with respect to the Mortgaged Property or any other collateral or security held by Beneficiary pursuant to any of the Loan Documents for all or any portion of the Secured Obligations, including, without limitation, the right to foreclose upon any such security by judicial or nonjudicial sale, without affecting or impairing in any way the rights of Beneficiary with respect to the Mortgaged Property or the obligations of the Grantor under this Deed of Trust, and Grantor waives any defense arising out of the absence, impairment or loss of any right of reimbursement or subrogation or other right or remedy of Grantor against Trompeter or any such security, whether resulting from such election by Beneficiary or otherwise.

ARTICLE IV

MISCELLANEOUS

4.01. Severability. In the event any one or more of the provisions contained in this Deed of Trust shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Deed of Trust, but this Deed of Trust shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

4.02. Certain Charges. Grantor agrees to pay Beneficiary for each statement of Beneficiary as to the obligations secured hereby, furnished at Grantor's request, a reasonable fee not to exceed the maximum fee allowed by law, or if there be no maximum fee, then such reasonable fee as is charged by Beneficiary as of the time said statement is furnished. Grantor further agrees to pay the reasonable fee or charges of Beneficiary for any other service rendered Grantor related to Grantor's obligations under any of the Loan Documents, or on its behalf, connected with this Deed of Trust or the indebtedness secured hereby, including without limitation the delivery to an escrow holder of a request for full or partial reconveyance of this Deed of Trust, transmitting to an escrow holder moneys secured hereby, changing its records pertaining to this Deed of Trust and indebtedness secured hereby to show a new owner of the Mortgaged Property, and replacing an existing policy of insurance held hereunder with another such policy.

4.03. Notices. All notices expressly provided hereunder to be given by Beneficiary to Grantor and all notices and demands of any kind or nature whatsoever which Grantor may be required or may desire to give to or serve on Beneficiary shall be in writing and shall be served by first-class or certified mail or overnight courier. Any such notice or demand so served by first-class or certified mail shall be deposited in the United States mail, with postage thereon fully prepaid, and addressed to the party so to be served at its address below stated or at such other address of which said party shall have theretofore notified in writing, as provided above, the party giving such notice. Service of any such notice or demand so made shall be deemed effective on the day of actual delivery as shown by the addressee's return receipt or the expiration of forty-eight (48) hours after the date of mailing, whichever is the earlier in time, except that service of any notice of default or notice of sale provided or required by law shall, if mailed, be deemed effective on the date of mailing. The addresses for notices shall be as follows:

If to Grantor:

Quality, Inc.
3122 Century Drive
Klamath Falls, Oregon 97601
Attn: William N. Stout
Telecopy: (503) 884-0518
Telephone: (503) 882-2364

with a copy to:

Sterling Holding Company
c/o Citicorp Venture Capital Ltd.
2001 Ross Avenue, Suite 3050-LB 117
Dallas, Texas 73201
Attn: Newell V. Starks and
William N. Stout
Telecopy: (214) 953-1495
Telephone: (214) 880-9670

If to Beneficiary:

Manufacturers Hanover Trust Company,
Representative Office, as Agent
300 South Grand Avenue
Los Angeles, California 90071
Attn: Chris O'Brien, Vice President
Telecopy: (213) 621-8120
Telephone: (213) 621-8303

with copies to:

Manufacturers Hanover Trust Company
270 Park Avenue
47th Floor
New York, New York 10017
Attn: Justin O. Baldwin
Telecopy: (212) 682-7230
Telephone: (212) 286-3578

If to Trustee:

Provident Title Company
9350 Wilshire Blvd.
Suite 210
Beverly Hills, California 90212
Attn: Ralph Khelil
Telecopy: (213) 859-7541
Telephone: (213) 274-8506

4.04. Grantor Not Released. Extension of the time for payment or modification of the terms of payment of any sums secured by this Deed of Trust granted by Beneficiary to any successor in interest of Grantor shall not operate to release, in any manner, the liability of the original

Grantor. Beneficiary shall not be required to commence proceedings against such successor or extend time for payment or otherwise modify the terms of payment of the sums secured by the Deed of Trust by reason of any demand made by the original Grantor. Without affecting the liability of any person, including Grantor, for the payment or performance of any Secured Obligations, or the lien of this Deed of Trust on the remainder of the Mortgaged Property for the full amount of any such obligations and liability unpaid, Beneficiary and Trustee are respectively empowered as follows: Beneficiary may from time to time and without notice (a) release any person liable for the payment of any of the indebtedness, (b) extend the time or otherwise alter the terms of payment of any of the indebtedness, (c) accept additional real or personal property of any kind as security therefor, whether evidenced by deeds of trust, mortgages, security agreements or any other instruments of security, or (d) alter, substitute or release any property securing the indebtedness; Trustee may, at any time, and from time to time, upon the written request of Beneficiary (i) consent to the making of any map or plat of the Mortgaged Property or any part thereof, (ii) join in granting any easement or creating any restriction thereon, (iii) join in any subordination or other agreement affecting this Deed of Trust or the lien or charge hereof, or (iv) reconvey, without any warranty, all or part of the Mortgaged Property.

4.05. Inspection. Beneficiary may upon prior notice and during normal business hours make or cause to be made entry upon and inspection of the Mortgaged Property or any part thereof in person or by agent.

4.06. Reconveyance. Upon the payment in full of all sums secured by this Deed of Trust, Beneficiary shall request Trustee to reconvey the Mortgaged Property and shall surrender this Deed of Trust and all Notes evidencing indebtedness secured by this Deed of Trust to Trustee. Upon payment of its fees and any other sums owing to it under this Deed of Trust, Trustee shall reconvey the Mortgaged Property without warranty to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any. Upon proper recordation, the recitals in such conveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto." Five years after issuance of such full reconveyance, Trustee may destroy said Notes and this Deed of Trust unless otherwise directed by Beneficiary.

4.07. Statute of Limitations. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the fullest extent permitted by law.

4.08. Interpretation. Wherever used in this Deed of Trust, unless the context otherwise indicates a contrary intent, or unless otherwise specifically provided herein, the word "Grantor" shall mean and include both Grantor and any subsequent owner or owners of the Mortgaged Property, and the word "Beneficiary" shall mean and include not only the original Beneficiary hereunder but also any future owner and holder, including pledgees, of the Notes secured hereby. In this Deed of Trust whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the neuter includes the feminine and/or masculine, and the singular number includes the plural and conversely. In this Deed of Trust, the use of the word "including" shall not be deemed to limit the generality of the term or clause to which it has reference, whether or not nonlimiting language (such as "without limitation," or "but not limited to," or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. The captions and headings of the Articles and Sections of this Deed of Trust are for convenience only and are not to be used to interpret, define or limit the provisions hereof.

4.09. Consent; Delegation to Sub-agents. The granting or withholding of consent by Beneficiary to any transaction as required by the terms hereof shall not be deemed a waiver of the right to require consent to future or successive transactions. Wherever a power of attorney is conferred upon Beneficiary hereunder, it is understood and agreed that such power is conferred with full power of substitution, and Beneficiary may elect in its sole discretion to exercise such power itself or to delegate such power, or any part thereof, to one or more sub-agents.

4.10. Successors and Assigns. All of the grants, obligations, covenants, agreements, terms, provisions and conditions herein shall run with the land and shall apply to, bind and inure to the benefit of, the heirs, administrators, executors, legal representatives, successors and assigns of Grantor and the successors in trust of Trustee and the endorsees, transferees, successors and assigns of Beneficiary. In the event Grantor is composed of more than one party, the obligations, covenants, agreements, and warranties contained herein as well as the obligations

arising therefrom are and shall be joint and several as to each such party.

4.11. Governing Law. This Deed of Trust shall be governed by and construed under the laws of the State of Oregon.

4.12. Substitution of Trustee. Beneficiary may remove Trustee at any time or from time to time and appoint a successor trustee, and upon such appointment, all powers, rights, duties and authority of Trustee, as aforesaid, shall thereupon become vested in such successor. Such substitute trustee shall be appointed by written instrument duly recorded in the county or counties where the real property covered hereby is located, which appointment may be executed by any authorized agent of Beneficiary or in any other manner permitted by applicable law.

4.13. Reasonable Assurances. Grantor, within fifteen (15) business days after written request from Beneficiary, will make, execute and deliver, or cause to be made, executed and delivered, to Beneficiary, any and all further instruments, certificates and other documents as may, in the reasonable opinion of Beneficiary, be necessary or desirable in order to effectuate, complete or perfect or to continue and preserve the obligations of Grantor under the Notes, the Loan Documents and the lien of this Deed of Trust.

REQUEST FOR NOTICES

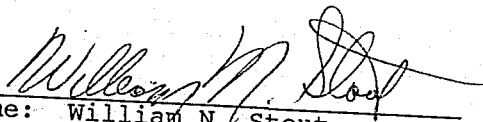
Grantor hereby requests that a copy of any Notice of Default and Notice of Sale as may be required by law be mailed to Grantor at its address above stated.

IN WITNESS WHEREOF, the undersigned has executed
this Deed of Trust the day and year first hereinabove
written.

(Attach Acknowledgment)

Grantor: QUALITY, INC.

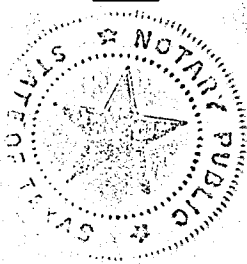
By:


Name: William N. Stout
Its: President

STATE OF TEXAS)
COUNTY OF Dallas) ss.

The foregoing instrument was acknowledged before me on this 13 day of March, 1989 by William N. Stout who is the President of Quality, Inc., a Delaware corporation, on behalf of such corporation and in the capacity therein stated.

SEAL



Janet L. Hyson
Notary Public for Texas
Printed Name: JANET L. HYSON
My Commission Expires: 6/22/91

EXHIBIT ADescription of the Real Property

Lot 4 in Block 2 of Tract 1174, COLLEGE INDUSTRIAL PARK,
according to the official plat thereof on file in the office
of the County Clerk of Klamath County, Oregon.

Lot 5 in Block 2 of Tract 1174, COLLEGE INDUSTRIAL PARK,
according to the official plat thereof on file in the office
of the County Clerk of Klamath County, Oregon.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE
PROPERTY DESCRIBED IN THIS INSTRUMENT IN
VIOLATION OF APPLICABLE LAND USED LAWS
AND REGULATIONS. BEFORE SIGNING OR
ACCEPTING THIS INSTRUMENT, THE PERSON
ACQUIRING FEE TITLE TO THE PROPERTY
SHOULD CHECK WITH THE APPROPRIATE CITY OR
COUNTY PLANNING DEPARTMENT TO VERIFY
APPROVED USES.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co. the 16th day
of March A.D., 19 89 at 11:02 o'clock A M., and duly recorded in Vol. M89,
of Mortgages on Page 4383.

Evelyn Biehn County Clerk

By Douglas M. Mueland

FEE \$183.00