

K-44914

WHEN RECORDED MAIL TO:

STANDARD INS. CO.
P.O. BOX 711
PORTLAND, OR 97207

ATTN: J. Horwatt
SIC Loan No. 17049

V-32A

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

THIS DEED OF TRUST made this 29th day of January, 1993, is between
North Coast Electric Properties, an Oregon general partnership

("Trustor"), and First American Title Insurance Company
a California corporation, ("Trustee"), and STANDARD INSURANCE COMPANY, an Oregon
corporation, ("Beneficiary").

Trustor irrevocably grants, bargains and sells to Trustee in trust, with power of sale, that property in the
City of Klamath Falls, County of Klamath, State
of Oregon, described as follows (the "Property"):

The North 15 feet of Lot 23 and All of Lots 24, 25, 26,
and the South 40 feet of Lot 27 in Block 18, of Second
Railroad Addition to the City of Klamath Falls, according
to the official plat thereof on file in the office of the
County Clerk of Klamath County, Oregon.

Together with (a) all rents, income, contract rights, issues and profits now due or which may become due
under or by virtue of any lease, rental agreement or other contract, whether written or oral, for the use or
occupancy of the Property or any part thereof, together with all tenant security deposits, subject, however,
to the right, power and authority hereinafter given to and conferred upon Trustor to collect and apply such
rents, issues, income, contract rights, security deposits and profits prior to any default hereunder; (b) all
buildings and improvements now or hereafter thereon, and all appurtenances, easements, right in party
walls, water and water rights, pumps and pumping plants and all shares of stock evidencing the same; (c)
all fixtures and property now or hereafter attached to or used in the operation of the Property, including but
not limited to machinery, equipment, appliances and fixtures for generating or distributing air, water, heat,
electricity, light, fuel or refrigeration, or for ventilating or sanitary purposes, or for the exclusion of vermin
or insects, or for the removal of dust, refuse or garbage, all wallbeds, wallsafes, built-in furniture and
installations, shelving, lockers, partitions, door stops, vaults, elevators, dumbwaiters, awnings, window
shades, venetian blinds, light fixtures, fire hoses and brackets and boxes for same, fire sprinklers, alarm
systems, drapery rods and brackets, screens, linoleum, carpets, plumbing, laundry tubs and trays, ice boxes,
refrigerators, heating units, stoves, water heaters, incinerators, communication systems and all installations
for which any such building is specifically designed; (d) all awards, compensation and settlements in lieu
thereof made as a result of the taking by power of eminent domain of the whole or any part of the Property;
(e) all trade names by which all or any part of the Property is known, any books and records relating to the
use and operation of all or any portion of the Property, all present and future plans and specifications and
contracts relevant to the design, construction, management or inspection of any construction on any
improvements on the Property and all present and future licenses, permits, approvals and agreements with
or from any municipal corporation, county, state or other governmental or quasi-governmental entity relevant
to the development, improvement or use of all or any portion of the Property; (f) all rights of Trustor in and
to any escrow or withhold agreements, surety bonds, warranties, management contracts, leasing or sales
agreements with any real estate agents or brokers, and service contracts with any entity, which are in any
way relevant to the development, improvement, leasing, sale or use of the Property or any personal property
located thereon; and

all of said items whether now or hereafter installed being hereby declared to be, for all purposes of this Deed
of Trust, a part of the realty; and all the estate, interest or other claim or demand, including insurance, in
law as well as in equity, which Trustor now has or may hereafter acquire, in and to the aforesaid property;
the specific enumerations herein not excluding the general. The Property and all of the foregoing shall
constitute the "Trust Property".

This Deed of Trust is made for the purpose of securing, in such order of priority as Beneficiary may elect: (a) payment of the indebtedness in the sum of \$200,000.00 evidenced by that certain Promissory Note of even date January 29, 1993 herewith (the "Note") made by Trustor, delivered to Beneficiary and payable to its order, with final payment due on the first day of March, 2003, which is the maturity date of this Deed of Trust, and any and all modifications, extensions or renewals thereof, whether hereafter evidenced by the Note or otherwise; (b) payment of interest on said indebtedness according to the terms of the Note; (c) payment of all other sums, with interest as herein provided, becoming due and payable under the provisions hereof to Trustee or Beneficiary; (d) performance of each and every condition, obligation, covenant, promise and agreement of Trustor contained herein, or in the Note, or in any loan agreement relative to any indebtedness evidenced by the Note, or in any security agreement or deed of trust at any time given to secure any indebtedness hereby secured or any part thereof; (e) payment of such additional sums with interest thereon as may be hereafter advanced by or borrowed from the Beneficiary, its successors or assigns, by the then record owner or owners of the Trust Property when evidenced by another promissory note or notes which are by the terms thereof secured by this Deed of Trust. To the extent permitted by law, any sums hereafter advanced by or borrowed from Beneficiary, its successors or assigns, shall have the same priority as the original sums advanced by Beneficiary and secured hereby.

Trustor's Covenants and Warranties. Trustor hereby warrants that: (a) Trustor is the owner in fee simple absolute of the Property and every part thereof; (b) the Trust Property is free, and will be kept free, from all liens and encumbrances, except those accepted by Beneficiary in writing, and Trustor will defend the title hereby granted to and in favor of Trustee and Beneficiary as against all and every person claiming or to claim the same; (c) the loan proceeds are not for use primarily for personal, family or household purposes; (d) to the best of Trustor's knowledge after due inquiry into previous ownership and uses of the Trust Property, there are no Hazardous Substances (as defined below) located on the Trust Property and Trustor will not place or permit to be placed on the Trust Property any Hazardous Substances (as defined below); (e) the Property is zoned for the existing or contemplated use of the Property; (f) the Property is in compliance with all zoning, subdivision, and environmental laws, regulations, and ordinances applicable thereto; all deed restrictions, subdivision and building ordinances and other applicable governmental laws have been fully complied with; and Trustor has all licenses and permits required by governmental authorities with respect to the Trust Property, its operation, improvement and use; (g) the Property has indefeasible access to public rights of way as now improved and open to public passage, and is not encroached upon by improvements or rights of others, nor do the improvements on the Property encroach upon the property of others; (h) there are no actions, lawsuits, or other proceedings pending or threatened against or affecting the Trust Property or Trustor which might adversely affect the ability of Trustor to perform its obligations under the Note or other loan documents, or which might adversely affect the priority of Beneficiary's first lien on the Trust Property; (i) consummation of the loan secured hereby and performance under the loan documents will not conflict with or result in a breach of any law, regulation or court order applicable to Trustor or the Trust Property; (j) no condemnation proceeding is pending, or to the knowledge of Trustor, threatened with respect to the Trust Property; (k) there has been no material adverse change in the financial condition of Trustor which might adversely affect the ability of Trustor to perform its obligations under the loan documents, or which might adversely affect the priority of Beneficiary's first lien on the Trust Property; (l) all services and utilities, such as water, electricity and sewer, are available to the Trust Property; and (m) with respect to each Trustor who is an individual, no part of the Trust Property constitutes any part of Trustor's business homestead or residential homestead. As used in this Deed of Trust, Hazardous Substances means: (a) any "hazardous waste" as defined in the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901 et seq.), as amended from time to time, and regulations promulgated thereunder; (b) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601 et seq.), as amended from time to time, and regulations promulgated thereunder; (c) radon, asbestos, polychlorinated biphenyls (PCBs), explosives, radioactive substances, and material quantities of petroleum products; (d) any substance the presence of which on the Property is regulated by any federal, state or local law relating to the protection of the environment or public health; and (e) any other substance which by law requires special handling in its collection, storage, treatment or disposal.

Trustor further warrants that: If located in Idaho, the Trust Property either is not more than twenty (20) acres in area or is located within an incorporated city or village; if located in Washington, the Trust Property is not used principally for agricultural or farming purposes; if located in Montana, the Trust Property is not more than fifteen (15) acres; and if located in Iowa, the Trust Property is not agricultural land as defined in IC 172C.1.

A. Trustor agrees as follows:

1. **Payment of Indebtedness; Performance of Covenants.** Trustor shall pay each and every installment of principal and interest on the Note and all other indebtedness secured hereby, as and when the same shall become due, and to perform and observe all of the covenants, agreements and provisions contained herein, in the Note and any other instrument given as security for the payment of the Note.

2. **Maintenance; Compliance; Liens.** Trustor shall: keep the Trust Property in good condition and repair; not permit or suffer any extraordinary repairs or removal or demolition of, or a structural change in any building, fixture, equipment, or other improvement on the Trust Property; comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Trust Property or requiring any alteration or improvements to be made thereon; not commit or permit waste thereon; not commit, suffer or permit any act upon the Trust Property in violation of law; cultivate, irrigate, fertilize, prune and do all other acts which from the character or use of the Trust Property may be reasonably necessary; the specific enumeration herein not excluding the general; and keep the Trust Property free from all encumbrances, except those accepted by Beneficiary in writing.

3. Hazardous Waste and Substances; Environmental Requirements. Trustor shall comply with all laws, governmental standards and regulations applicable to Trustor or to the Trust Property in connection with occupational health and safety, hazardous waste and substances, and environmental matters. Trustor shall promptly notify Beneficiary of its receipt of any notice of (a) a violation of any such law, standard or regulation; (b) all claims made or threatened by any third party against Trustor or the Property relating to any loss or injury resulting from any Hazardous Substances; and (c) Trustor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any environmental law. The use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Trust Property of Hazardous Substances by Trustor, Trustor's agents, or any tenant or sublessee occupying part or all of the Trust Property shall be an event of default under this Deed of Trust, and Trustor shall not engage in or permit such activities or events to occur upon the Trust Property. Trustor shall indemnify and hold Beneficiary, its directors, officers, employees, agents, successors and assigns harmless from all loss, cost, damage, claim and expense (including attorney fees and costs, whether at trial, on appeal or otherwise) incurred by Beneficiary in connection with the falsity in any material respect of the covenants contained herein or of Trustor's failure to perform the obligations of this paragraph 3. This indemnity shall not survive the reconveyance of the lien of this Deed of Trust, or the extinguishment of the lien by foreclosure or action in lieu thereof.

4. Casualty Loss/Restoration Construction. Trustor shall complete and restore promptly and in good and workmanlike manner any buildings or improvements which may be constructed, damaged, or destroyed on the Trust Property, and pay when due all costs incurred therefor. If the loan secured hereby or any part thereof is being obtained for the purpose of financing construction of improvements on the Trust Property, Trustor further agrees: to complete same in accordance with plans and specifications satisfactory to Beneficiary, to allow Beneficiary to inspect the Trust Property at all times during construction and to replace any work or materials unsatisfactory to Beneficiary within fifteen (15) days after notice from Beneficiary of such fact. If said work upon the construction or restoration of the building or buildings shall be discontinued for a period of fifteen (15) days, Beneficiary may, at its option, also enter into and upon the Trust Property and complete the construction or restoration of said building or buildings. Trustor hereby gives to Beneficiary full authority and power to make such entry and to enter into such contracts or arrangements as may be necessary to complete or restore said building or buildings and all monies expended by Beneficiary in connection with such completion or restoration shall be added to the principal theretofor advanced under the Note and secured by these presents and shall be payable by Trustor on demand with interest as provided in the Note.

Trustee, upon presentation to it of an affidavit signed by Beneficiary setting forth facts showing a default by Trustor under this numbered paragraph or under any other provision of this Trust Deed, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

5. Insurance.

(a) **Property and Other Insurance.** Trustor shall obtain and maintain in full force and effect during the term of this Deed of Trust all risk property insurance together with endorsements for replacement cost coverage, inflation adjustment, and vandalism and malicious mischief coverage, all in amounts not less than the full replacement cost of all improvements including the cost of debris removal and comprehensive general liability insurance with limits, coverages, risks insured and waiver of subrogation clauses acceptable to Beneficiary. Trustor shall obtain and maintain such other insurance as Beneficiary from time to time shall reasonably require, including without limitation rent and rental interruption insurance (equal to six (6) months annualized income) and flood insurance. If any portion of the fire and other risks insured as provided herein are reinsured, the policies shall contain a so-called "cut-through" endorsement.

(b) **Insurance Companies and Policies.** All such insurance shall be written by a company or companies acceptable to Beneficiary, shall contain a beneficiary clause in favor of Beneficiary with loss proceeds under any policy payable to Beneficiary, shall be satisfactory to Beneficiary as to form, substance, and except as specifically designated above, amount, shall provide for thirty (30) days' prior written notice of cancellation to Beneficiary, shall contain endorsements that no act or negligence of Trustor or any occupant, and no occupancy or use of the Trust Property for purposes more hazardous than permitted by the terms of the policy will affect the validity or enforceability of such insurance as against Beneficiary, shall be in full force and effect of the date of this Deed of Trust, shall contain such additional provisions as Beneficiary deems necessary or desirable to protect its interest, and shall be accompanied by proof of premiums paid for the current policy year. All such insurance shall be written in amounts sufficient to prevent Trustor from becoming a co-insurer under the applicable policies.

(c) **Blanket Policy.** If a blanket policy is issued, a certified copy of said policy shall be furnished together with a certificate indicating that Beneficiary is the insured under said policy in the proper designated amount.

(d) **Notice of Loss.** In the event of loss, Trustor shall immediately notify Beneficiary. Beneficiary may make proof of loss if it is not made promptly by Trustor.

(e) **Insurance Proceeds.** All insurance proceeds may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, without regard to whether or not its security is impaired or, at the sole and absolute option of Beneficiary, the entire amount so collected or any part thereof may be released to Trustor, but in any event Beneficiary may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with the collection and/or payment of such proceeds. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

6. Defense. Trustor shall appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary, or Trustee; and pay all costs and expenses, including cost of evidence of title and attorney fees in a reasonable sum, in any such action or proceeding, or appeal therefrom, in which Beneficiary or Trustee may appear.

7. **Taxes and Assessments.** Trustor shall pay, at least ten (10) days before the due date (and, in the case of annual property taxes, before the first installment thereof becomes due), all taxes and assessments affecting the Trust Property or upon this Deed of Trust or the debt secured thereby, or against Beneficiary by reason of the ownership of this Deed of Trust and the Note, or either of them, including assessments on appurtenant water stock. Trustor shall also pay, when due, all encumbrances, charges and liens, with interest, on the Trust Property or any part thereof, which appear to be prior or superior hereto and to deliver to Beneficiary upon request the official receipt or receipts showing payment thereof, and all costs, fees and expenses of this Deed of Trust.

8. **Monthly Deposits.** Unless this covenant is prohibited by law or waived in writing by Beneficiary, Trustor shall pay each year to Beneficiary, together with and in addition to the monthly payments of principal and interest payable under the terms of the Note, until the Note is fully paid, in equal monthly installments, the estimated amount of the annual property taxes, assessments, insurance premiums and similar charges next payable, as estimated by Beneficiary. If at any time Beneficiary determines that such payments will not be sufficient to account for each such charge on its due date (and in the case of annual property taxes, on the due date of the first installment thereof), Trustor shall pay to Beneficiary, upon demand, additional sums as necessary to account for such deficiency. Beneficiary may retain the sums received under this paragraph 8 and apply them to such charges when they (and in the case of annual property taxes, the first installment thereof) become due. Sums received shall not earn interest and may be commingled with other funds of Beneficiary. If Beneficiary is required by law to pay interest on these sums Beneficiary may, to the extent permitted by law, impose a charge for holding and disbursing such funds. In the event of a default under the Note, this Deed of Trust or any other instrument securing the Note, Beneficiary may apply the sums required under this paragraph 8 (without prepayment charge and without limiting the privilege, if any, to prepay any amounts secured hereby) first to accrued interest and then to the principal balance secured hereby. As an additional covenant hereof, and in any event if the foregoing provision for prepayment is at any time prohibited by law, or waived in writing by Beneficiary, or Trustor fails to make payments in the full amount required under this paragraph 8, Trustor shall pay such charges when they (and in the case of annual property taxes, the first installment thereof) are due and, upon demand, provide Beneficiary with satisfactory evidence of payment and coverage.

9. **Leases.** Trustor shall fully perform all the terms and conditions on Trustor's part to be performed in any existing or future lease with respect to which Trustor is lessor covering all or a portion of the Property. Trustor shall not, without the prior consent of Beneficiary, terminate, cancel or accept the surrender of, or suffer or permit the termination, cancellation or surrender of such lease, except upon the expiration of the term thereof, or materially modify or alter, or suffer or permit the material modification or alteration of such lease. Trustor further covenants and agrees not to enter into any lease for a term in excess of three (3) years of all or any portion of the Property without the prior written consent of Beneficiary.

10. **Payment of Premiums.** Trustor shall pay all premiums upon any life insurance policy which may be held by the Beneficiary as additional security for the debt herein referred to.

11. **Fees for Information.** Trustor shall pay Beneficiary, to the extent permitted by law, a reasonable fee, as determined by Beneficiary, for providing to Trustor or a third party a statement concerning the obligations secured by this Deed of Trust or any other information requested by Trustor or the third party.

12. Security Agreement.

(a) **Grant of Security Interest.** With respect to any portion of the Trust Property which constitutes personal property or fixtures governed by the Uniform Commercial Code of the state in which the Trust Property is located (the "Code"), this Deed of Trust shall constitute a security agreement between Trustor as Debtor and Beneficiary as Secured Party, and Trustor hereby grants to Beneficiary a security interest in such portion of the Trust Property. Cumulative of all other rights of Beneficiary hereunder, Beneficiary shall have all of the rights conferred upon secured parties by the Code. Trustor shall execute and deliver to Beneficiary all financing statements that may from time to time be required by Beneficiary to establish and maintain the validity and priority of the security interest of Beneficiary, or any modification thereof, and all costs and expenses of any searches reasonably required by Beneficiary.

(b) **Rights of Beneficiary.** Beneficiary may exercise any or all of the remedies of a secured party available to it under the Code with respect to such property, and it is expressly agreed that if upon default Beneficiary shall proceed to dispose of such property in accordance with the provisions of the Code, ten (10) days' written notice by Beneficiary to Trustor shall be deemed to be reasonable notice under any provision of the Code requiring such notice; provided, however, that Beneficiary may at its option dispose of such property in accordance with Beneficiary's rights and remedies with respect to the real property pursuant to the provisions of this Deed of Trust, in lieu of proceeding under the Code.

(c) **Change in Trustor's Name.** Trustor shall give advance notice in writing to Beneficiary of any proposed change in Trustor's name, identity, or corporate structure and shall execute and deliver to Beneficiary, prior to or concurrently with the occurrence of any such change, all additional financing statements that Beneficiary may require to establish and maintain the validity and priority of Beneficiary's security interest with respect to any Trust Property described or referred to herein.

(d) **Fixture Filing.** With respect to those items of the Trust Property that are or will become fixtures upon the Property and those items, if any, specifically described in attached Exhibit B, this Deed of Trust shall be effective as a financing statement filed as a fixture filing from the date of its filing for record in the real estate records of the county in which the Trust Property or Exhibit B property is situated. Information concerning the security interest created by this instrument may be obtained from Beneficiary, as Secured Party, at the address of Beneficiary stated below. The mailing address of the Trustor, as debtor, is as stated below.

B. It is mutually agreed that:

1. **Proceeds of Condemnation, Injury to Trust Property.** 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 Trust Property, or any part thereof, or for the conveyance in lieu of condemnation thereof, are hereby assigned to and shall be paid to Beneficiary. In addition, all causes of action, whether accrued before or after the date of this Deed of Trust, of all claims for damages or injury to the Trust 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 and the proceeds shall be paid to Beneficiary. Beneficiary may elect, in its sole discretion, without regard to whether its security is impaired, to apply such sums to the indebtedness secured by this Deed of Trust, whether then matured or subsequently to mature, or to release such sums or any part thereof.

2. **Non-Waiver.** No waiver of any default on the part of Trustor or breach of any of the provisions of this Deed of Trust or of any other instrument executed in connection with the indebtedness secured hereby shall be considered a waiver of any other or subsequent default or breach, and no delay or omission in exercising or enforcing the rights and powers herein granted shall be construed as a waiver of such rights and powers, and likewise no exercise or enforcement of any rights or powers hereunder shall be held to exhaust such rights and powers, and every such right and power may be exercised from time to time.

3. **Reconveyance.** Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matter 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."

4. **Assignment of Rents.** Trustor hereby assigns the rents, income, issues and profits of the Trust Property and hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of this Deed of Trust, to collect the rents, income, issues and profits of the Trust Property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, income, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, the solvency of Trustor, or the presence of waste or danger of loss or destruction of the Trust Property, enter upon and take possession of the Trust Property or any part thereof, and any personal property in which Beneficiary has a security interest as additional security for the indebtedness secured by this Deed of Trust, and in its own name sue for or otherwise collect such rents, income, issues 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 indebtedness secured hereby, and in such order as Beneficiary may determine. In the exercise of any of the foregoing rights and powers, Beneficiary shall not be liable to Trustor for any loss or damage thereby sustained unless due solely to the willful misconduct of Beneficiary. The entering upon and taking possession of the Trust Property, the collection of such rents, income, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. To the extent the provisions of this paragraph are inconsistent with the terms of a separate Assignment of Lessor's Interest in Leases, if any, the terms of the Assignment of Lessor's Interest in Leases shall control.

5. **Beneficiary's Right to Cure and Defend.** Should Trustor fail to make any payment or to do any act as provided in this Deed of Trust, or in the Note or in any other instrument securing the Note, Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon the Trust Property for such purpose. Beneficiary and/or Trustee may at any time, prior to full payment of all sums secured by this Deed of Trust, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any power conferred by this Deed of Trust, pay necessary expenses, employ counsel and pay reasonable fees therefor (including fees on appeal). Trustor agrees to repay immediately and without demand all sums so expended by Beneficiary or Trustee with interest from date of expenditure at the Default Rate as herein provided.

6. **Default; Acceleration; Default Rate.** Time is material and of the essence hereof. Each of the following shall be an Event of Default under this Deed of Trust: (a) failure of Trustor to pay the secured indebtedness as provided; (b) failure of Trustor to comply with the provisions of this Deed of Trust; (c) a proceeding under any bankruptcy, receivership or insolvency law instituted by or against Trustor; (d) if Trustor makes an assignment for the benefit of creditors; (e) if any laws impose what Beneficiary may deem to be a substantial tax upon Beneficiary by reason of its interest in this Deed of Trust (unless Trustor may lawfully pay such tax and does so); or (f) if any warranty contained in the fifth paragraph of this Deed of Trust is false in the material respect or any representation, warranty or information furnished by the Trustor or its agents to Beneficiary in connection with the indebtedness secured hereby is false in any material respect. Any default under this Deed of Trust shall constitute a default under the Note and under all other security instruments securing the Note. Any default under such other security instruments shall constitute a default under this Deed of Trust. Upon default, Beneficiary may (but if the Trust Property is located in Iowa or Nevada, only after the period of time required by law) declare all sums secured hereby immediately due and payable. Any sum not paid as provided herein or in the Note or any other security instrument securing the Note shall bear interest from such due date at a rate of interest four (4) percentage points per annum greater than the Note Rate or the maximum rate permitted by law, whichever is lesser (the "Default Rate"). If a default occurs during a period of time in which prepayment is permitted only on payment of prepayment charge, such charge shall be computed as if the sum declared due on default were a prepayment and shall be added to the sums due and payable under the Note.

7. **Power of Sale.** Beneficiary may direct Trustee, and Trustee shall be empowered, to foreclose the Trust Property by advertisement and exercise of sale under applicable law by delivering to Trustee a written declaration of default and demand for sale and written notice of default and Beneficiary's election to cause the Trust Property to be sold, which notice Trustee shall cause to be recorded, filed for record, mailed, published and/or posted as may be required by law. After the lapse of the period required by law following the recordation of said notice of default, and notice of sale having been given as required by law, Trustee, without demand on Trustor, shall sell the Trust Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, or otherwise in the manner prescribed by law, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Trust Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by

public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary, may purchase at such sale. All unexpired hazard insurance on the property so sold shall pass to and inure to the benefit of the purchaser of such property at such sale and Beneficiary is hereby irrevocably authorized to assign in Trustor's name to such purchaser of all such policies, which may be amended or rewritten to show the interest of such purchaser.

8. Attorney Fees; Proceeds of Sale. If foreclosure be made by Trustee, to the extent allowed by law, reasonable attorney fees for services in the supervision of foreclosure proceedings shall be allowed by Trustee as part of the costs of foreclosure. After deducting all costs, fees and expenses of Trustee and of this Deed of Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof, not then repaid, with accrued interest at the Default Rate as herein provided; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

9. Expenses and Attorney Fees. If Beneficiary refers the Note to an attorney for collection or seeks legal advice following a default alleged in good faith under the Note; if Beneficiary is the prevailing party in any litigation instituted in connection with the Note; or if Beneficiary or any other person initiates any judicial or nonjudicial action, suit or proceeding in connection with the Note, the indebtedness evidenced thereby or the security therefor (including, but not limited to, an action to recover possession of the Property after foreclosure), and an attorney is employed by Beneficiary to (a) appear in any such action, suit or proceeding, or (b) reclaim, seek relief from a judicial or statutory stay, sequester, protect, preserve or enforce Beneficiary's interest in the Note, the Deed of Trust or any other security for the Note (including but not limited to proceedings under federal bankruptcy law, in eminent domain, under probate proceedings, or in connection with any state or federal tax lien), then in any such event, to the extent allowed by law, Trustor shall pay attorney fees and costs and expenses incurred by Beneficiary and/or its attorney in connection with the above-mentioned events and any appeals related to such events, including but not limited to costs incurred in searching records, the cost of title reports, the cost of appraisals, the cost of surveyors' reports and the cost of environmental surveys. If not paid within ten (10) days after such fees, costs and expenses become due and written demand for payment is made upon Trustor, such amount may, at Beneficiary's option, be added to the principal of the Note and shall bear interest at the Default Rate.

10. Binding Effect; Waiver of Defenses; Interpretation. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The right to plead any Statute of Limitations in any suit brought upon the Note or the indebtedness thereby evidenced or to foreclose or enforce this Deed of Trust or arising therefrom or by reason of any default of Trustor, is hereby waived to the full extent permissible by law. The term Beneficiary shall mean the owner and holder, including pledges, of the Note secured hereby, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

11. Due on Sale or Encumbrance.

(a) This loan is personal to Trustor and not assignable. In making it, Beneficiary has relied on Trustor's credit, Trustor's interest in the Trust Property, and financial market conditions at the time this loan is made. In the event of a sale, conveyance, transfer or encumbrance of the title to or possession of all or part of the Trust Property, directly or indirectly, either voluntarily, involuntarily or by operation of law, without the prior written consent of Beneficiary (which consent may be withheld at Beneficiary's sole discretion), Beneficiary may declare the entire balance of this loan immediately due and payable. In such event, and to the extent permitted by law, a prepayment charge as specified in the Note shall be added to the sums due and payable in the Note and this Deed of Trust.

(b) Beneficiary will waive its right under the foregoing provisions of this paragraph if the following conditions are met: (i) the credit of proposed transferee is satisfactory to Beneficiary; (ii) the proposed transferee shall assume full personal liability for payment and performance of the Note, this Deed of Trust and any other security instruments securing the Note; (iii) Beneficiary's reasonable administrative costs, as determined by Beneficiary, are paid to Beneficiary; (iv) at Beneficiary's sole option, either the interest rate on the secured loan is increased to a rate not in excess of the then current market rate for comparable loans under comparable circumstances (the amount of the increase to be determined solely by Beneficiary), or Beneficiary is paid a lump sum compensation not to exceed five percent (5%) of the loan balance; and (v) the provisions in the Note, this Deed of Trust and any other instrument securing the Note regarding the maturity, amortization or prepayment of this loan shall be modified, at Beneficiary's sole option, to conform to provisions being offered by Beneficiary in similar loans at the time Beneficiary's waiver is sought, or in the event Beneficiary is not offering similar loans at such time, on such reasonable terms as Beneficiary may determine. Without limiting the generality or effect of the foregoing, waiver by Beneficiary of its right to accelerate the loan upon any transfer or contract to transfer, or to require satisfaction of the conditions set forth in subparagraph (b), shall not be deemed a waiver by Beneficiary of its right to accelerate the loan upon any other transfer or contract to transfer or of its right upon such transfer to require satisfaction of the conditions set forth above in subparagraph (b).

(c) Any changes in the provisions in the Note, this Deed of Trust, or any other instrument securing the Note resulting from the satisfaction of the conditions set forth in paragraph 11(b) above shall entitle Beneficiary to increase the amount of the monthly installment to an amount determined by Beneficiary to be sufficient to amortize this Loan within the remainder of the amortization period originally used by the Beneficiary to establish the original monthly payment amount for this Loan.

(d) For the purpose of, and without limiting the generality of the foregoing, the occurrence at any time of any of the following events, without Beneficiary's prior written consent, shall be deemed to be a transfer of title to the Trust Property.

(i) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, all or any part of the legal and/or equitable title to the Trust Property;

(ii) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, any share of stock of the Trustor;

- (iii) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, any general partnership interest in Trustor; or
- (iv) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, twenty-five percent (25%) or more of all limited partnership interests in Trustor.
- (e) Assumption shall NOT release Trustor or any successor in interest from personal liability for payment and performance of the terms and conditions of this loan.

12. Late Charges. The Note provides that if any payment is not received by Beneficiary (or by the correspondent if a correspondent has been designated by Beneficiary to receive payments) within fifteen (15) days after its due date, Beneficiary, at its option, may assess a late charge equal to five cents for each \$1.00 of each overdue payment or the maximum late charge permitted by the laws of the state in which the Trust Property is located, whichever is less. Such late charge shall be due and payable on demand, and Beneficiary at its option, may (a) refuse any late payment or any subsequent payment unless accompanied by such late charge, (b) add such late charge to the principal balance of the Note or (c) treat the failure to pay such late charge as demanded as a default hereunder. If such late charge is added to the principal balance of the Note, it shall bear interest at the Default Rate.

13. Deficiency. Trustor consents to a personal deficiency judgment for any part of the debt hereby secured which shall not be paid by the sale of the Trust Property, unless such judgment is prohibited by law. Any Trustor who is a married person hereby expressly agrees that recourse may be had against his or her other property, however owned, but without hereby creating any lien or charge thereon, for any deficiency due after sale of the Trust Property; except that this provision shall not apply in the case of a Trustor who executes this Deed of Trust but not the Note secured hereby.

14. Waiver of Rights Regarding Property. To the extent permitted by law, Trustor hereby releases and waives (a) all rights to any homestead exemption in the Trust Property; (b) all rights of dower and curtesy in the Trust Property; and (c) all rights to possession of the Property during any period allowed by law for redemption.

15. Waiver of Right to Marshal. Trustor, for Trustor and for all persons hereafter claiming through or under Trustor or who may at any time hereafter become holders of liens junior to the lien of this Deed of Trust, hereby expressly waives and releases all rights to direct the order in which any of the Trust Property shall be sold in the event of any sale or sales pursuant hereto and to have any of the Trust Property and/or any other property now or hereafter constituting security for any of the indebtedness secured hereby marshaled upon any foreclosure of this Deed of Trust or of any other security for any of said indebtedness.

16. Severability. In the event any provision 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.

17. Signature on Deed of Trust Only. Notwithstanding any other provision of this Deed of Trust, any person who executes this Deed of Trust, but not the Note secured hereby, shall have no personal liability on the Note or for any deficiency judgment which may be obtained upon foreclosure of this Deed of Trust. Such persons jointly and severally waive presentment, demand, protest and all notices and agree that Beneficiary, without notice to them or their consent, and upon such terms as Beneficiary may deem advisable, and without affecting in any way Beneficiary's rights hereunder as against the Trust Property, may:

- (a) Extend, release, surrender, exchange, compromise, discharge or modify any right or obligation secured by or provided by this Deed of Trust or any other instrument securing this loan, or
- (b) Take any other action which Beneficiary may deem reasonably appropriate to protect its security interest in the Trust Property.

18. Nevada Provision. If the Trust Property is located in Nevada, then to the extent not inconsistent with the foregoing provisions of this Deed of Trust, the following covenants, numbers 1, 2 (full replacement value), 3, 4 (12 percent) 5, 6, 7 (a reasonable percentage), 8 and 9 of NRS 107.030 are hereby adopted and made a part of this Deed of Trust.

19. New Mexico Provision. If the Trust Property is located in New Mexico, then the Trust Property and this Deed of Trust are subject to the terms of the New Mexico Deed of Trust Act.

20. Oregon Provision. If the Trust Property is located in Oregon, indicate whether document is being filed as a fixture filing with an effective period of ☐ five years, ☐ ten years, or ☒ until this Deed of Trust is released or satisfied of record or its effectiveness otherwise terminates as to the Property.

21. Governing Law. The law of the state in which the Trust Property is located shall govern the validity, interpretation, construction and performance of this Deed of Trust.

22. Books and Records. Upon demand, Trustor will provide Beneficiary with operating statements and other financial information relevant to the use, operation and income of the Trust Property, including reasonable access to the books and records.

23. Prepayment Charges. Prepayment charges will be imposed, as specified in the Note, to the extent permitted by law, whether the prepayment is (a) voluntary, involuntary, or by operation of law, (b) in connection with a default in performance of the payment obligations or any other obligations under the Note or under any instrument securing the Note, or (c) required by Beneficiary as provided herein in connection with a transfer or contract to transfer the Trust Property, provided that no prepayment charges shall be added to sums prepaid with casualty insurance proceeds or condemnation awards.

24. Successor Trustee; Notice. Beneficiary at any time and from time to time, by instrument in writing, may substitute and appoint a successor or successors (either corporate or individual) to any trustee named herein or previously substituted hereunder, which instrument when executed, acknowledged, and recorded in the office of the Recorder of the county or counties where the Trust Property is situated shall be conclusive proof of the proper substitution and appointment of each such successor trustee or trustees, who shall then have all the title, powers, duties and rights of the predecessor trustee, without the necessity of any conveyance from such predecessor. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to Trustor. Trustee is not obligated to notify

any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee. Except as otherwise provided in this Deed of Trust, all notices and consents required or permitted under this Deed of Trust shall be in writing and may be telecopied, telexed, cabled, delivered by hand, or mailed by first class registered or certified mail, return receipt requested, postage prepaid, and addressed as follows:

If to Trustor/Debtor:

North Coast Electric Properties
P. O. Box 97010
Bellevue, WA 98009-9710

If to Beneficiary/Secured Party: Standard Insurance Company
P.O. Box 711
Portland, OR 97207

If to Trustee:

First American Title Insurance Company
c/o Klamath County Title Company
P. O. Box 151
Klamath Falls, OR 97601

Changes in the respective addresses to which such notices may be directed may be made from time to time by any party by notice to the other parties. Notices and consents given by mail in accordance with this paragraph shall be deemed to have been given on the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

25. **Required Statement Regarding Tax Account Number.** The address of Beneficiary is as provided in paragraph 24. The Tax Account Number of the Trust Property is see below.

26. **Entire Agreement.** This Deed of Trust, the Note and any other security agreements securing the Note constitute the entire and complete agreement of the parties with respect to the subject matter hereof, and supersede all prior or contemporaneous understandings, arrangements and commitments, all of which, whether oral or written, are merged herein. This Deed of Trust shall bind and inure to the benefit of the parties to this Deed of Trust and any successor or assignee acquiring an interest hereunder consistent with paragraph B.11 above.

27., 28. and 29. For paragraphs No. 27., 28. and 29., see Exhibit "A" attached hereto and by this reference made a part hereof.

Signature of Trustor

North Coast Electric Properties,
an Oregon general partnership

By: Robert L. Lemman
Robert L. Lemman
Its General Partner

By: Peter R. Lemman
Peter R. Lemman
Its General Partner

By: Dean Lemman
Dean Lemman
Its General Partner

By: Barbara L. Carver
Barbara L. Carver
Its General Partner

By: Paul E. Perko
Paul E. Perko
Its General Partner

25. TAX ACCOUNT NUMBERS

Account No. 3809-33CB-1500
Account No. 3809-33CB-1600
Account No. 3809-33CB-1700

AFFIX ACKNOWLEDGMENT FOR EACH TRUSTOR.

State of Washington)
)ss:
County of King)

3750

On this 19 day of February, 1993, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared, ROBERT L. LEMMAN to me known to be the individual(s) described in and executed the foregoing instrument as the General Partner, of NORTH COAST ELECTRIC PROPERTIES, and acknowledged to me that he signed and sealed this instrument as his free and voluntary act and deed for the uses and purposes therein mentioned, and on oath stated he is authorized to execute said instrument.

GIVEN under my hand and official seal the day and year last above written.



Jeffrey A. Hayelba
Notary Public in and for the State
of Washington
Residing in Redmond
My Appointment Expires: 5/1/95

State of Washington)
)ss:
County of King)

On this 19 day of February, 1993, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared, DEAN LEMMAN to me known to be the individual(s) described in and executed the foregoing instrument as the General Partner, of NORTH COAST ELECTRIC PROPERTIES, and acknowledged to me that he signed and sealed this instrument as his free and voluntary act and deed for the uses and purposes therein mentioned, and on oath stated he is authorized to execute said instrument.

GIVEN under my hand and official seal the day and year last above written.



Jeffrey A. Hayelba
Notary Public in and for the State
of Washington
Residing in Redmond
My Appointment Expires: 5/1/95

State of Washington)
)ss:
County of King)

On this 19 day of February, 1993, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared, PETER R. LEMMAN to me known to be the individual(s) described in and executed the foregoing instrument as the General Partner, of NORTH COAST ELECTRIC PROPERTIES, and acknowledged to me that he signed and sealed this instrument as his free and voluntary act and deed for the uses and purposes therein mentioned, and on oath stated he is authorized to execute said instrument.

GIVEN under my hand and official seal the day and year last above written.



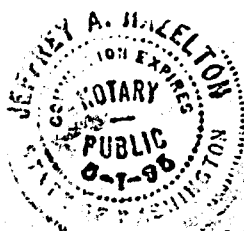
Jeffrey A. Hayelba
Notary Public in and for the State
of Washington
Residing in Redmond
My Appointment Expires: 5/1/95

State of Washington)
)ss:
County of King)

3751

On this 19 day of February, 1993, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared, PAUL E. PERKO to me known to be the individual(s) described in and executed the foregoing instrument as the General Partner, of NORTH COAST ELECTRIC PROPERTIES, and acknowledged to me that he signed and sealed this instrument as his free and voluntary act and deed for the uses and purposes therein mentioned, and on oath stated he is authorized to execute said instrument.

GIVEN under my hand and official seal the day and year last above written.



Jeffrey A. Hazelton
Notary Public in and for the State
of Washington
Residing in Redmond
My Appointment Expires: 5/1/95

State of Washington)
)ss:
County of King)

On this 19 day of February, 1993, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared, BARBARA L. CARVER to me known to be the individual(s) described in and executed the foregoing instrument as the General Partner, of NORTH COAST ELECTRIC PROPERTIES, and acknowledged to me that she signed and sealed this instrument as her free and voluntary act and deed for the uses and purposes therein mentioned, and on oath stated she is authorized to execute said instrument.

GIVEN under my hand and official seal the day and year last above written.



Jeffrey A. Hazelton
Notary Public in and for the State
of Washington
Residing in Redmond
My Appointment Expires: 5/1/95

REQUEST FOR FULL RECONVEYANCE

Do not record. To be used only when note has been paid.

To

, Trustee:

The undersigned is the legal owner and holder of the note or notes, and of all other indebtedness secured by the foregoing Deed of Trust. Said Note or notes, together with all other indebtedness secured by said Deed of Trust, have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note or notes above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you under the same.

Dated

19

By

Vice-President

By

Assistant Secretary

Mail Reconveyance to

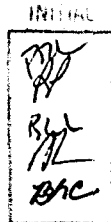
EXHIBIT "A"
TO DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING,
DATED JANUARY 29, 1993, FOR A LOAN IN THE AMOUNT OF \$200,000.00,
BETWEEN STANDARD INSURANCE COMPANY, BENEFICIARY, AND
NORTH COAST ELECTRIC PROPERTIES, TRUSTOR

27. **Financial Statements.** Within ninety (90) days of the close of each fiscal year of Trustor, Trustor shall furnish Beneficiary, at Trustor's expense, all in a form satisfactory to Beneficiary and certified by Trustor or Guarantors, as the case may be, with (a) Trustor's financial statement, (b) the financial statements of all guarantors, and (c) annual statement of operations of the Trust Property, stating that such annual statement presents fairly the financial condition of the Trust Property being reported upon and has been prepared in accordance with sound accounting principles consistently applied. Each statement shall include an annual rent schedule, a schedule of gross receipts and a schedule of all operating expenses incurred in connection with the property. Beneficiary shall have the right, upon five (5) days prior written notice, to inspect and make copies of Trustor's books, records, and income tax returns with respect to the Trust Property for the purpose of verifying any such statement. Such examination shall be at Beneficiary's expense unless Trustor's statements are found to contain significant discrepancies, in which case the cost of such examination shall be at Trustor's expense.

28. **Permitted Transfer.** The provisions of Paragraph B.11 notwithstanding, Beneficiary hereby consents to transfers of general partnership interests between the general partners of Trustor, and to a transfer of all of the interests of the partners to Paul E. Perko.

Any transfer of general partnership interests between the general partners of Trustor shall NOT release the transferor, Trustor or any successor in interest from personal liability for payment and performance of the terms and conditions of this loan. However, upon the transfer of all of the interests of the partners to Paul E. Perko, Robert L. Lemman, Peter R. Lemman, Dean Lemman and Barbara L. Carver shall be released from personal liability for payment and performance of the terms and conditions of this loan.

29. The provisions of Paragraph A.8 notwithstanding, tax impound account balances shall accrue interest at the rate of 9.50% per diem.



STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title co. the 23rd day
of Feb. A.D., 19 93 at 11:47 o'clock A.M., and duly recorded in Vol. M93,
of Mortgages on Page 3742.

Evelyn Biehn County Clerk

By [Signature]

FEE \$65.00