

843907

DEED OF TRUST dated April 30, 1992, among GOLF RESOURCES, INC., 11730 Enterprise Drive, Suite 3, Auburn, CA 95603 (Grantor); Shield Crest, Inc., an Oregon corporation, P.O. Box 5047, Klamath Falls, OR 97601 (Beneficiary); Klamath County Title Company, P.O. Box 151, Klamath Falls, OR 97601 (Trustee).

Grantor is indebted to Beneficiary for the sum of \$500,000.00 which is payable with interest according to the terms of that certain promissory note between the parties of even date herewith (Promissory Note):

The term "Indebtedness", as used in this Deed of Trust shall mean (a) the principal and interest payable under the Promissory Note and under any number of extensions and renewals of the Promissory Note; (b) any sums paid or advanced by the Beneficiary to discharge obligations of Grantor as permitted under this Deed of Trust, with interest; and (c) any sums expended or incurred by Beneficiary pursuant to any written agreement between Grantor and Beneficiary specifying that performance thereunder is secured by this Deed of Trust.

To secure payment of the Indebtedness and performance of all obligations of Grantor under this Deed of Trust, Grantor irrevocably grants and conveys to Trustee, in trust, with power of sale, the real property, located in Klamath County, State of Oregon, more particularly described on Exhibit "1" attached hereto and incorporated herein; together with all appurtenances, all existing or subsequently erected or affixed improvements or fixtures. Grantor also hereby grants to Beneficiary a Uniform Commercial Code security interest in the fixtures, equipment, furnishings and other articles of personal property now located on or used in connection with the above-described real property defined as the "Property" and transferred to Grantor pursuant to that certain Purchase and Sale Agreement and Escrow Instructions between Grantor as Buyer and Beneficiary as Seller, dated April 29th 1992. Grantor hereby assigns to Beneficiary as additional security for the Indebtedness all present and future rents, leases, and profits from the Property.

1. Maintenance of Property.

The Property shall be maintained in good condition at all times. Grantor shall promptly make all necessary repairs, replacements and renewals so that the value of the Property shall be maintained, and Grantor shall not commit or permit any waste on the Property. Grantor shall comply with all laws, ordinances, regulations and private restrictions affecting the Property.

2. Taxes and Liens.

2.1 Grantor shall pay before they become delinquent all taxes and assessments levied against or on account of the Property, and shall pay as due all claims for work done on or for services rendered or material furnished to the Property. Special assessments shall be paid currently, without deferral, unless the lien for deferred assessments is subordinate to the interest of Beneficiary under this Deed of Trust, or Beneficiary gives its prior written consent to the deferral. Grantor shall maintain the Property free of any liens having priority over or equal to the interest of the Beneficiary under this Deed of Trust except for "Permitted Encumbrances" as defined in 5.1, the lien of taxes and assessments not delinquent, and except as otherwise provided in 2.2.

2.2 Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as the Beneficiary's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within 15 days after the lien arises or, if a lien is filed, within 15 days after Grantor has notice of the filing, secure the discharge of the lien or deposit with the Beneficiary cash or a sufficient corporate surety bond or other security satisfactory to the Beneficiary in an amount sufficient to discharge the lien plus any costs, attorneys' fees or other charges that could accrue as a result of a foreclosure or sale under the lien.

2.3 The assessor or tax collector of the county in which the Property is located is authorized to deliver to the Beneficiary a written statement of the property taxes assessed or owing at any time.

2.4 The Property is subject to: (a) Deed of Trust by and between Golf Resources, Inc., as Grantor, and Forest Products Federal Credit Union, as Beneficiary, dated 4-30, 1992, recorded in Mortgage Records of Klamath County, Oregon, in Vol. M-92, Page 9457; and (b) Deed of Trust by and between Golf Resources, Inc., as Grantor, and Shield Crest, Inc. as Beneficiary, dated 4-30, 1992, recorded in Mortgage Records of Klamath County, Oregon, in Vol. M-92, Page 9441 (herein called "Superior Indebtedness"). With respect to the Superior Indebtedness, Grantor shall:

(a) Pay and perform the terms of the Superior Indebtedness as provided therein and to satisfy in full the Superior Indebtedness according to its terms.

(b) If Grantor commits a material default under the Superior Indebtedness, the same shall constitute default under this Deed of Trust. Beneficiary, at its option (without being obligated to do so), may pay toward any Superior Indebtedness an amount to cure any such default, and any amount so expended shall be added to the Indebtedness secured by this Deed of Trust. Any amount so added to the Indebtedness secured by this Deed of Trust shall be payable upon demand with interest from the date such amount was expended by Beneficiary to the date of payment at the rate of 12% per annum.

3. Insurance.

3.1 Grantor shall carry insurance on the Property against fire and additional risks covered by a standard endorsement for extended coverage. Insurance on the Property shall be carried in companies and under policies reasonably acceptable to Beneficiary and shall be for an amount equal to the remaining unpaid portion of the Indebtedness or the full insurable value of the Property, whichever is less, and an amount sufficient to comply with any co-insurance provision in any policy.

3.2 All policies of insurance on the Property shall bear an endorsement in a form reasonably satisfactory to the Beneficiary making loss payable to the Beneficiary and a copy thereof shall be deposited with the Beneficiary. In the event of loss, Grantor shall immediately notify the Beneficiary, who may make proof of loss if it is not made promptly by Grantor. Proceeds shall be paid directly to Grantor and used for the restoration and/or repair of the Property unless Grantor shall then be in default under this Deed of Trust, in which case, the proceeds shall be paid directly to Beneficiary who may compromise with any insurance company and make a final settlement which shall be binding upon Grantor. The Beneficiary shall apply the proceeds to the restoration or repair of the Property.

3.3 At least 30 days prior to the expiration of any policy, a satisfactory renewal or substitute policy shall be secured by Grantor.

4. Expenditures by Beneficiary.

If Grantor shall fail to comply with any provision of this Deed of Trust, and upon expiration of any applicable grace periods, the Beneficiary may, at its option, on Grantor's behalf take the required action and any amount that it expends in so doing shall be added to the Indebtedness. Amounts so added shall be payable on demand with interest from the date of expenditure. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which the Beneficiary may be entitled on account of the default, and the Beneficiary shall not by taking the required action cure the default so as to bar it from any remedy that it otherwise would have had. The rate of interest on amounts referred to in this paragraph shall be 12% per annum or the maximum rate permitted to be charged under law, whichever is less.

5. Warranty; Defense of Title.

Grantor shall, in addition to Grantor's covenants in Paragraph 2.4, pay any sums and do any other acts necessary to prevent a default or prevent any action or condition which with the lapse of time, the giving of notice, or any other action of a creditor, would be a default under any prior encumbrance against the Property or enable any creditor to declare a default or foreclose any prior encumbrance which is a lien.

6. Hazardous Substances.

6.1 Grantor will not cause nor permit any activities on the Property which directly or indirectly could result in the release of any hazardous substance onto or under the Property or any other property. Grantor agrees to provide written notice to Beneficiary immediately upon Grantor becoming aware that the Property or any adjacent property is being or has been subject to a release of any hazardous substance.

6.2 Grantor will indemnify and hold Beneficiary harmless from and against any and all claims, demands, damages, clean-up and other costs, expenses, losses, liens, liabilities, penalties, fines, lawsuits and other proceedings (including attorneys' fees) arising directly or indirectly from or out of, or in any way connected with any release onto or under the Property or other property of any hazardous substance which occurs as a direct or indirect result of the acts or omissions of Grantor, its directors, officers, employees, agents, and independent contractors.

6.3 For purposes of this Deed of Trust, the term "hazardous substances" means any substance or material defined or designated as hazardous or toxic waste, hazardous or toxic material, or a hazardous, toxic or radioactive substance (or designated by any other similar term) by any applicable federal, state or local statute, regulation or ordinance now in effect or in effect at any time during either the term of this Deed of

Trust or however long Grantor remains in possession, custody, or control of the property following either foreclosure of this Deed of Trust or acceptance by Beneficiary of a deed in lieu of foreclosure.

7. Condemnation.

If any proceeding in condemnation is filed, Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor hereby assigns to Beneficiary the net proceeds of any condemnation award as security under this Deed of Trust.

8. Imposition of Tax.

8.1 The following shall constitute taxes to which this paragraph applies:

(a) A specific tax on the owner of property covered by a deed of trust which the taxpayer is authorized or required to deduct from payments on the deed of trust.

(b) A tax on premises covered by a deed of trust required to be charged against the Beneficiary under the deed of trust or the holder of the note secured.

8.2 If any federal, state or local tax to which this paragraph applies is enacted subsequent to the date of this Deed of Trust, this shall have the same effect as a default and the Beneficiary may exercise any or all of the remedies available to it in this event of a default unless the following conditions are met:

(a) Grantor may lawfully pay the tax or charge imposed, and

(b) Grantor pays or offers to pay the tax or charge imposed within 30 days after notice from the Beneficiary that the tax law has been enacted.

9. Due on Sale Clause:

Grantor agrees that Beneficiary may, at Beneficiary's option, declare the entire indebtedness immediately due and payable if all or any part of the Property, or an interest therein, is sold or transferred. If Beneficiary exercises the option to accelerate Grantor agrees that Beneficiary may use any default remedies permitted under this Deed of Trust and under applicable law. Grantor agrees that Beneficiary may exercise Beneficiary's rights under this Due-On-Sale provision each time all or any part of the Property, or an interest in the Property, is sold or transferred, whether or not Beneficiary previously exercised Beneficiary's rights under this or any other Due-On-Sale provision.

10. Security Agreement; Financing Statements.

10.1 In addition to its status as a Deed of Trust this instrument shall also constitute a security agreement with respect to any personal property and fixtures included within the description of the Property as defined herein. It shall also be effective as a financing statement filed as a fixture filing from the date of its recording and shall remain effective as a fixture filing until it is released or satisfied of record. For the purposes of this instrument being effective as a financing statement, Grantor is the "debtor" and Beneficiary is the "secured party".

10.2 Grantor shall join with the Beneficiary in executing one or more financing statements under the Uniform Commercial Code and shall file the statement at Grantor's expense in all public offices where filing is required to perfect the security interest of the Beneficiary in any personal property and fixtures included within the definition of Property as defined herein under the Uniform Commercial Code.

11. Default.

The following shall constitute events of default:

11.1 Any portion of the indebtedness is not paid within thirty (30) days after due.

11.2 Grantor fails within the time required by this Deed of Trust to make any payment for taxes, insurance, or any payment necessary to prevent filing of or discharge any lien.

11.3 Grantor breaches any representations or warranties contained in this Deed of Trust.

11.4 Grantor breaches any covenant or agreement contained in this Deed of Trust regarding hazardous substances.

11.5 Grantor fails to perform any other covenant or agreement contained in this Deed of Trust within 30 days after receipt of written notice from Beneficiary specifying the failure unless any such failure cannot reasonably be remedied within such 30-day period, then, in such event, Grantor shall not be in default under this Deed of Trust so long as Grantor diligently pursues the remedy of any such failure, provided, however, that any such failure is remedied within ninety (90) days from Grantor's receipt of said notice.

11.6 The commencement of any action to foreclose any lien which may have priority over this Deed of Trust.

11.7 Grantor becomes insolvent, files a voluntary petition in bankruptcy, becomes subject of an involuntary petition in bankruptcy, makes an assignment for benefit of creditors, or consents to the appointment of a receiver or trustee for any portion of the Property or all or a substantial part of Grantor's assets.

12. Release on Full Performance.

When all sums secured by this Deed of Trust are paid Beneficiary shall request Trustee to reconvey the above described real property. Trustee shall, without warranty, reconvey the real property to the person legally entitled thereto. Such person shall pay all fees for filing the reconveyance and shall pay Trustee a reasonable fee for preparation and execution of the reconveyance instrument.

13. Rights and Remedies on Default.

13.1 Upon the occurrence of any event of default and at any time thereafter, Beneficiary may exercise any one or more of the following rights and remedies:

(a) The right at its option by notice to Borrower to declare the entire Indebtedness immediately due and payable.

(b) With respect to all or any part of the Property that constitutes realty, the right to foreclose by judicial foreclosure in accordance with applicable law.

(c) The right to have the Trustee sell the Property in accordance with the Deed of Trust Act of the State of Oregon and the Uniform Commercial Code of the State of Oregon where applicable, at public auction to the highest bidder. Any person except Trustee may bid at the Trustee's sale. The power of sale conferred by this Deed of Trust and the law is not an exclusive remedy and when not exercised, Beneficiary may foreclose this Deed of Trust as a mortgage. The Trustee is not obligated to notify any party hereto of a pending sale under any other deed of trust or of any action or proceeding in which Grantor, Trustee, or Beneficiary shall be a party, unless such action or proceeding is brought by the Trustee.

(d) With respect to all or any part of the Property that constitutes personalty, the rights and remedies of a secured party under the Uniform Commercial Code.

(e) The right, without notice to Grantor, to take possession of the Property and collect all rents and profits, including those past due and unpaid, and apply the net proceeds, over and above the Beneficiary's costs, against the Indebtedness. In furtherance of this right the Beneficiary may require any tenant or other user to make payments of rent or use fees directly to the Beneficiary, and payments by such tenant or user to the Beneficiary in response to its demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed.

(f) The right to have a receiver appointed to take possession of any or all of the Property, with the power to protect and preserve the Property and to operate the Property preceding foreclosure or sale and apply the proceeds, over and above cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. The Beneficiary's right to the appointment of a receiver shall exist whether or not apparent value of the Property exceeds the Indebtedness by a substantial amount.

(g) Subject to any limitations imposed by law, the right to obtain a deficiency judgment in the event the net sale proceeds of any foreclosure sale are insufficient to pay the entire unpaid Indebtedness.

(h) Any other right or remedy provided in this Deed of Trust, the promissory note(s) evidencing the Indebtedness, any construction loan agreement, any other security document, or under law.

13.2 In exercising its rights and remedies, the Beneficiary and Trustee shall be free to sell all or any part of the Property together or separately or to sell certain portions of the Property and refrain from selling other portions provided that any such sales are conducted in a commercially reasonable manner. The Beneficiary shall be entitled to bid at any public sale on all or any portion of the Property.

13.3 The Beneficiary shall give Grantor reasonable notice of the time and place of any public sale of any public sale of any personal property or of the time after which any private sale or other intended disposition of the Property is to be made. Reasonable notice shall mean notice given at least ten days before the time of the sale or disposition.

13.4 A waiver by either party of a breach of a provision of this agreement shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. Election by the Beneficiary to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or take action to perform an obligation of Grantor under this Deed of Trust

after failure of Grantor to perform shall not affect the Beneficiary's right to declare a default and exercise its remedies under this Paragraph 13.

13.5 In the event suit or action is instituted to enforce any of the terms of this Deed of Trust, the prevailing party shall be entitled to recover from Grantor such sum as the court may adjudge reasonable as attorney's fees at trial and on any appeal. All reasonable expenses incurred by the Beneficiary that are necessary at any time in the Beneficiary's reasonable judgment for the protection of its interest or the enforcement of its rights, including without limitation, the cost of searching records, obtaining title reports, surveyors' reports, attorneys' opinions or title insurance, whether or not any court action is involved, shall become a part of the indebtedness payable on demand and shall bear interest at the same rate as provided in the note from the date of expenditure until paid.

14. Notice.

Any notice under this Deed of Trust shall be in writing and shall be effective when actually delivered or, if mailed, when deposited as registered or certified mail directed to the address stated in this Deed of Trust. Either party may change the address for notices by written notice to the other party.

15. Succession; Terms.

15.1 Subject to the limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall binding upon and inure to the benefit of the parties, their successors and assigns.

15.2 In construing this Deed of Trust, the term "Deed of Trust" or "Trust Deed" shall encompass the term security agreement when the instrument is being construed with respect to any personal property or fixtures.

15.3 "Attorneys' fees", as that term is used in the note and in this Deed of Trust, shall include attorneys' fees, if any which may be awarded by an appellate court.

15.4 Nouns and pronouns used in this Deed of Trust shall be construed in accordance with the appropriate gender and neuter, and as either singular or plural, as the context requires.

15.5 If any provision of this Deed of Trust is determined to be illegal or unenforceable, all other parts shall remain in effect.

15.6 All times and dates in this Deed of Trust are of the essence.

15.7 The use of the word "shall" indicates a mandatory direction, while the use of the word "may" indicates a permissive, but not mandatory, grant of authority.

GOLF RESOURCES, INC., a California corporation

By: Steve Adams

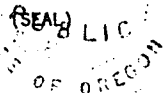
Steve Adams, President

By: _____

Victor Loustalot, Secretary

STATE OF Oregon, County of Klamath) ss: April 30, 1992

Before me personally appeared the above-named Steve Adams and ~~Victor Loustalot~~, who, being sworn, stated that they are the President and Secretary, respectively, of GOLF RESOURCES, INC., a California corporation, and that the seal affixed hereto is its seal and that this Deed of Trust was voluntarily signed and sealed on behalf of the Corporation by Authority of its Board of Directors.



Deborah Buckner
Notary Public For Oregon

My Commission Expires 12-19-92

EXHIBIT "A"

DESCRIPTION OF PROPERTY

The following described real property situate in Klamath County, Oregon:

PARCEL 1: Lot 10, EXCEPT the Northerly 258.38 feet thereof; The W. 30' of Lot 2, Block 4; Lot 8, Block 5 of Tract No. 1257, Re-subdivision of First Addition to Shield Crest, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

Parcel 2 of Major Partition 1-91 situate in the NE $\frac{1}{4}$ of Section 7, and the NW $\frac{1}{4}$ of Section 8 Township 39 South, Range 10 East of the Willamette Meridian.

PARCEL 2: A parcel of land located in the W $\frac{1}{2}$ of the E $\frac{1}{2}$ of Section 8, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at the one-quarter corner common to Sections 5 and 8, Township 39 South, Range 10 East of the Willamette Meridian; thence along the North line of said Section 8, North 89°45'14" East 953.75 feet to the Northwest corner of a parcel of land described in Volume M84 page 3240, Deed records of Klamath County, Oregon; thence, along the boundaries of said parcel South 00°13'00" East 185.00 feet; thence North 89°45'14" East 348.05 feet; thence South 00°13'00" East 372.07 feet; thence East 30.00 feet to a point on the East line of the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 8; thence along said East line South 00°13'00" East 504.96 feet to the Northeast corner of a parcel of land described in Volume M87 page 15532, Deed records of Klamath County, Oregon; thence along the boundaries of said parcel, South 88°00'16" West 220.52 feet; thence North 85°19'47" West 286.02 feet; thence South 8°45'58" West 551.68 feet to the Southwest corner of said parcel; thence South 8°48'39" West 1935.93 feet to the Northeasterly corner of a parcel of land described in Volume 203 page 199, Deed records of Klamath County, Oregon; thence North 65°45'28" West 199.82 feet to the Northwesterly corner of said parcel and the Northeasterly corner of a parcel of land described in Volume M83 page 13511, Deed records of Klamath County, Oregon; thence along the Northerly boundary of said parcel North 80°36'19" West 274.21 feet to a point on the West line of the E $\frac{1}{2}$ of Section 8; thence along said East line North 00°03'03" East 3372.34 feet to the point of beginning.

together with easement retained by Grantor in Deed to Donald C. Griffith and Carol J. Griffith recorded September 12, 1991, in M-91 on page 18360, records of Klamath County, Oregon, more particularly described as follows:

A strip of land located in Parcel 1 of Major Partition 1-91 in the NE $\frac{1}{4}$ of Section 7 and the NW $\frac{1}{4}$ of Section 8, Township 39 South, Range 10 E.W.M. for the purpose of ingress, egress, and the construction and maintenance of utilities over, across and under said strip of land, more particularly described as follows:

Beginning at the northeasterly corner of Parcel 1 of Major Partition 1-91 from which the Section corner common to Sections 5, 6, 7 and 8 bears N. 13°45'05" W. 30.89 feet; thence along the easterly boundary of said Parcel 1, S. 26°21'17" E. 310.74 feet; thence N. 88°49'47" W. 33.83 feet; thence N. 26°21'17" W. 252.10 feet; thence N. 77°15'19" W. 97.06 feet; thence S. 89°45'36" W. 155.00 feet to the Westerly boundary of said Parcel 1, thence N. 2°07'07" E. 30.04 feet to the Northwest corner of said Parcel 1, thence N. 89°45'36" E. 256.35 feet to the point of beginning.

Page Two of Description

together with an undivided interest in that private road shown on the plat as Shield Crest Drive and more particularly described in Declaration recorded in M-84 on page 4256 from a beginning point on Highway 140 to the terminus of said right at a point which is the south line of Lot 9, Block 4, Tract No. 1257, Re-subdivision of First Addition to Shield Crest.

Reserving to Grantor, their heirs, successors and/or assigns the following described easements:

1. A strip of land 20.00 feet wide located in the NW $\frac{1}{4}$ of Section 8, Township 39 South, Range 10 E.W.M., Klamath County, Oregon, for the construction and maintenance of utilities over, across and under said strip of land, more particularly described as follows:

Beginning at the most westerly corner of Lot 10 Block 4, Tract 1257, Re-Subdivision of a portion of the First Addition to Shield Crest from which point the Northwest corner of Section 8, T. 39 S. R. 10 E.W.M. bears N. 26°21'17" W. 304.94 feet and N. 00° 21'06" E. 15.00 feet; thence S. 88°49'47" E. 296.31 feet; thence S. 28°27'45" E. 205.76 feet to a point on the northwesterly line of Lot 11 of said Block 4; thence along said lot line S. 34°33'34" W. 22.44 feet to the most westerly corner of said Lot 11; thence N. 28°27'45" W. 204.31 feet; thence N. 88°49'47" W. 274.26 feet to the Westerly boundary of said Block 4; thence N. 26°21'17" W. 22.55 feet to the point of beginning.

2. A strip of land 30.00 feet wide located in parcel 2 of Major Partition 1-91 in the NE $\frac{1}{4}$ of Section 7, T. 39 S. R. 10 E.W.M., Klamath County, Oregon, for the purpose of ingress, egress and the construction and maintenance of utilities over, across and under said strip of land, more particularly described as the Northerly 30.00 feet of Parcel 2 of Major Partition 1-91.

Reserving also to the Grantor, their heirs, successors and/or assigns the right to use that easement retained by Grantor to Donald C. Griffith and Carol J. Griffith recorded September 12, 1991, in M-91 on page 18360, records of Klamath County, Oregon, and conveyed herein.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Co. the 30th day of April A.D., 19 92 at 4:29 o'clock P M., and duly recorded in Vol. M92 of Mortgages on Page 9451.

FEE \$40.00

Evelyn Biehn County Clerk

By Charles Mulholland