

Return to:
AT&T Commercial Finance Corporation,
dba Hyster Credit Company
222 SW Columbia, Suite 800
Portland, OR 97201

Grantor: Papé Properties, Inc.
101 E. Broadway, Suite 400
Eugene, OR 97401

Beneficiary: AT&T Commercial Finance Corporation
Trustee: Transamerica Title Insurance Company

K-46274

TRUST DEED, SECURITY AGREEMENT AND ASSIGNMENT OF RENTS

THIS TRUST DEED, SECURITY AGREEMENT AND ASSIGNMENT OF RENTS (collectively "Trust Deed") is made as of March 18, 1994 by and between Papé Properties, Inc., located at 101 E. Broadway, Suite 400, Eugene, OR 97401 ("Grantor") and Hyster Credit Company, a division of AT&T Commercial Finance Corporation, a Delaware Corporation located at 222 SW Columbia, Suite 800, Portland, OR 97201 ("Beneficiary").

WHEREAS, Beneficiary will provide financing to Pape Lift, Inc. ("Lift") and Grantor (Lift and Grantor are collectively referred to herein as "Obligor") pursuant to a Promissory Note ("Note") and Loan And Finance Agreement dated as of March 18, 1994 (collectively "Loan"), together with other documents executed or to be executed in connection therewith; and

WHEREAS, as a condition to financing for Obligor of sums advanced to Obligor, Beneficiary has required, and Grantor has agreed to execute and deliver, this Trust Deed.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and for the purpose of securing the Loan, Grantor irrevocably grants, bargains, sells, conveys, assigns and transfers:

1. To Transamerica Title Insurance Company, 555 SW Oak St., Plaza Level, Portland, OR 97204 as trustee ("Trustee") in trust for the benefit and security of the Beneficiary, with power of sale and right of entry and possession, all of Grantor's right, title and interest in and to the real property located in Klamath County, state of Oregon, and more particularly described in Exhibit I attached hereto and incorporated herein (as described in this paragraph, collectively the "Property"), together with all interests, estates and rights that Grantor now has or may acquire in (1) the Property; (2) any and all options, agreements and contracts for the purchase or sale of all or any part or parts of the Property or interests in the Property; (3) all easements, rights of way and rights used in connection with the Property or as a means of access to the Property; (4) all tenements, hereditaments, and appurtenances in any manner belonging, relating or appertaining to the Property; (5) all fixtures now or hereafter affixed to the Property, including all buildings, structures and improvements of every kind and description now or hereafter erected or placed thereon and any and all machinery, motors, elevators, boilers, equipment (including, without limitation, all equipment for the generation or distribution of air, water, heat, electricity, light, fuel or refrigeration or for ventilating or air condition purposes or for sanitary or drainage purposes or for the removal of dust, refuse or garbage), parking control equipment, partitions, appliances, materials, supplies, kitchen equipment, computers and software, awnings, window shades, screens, carpeting and other floor coverings, incinerators and other property of every kind and description now or hereafter placed, attached, affixed or installed in such buildings, structures, or improvements and all replacements, repairs, additions, accessions or substitutions or proceeds thereto or therefor; all of such fixtures whether now or hereafter placed thereon being hereby declared to be real property and referred to hereinafter as the "Improvements"; and (6) all deposits made with or other security given to utility companies by Grantor respecting the Property and all advance payments of insurance premiums made by Grantor with respect to the Property.

2. To Beneficiary, as secured party, to the extent of Grantor's interest therein, a security interest in any portion of the Property or Improvements which may be construed to be personal property (as described in this paragraph "Personal Property") to the extent of Grantor's interest therein and, to the extent of Grantor's interest therein, in all other personal property of every kind and description, whether now existing or hereafter acquired, now or at any time hereafter attached to, erected upon, situated in or upon, forming a part of, appurtenant to, used or useful in the construction or operation of or in connection with, or arising from the use or enjoyment of all or any portion of, or from any lease or agreement pertaining to, the Property or the Improvements, including (1) all equipment, machinery, fixtures, goods, accounts, general intangibles, documents, instruments and chattel paper, and all other personal property of every kind and description; (2) all substitutions and replacements of, and accessions and additions to, any of the foregoing; (3) all proceeds of any of the foregoing, including, without limitation, proceeds of any voluntary or involuntary disposition or claim respecting any part thereof (pursuant to judgment, condemnation award or otherwise) and all goods, documents, general intangibles, chattel paper and accounts, wherever located, acquired with cash proceeds of any of the foregoing or proceeds thereof.

All of the Property and Improvements described above are sometimes referred to below as the "Trust Property."

TO HAVE AND TO HOLD the Trust Property to Trustee and its successors and assigns for the benefit of Beneficiary and its successors and assigns, forever.

PROVIDED ALWAYS, that if all the Obligations (as defined in Section 1.01 below) shall be paid, performed, and satisfied in full, then the lien and estate granted by this Trust Deed shall be reconveyed. This Trust Deed and all other agreements or instruments executed at any time in connection herewith, as they may be amended or supplemented from time to time, are sometimes collectively referred to below as the "Documents."

TO PROTECT THE SECURITY OF THIS TRUST DEED, GRANTOR HEREBY COVENANTS AND AGREES AS FOLLOWS:

ARTICLE I

Particular Covenants and Warranties of Grantor

1.01 Obligations Secured. This Trust Deed secures the following, collectively referred to as the "Obligations":

- (1) The payment of all indebtedness, including, but not limited to, principal and interest, and the performance of all covenants and obligations of Obligor to Beneficiary respecting the Loan, whether such payment and performance is now due or becomes due in the future;
- (2) The payment and performance of all covenants and obligations in this Trust Deed and in any other documents evidencing Obligations of Grantor to Beneficiary now existing or hereafter executed by Grantor with or for the benefit of Beneficiary;

1.02 Payment of Indebtedness; Performance of Covenants. Grantor shall duly and punctually pay and perform all of the Obligations.

1.03 Property. Grantor warrants that it holds an indefeasible estate in fee simple in and good and absolute title to the Property, and has good right, full power and lawful authority to convey and encumber the Improvements, and as to the Trust Property holds the same free and clear of all liens, encumbrances, reservations, restrictions, easements and adverse claims, including, in the case of fixtures, any filed financing statements or security agreements, solely excepting encumbrances of Beneficiary. Grantor covenants that it shall forever defend Beneficiary's and Grantor's rights under this Trust Deed against the adverse claims and demands of all persons. Grantor further warrants that following the recording of this Trust Deed Beneficiary will hold a first, prior, perfected and choate security interest in the Trust Property, free and clear of all liens and encumbrances of any kind whatsoever, except those held by Beneficiary and as expressly agreed in writing by Beneficiary.

1.04 Further Assurances; Filing; Refiling; Etc.

- (1) Grantor shall execute, acknowledge and deliver, from time to time, such further instruments as Beneficiary or Trustee may require to accomplish the purposes of this Trust Deed.
- (2) Grantor, immediately upon the execution and delivery of the Trust Deed, and thereafter from time to time, shall cause this Trust Deed, any supplementary security agreement, mortgage, or deed of trust and each instrument of further assurance, to be recorded and rerecorded in such manner

and in such places as may be required by any present or future law in order to perfect, and continue perfected, the lien and estate of this Trust Deed.

(3) Grantor shall pay all filing and recording fees, and all expenses incident to the execution, filing, recording and acknowledgment of this Trust Deed; any security agreement, mortgage or deed of trust supplemental hereto and any instrument of further assurance relating to the Trust Property; and all federal, state, county and municipal taxes, assessments and charges arising out of or in connection with the execution, delivery, filing and recording of this Trust Deed, any supplemental security agreement, mortgage or deed of trust and any instrument of further assurance respecting the Trust Property.

1.05 Compliance with Laws. Grantor further represents, warrants and covenants that:

(1) The Property has been developed, and all improvements have been constructed and maintained in full compliance with all applicable laws, statutes, ordinances, regulations and codes of all federal, state, and local governments (collectively "Laws"), and all covenants, conditions, easements and restrictions affecting the Property (collectively "Covenants"); and

(2) Grantor and any operations upon the Property currently comply, and will hereafter comply in all material respects with all applicable Laws and Covenants.

1.06 Definitions; Environmental Covenants; Warranties and Compliance.

(1) For purposes of this Section, "Environmental Law" means any federal, state or local law, statute, ordinance or regulations pertaining to Hazardous Substances as defined in this Section 1.06, health, nuisance or trespass law, industrial hygiene or environmental conditions, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), as amended, 42 USC Sections 9601-9675, and the Resource Conservation and Recovery Act of 1976 ("RCRA"), as amended, 42 USC Sections 6901-6992.

(2) For purposes of this Section, "Hazardous Substances" includes, without limitation:

- (a) All "hazardous substances" as designated pursuant to 40 CFR Part 302 or any similar regulation now existing or hereafter promulgated;
- (b) All "hazardous wastes" within the meaning provided in 40 CFR Section 261.3 or any similar regulation now existing or hereafter promulgated;
- (c) All "extremely hazardous substances" as listed in 40 CFR Part 355 or any similar regulation now existing or hereafter promulgated;
- (d) All "hazardous chemicals" as defined under 29 CFR Section 1910.1200(c) or any similar regulation now existing or hereafter promulgated;
- (e) All "toxic chemicals" listed in 40 CFR Part 372 or any similar regulation now existing or hereafter promulgated;
- (f) Those substances defined as "hazardous" or "toxic" in the Hazardous Materials Transportation Act, 49 USC Sections 1801-1819 or in any amendment thereto, or listed in 49 CFR Part 172 or any similar regulation now existing or hereafter promulgated;
- (g) All materials, wastes and substances that are designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 USC Sections 1251-1387 or listed pursuant to Section 3076 of the Clean Water Act.
- (h) All "hazardous wastes" as defined in ORS 466.005(7), in any amendments thereto and in any rule order promulgated pursuant thereto;

(i) All materials, substances and wastes that are or which contain (A) asbestos; (B) polychlorinated biphenyls; (C) explosives, except such explosives as are used during construction in accordance with law; (D) petroleum, and any fractions thereof; or (E) radioactive materials; and

(j) Such other substances, materials and wastes that are or become regulated or classified as hazardous or toxic under federal, state or local laws or regulations.

(3) Grantor will not use, generate, manufacture, produce, store, release, discharge or dispose of on, under or about the Property or the Property's groundwater, or transport to or from the Property, any Hazardous Substance and will not permit any other person to do so, except for such Hazardous Substances that may be used in the ordinary course of Grantor's business and in compliance with all Environmental Laws, including but not limited to those Environmental Laws relating to licensure, notice and recordkeeping.

(4) Grantor will keep and maintain the Property in compliance with, and shall not cause or permit all or any portion of the Property, including groundwater, to be in violation of any Environmental Law.

(5) Grantor shall give prompt written notice to Beneficiary of:

- (a) Any proceeding, inquiry or notice by or from any governmental authority with respect to any alleged violation of any Environmental Law or the presence of any Hazardous Substance from or to other premises;
- (b) All known claims made or threatened by any person against Grantor or with respect to the Property relating to any loss or injury resulting from any Hazardous Substance or the violation of any Environmental Law;
- (c) The existence of any Hazardous Substance on or about all or any portion of the Property; or
- (d) Grantor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could in Grantor's judgment cause any restrictions on the ownership, occupancy, transferability or use of the Property.

(6) Grantor shall promptly provide to Beneficiary copies of all reports, documents and notices provided to or received from any agency administering any Environmental Laws and all reports, documents and notices regarding any Hazardous Substance provided to or received from any other third party. Beneficiary shall have the right to join and participate, in its own name if it so elects, in any legal proceeding or action initiated with respect to the Property in connection with any Environmental Law and have its attorney fees incurred in any proceeding and in any review or appeal and in connection with monitoring or review of the legal aspects of such Remedial Work paid by Grantor, if Beneficiary determines that such participation is reasonably necessary to protect its security interest in the Trust Property.

(7) If, at any time, Beneficiary has reason to believe that any release, discharge or disposal of any Hazardous Substance affecting the Property has occurred or is threatened, or if Beneficiary has reason to believe that a violation of an Environmental Law has occurred or may occur with respect to the Property, Beneficiary may require Grantor to obtain or may itself obtain, at Grantor's expense, an environmental assessment of such condition or threatened condition by a qualified environmental consultant. Grantor shall promptly provide to Beneficiary a complete copy of any environmental assessment obtained by Grantor.

(8) In the event that any investigation, site monitoring, containment, cleanup, removal, restoration or other remedial work of any kind or nature (the "Remedial Work") is required under any applicable Environmental Law, any judicial order, or by any governmental agency or person because of, or in connection with, the current or future presence, suspected presence, release or suspected release of a Hazardous Substance on, under, or about all or any portion of the Property, or the contamination of the buildings, facilities, soil, groundwater, surface water, air or other elements on or under any other property as a result of Hazardous Substances emanating from the Property, Grantor shall immediately commence and thereafter diligently prosecute to completion, all such Remedial Work. All costs and expenses of such Remedial Work shall be paid by Grantor including, without limitation, Beneficiary's reasonable attorneys fees and costs incurred in any proceeding and in any review or appeal and in connection with monitoring or review of the legal aspects of such Remedial Work, penalties, fines and fees and costs incurred. In the event Grantor shall fail to timely commence, or cause to be commenced, such Remedial Work, Beneficiary may, but shall not be required to, cause such Remedial Work to be performed. In that event, all costs and expenses incurred in connection with the Remedial Work shall be paid by Grantor.

(9) Grantor shall hold Beneficiary, its directors, officers, employees, agents, successors and assigns, harmless from, indemnify them for, and, at their request, defend them against any and all losses, damages, liens, costs, expenses and liabilities directly or indirectly arising out of or attributable to any actual or alleged violation of any Environmental Law, any actual or alleged breach of Grantor's warranties in this Section 1.06, or the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal or presence of a Hazardous Substance on, under or about the Property, including without limitation the costs of any required repair, cleanup, containment or detoxification of the Property, the preparation and implementation of any closure, remedial or other required plans, attorney fees and costs (including but not limited to those incurred in any proceeding and in any review or appeal), fees, penalties and fines.

(10) Grantor represents and warrants to Beneficiary that:

(a) Neither the Property nor Grantor is in violation of or subject to any existing, pending, or threatened investigation by any governmental authority or subject to any claim by any other third party pursuant to or under any Environmental Law.

(b) Grantor has not and is not required by any Environmental Law to obtain any permit or license other than those it has obtained to use or occupy the Property.

(c) To the best of Grantor's knowledge, no Hazardous Substance has ever been used, generated, manufactured, produced, stored, released, discharged or disposed of on, under or about the Property in violation of any Environmental Law.

1.07 Maintenance and Improvements. Grantor shall maintain the Property and improvements in good repair, working order and condition, except for reasonable wear and tear, and shall at Beneficiary's election restore, replace or rebuild all or any part of the Trust Property now or hereafter damaged or destroyed by any casualty (whether or not insured against or insurable) or affected by any Condemnation (as defined in Section 2.01 below). Grantor shall not commit, permit or suffer any waste, strip or deterioration of the Trust Property.

1.08 **Lien.** Grantor shall pay when due all claims for labor, materials or supplies that if unpaid might become a lien on all or any portion of the Trust Property. Grantor shall not create or suffer, or permit to be created, any mortgage, deed of trust, lien, security interest, charge or encumbrance upon the Trust Property prior to, on a parity with or subordinate to the lien of this Trust Deed, except those of Beneficiary, without Beneficiary's prior written consent which shall not be unreasonably withheld.

1.09 **Impositions.**

(1) Grantor shall pay or cause to be paid, when due and before any fine, penalty, interest, or cost attaches, all taxes, assessments, fees, levies and all other governmental and other charges of every nature now or hereafter assessed or levied against the Trust Property (including, without limitation, levies or charges resulting from Covenants), or on the lien or estate of Beneficiary or Trustee (collectively the "Impositions"); provided, however, that if by law any such imposition may be paid in installments, whether or not interest shall accrue on the unpaid balance, Grantor may pay the same in installments, together with accrued interest on the unpaid balance, as the same become due, before any fine, penalty or cost attaches.

(2) Grantor may, at its expense and after prior notice to Beneficiary, contest by appropriate legal, administrative or other proceedings any claim of any laborer, materialman, supplier or vendor or lien, and may withhold payment of the same pending completion of such proceedings if permitted by law, provided that (a) such proceedings shall suspend collection from the Trust Property; (b) no part of or interest in the Trust Property will be sold, forfeited or lost if Grantor pays the amount or satisfies the condition being contested, and Grantor would have the opportunity to do so in the event of Grantor's failure to prevail in the contest; (c) neither Beneficiary nor Trustee shall, by virtue of such permitted contest, be exposed to any risk of liability for which Grantor has not furnished additional security as provided in clause (d) below; and (d) Grantor shall have furnished to Beneficiary cash or other additional security in respect of the claim being contested or the loss or damage that may result from Grantor's failure to prevail in such contest in an amount sufficient to discharge the imposition and all interest, costs, attorney fees, and other charges that may accrue in connection with the imposition. Grantor shall promptly satisfy any final judgment.

(3) Grantor shall furnish to Beneficiary, promptly upon request, satisfactory evidence of the payment of all impositions. Beneficiary is hereby authorized to request and receive from the responsible Grantor personnel written statements with respect to the accrual and payment of all impositions.

1.10 **Books and Records; Inspection of the Property.** Grantor shall keep complete and accurate records and books of account with respect to the Trust Property and its operation in accordance with generally accepted accounting principles consistently applied. Grantor shall permit Trustee, Beneficiary and their authorized representatives to enter and inspect the Property and the improvements, and to examine and make copies or extracts of the records and books of account of the Grantor with respect to the Property and the improvements, all at such reasonable times as Beneficiary or Trustee may choose.

1.11 **Limitations of Use.** Grantor shall not initiate, join in, or consent to any rezoning of the Property or any change in any Covenant or other public or private restrictions limiting or defining the uses that may be made of all or any part of the Property without the prior written consent of Beneficiary.

1.12 **Insurance.**

(1) **Property and Other Insurance.** Grantor shall obtain and maintain in full force and effect during the term of this Trust Deed:

(a) Policies of insurance against loss or damage by fire and lightning; against loss or damage by other risks embraced by coverage of the type now known as All Risk Replacement Cost Insurance with agreed amount endorsement, including but not limited to riot and civil commotion, vandalism and mischievous mischief; and against such other risks or hazards as Beneficiary from time to time reasonably may designate in an amount sufficient to prevent Beneficiary or Grantor from becoming a co-insurer under the terms of the applicable policies, but in any event in an amount not less than 100% of the then full replacement cost of the improvements (exclusive of the cost of excavations, foundations and footings below the lowest basement floor) without deduction for physical depreciation;

(b) Comprehensive general liability insurance, including, but not limited to liabilities assumed under contract, bodily injury, broad form property damage and personal injury liabilities, with companies, limits, deductibles, coverages and risks insured acceptable to Beneficiary, and in no event less than \$10,000,000 combined single limit coverage;

(c) Products liability insurance with single occurrence and aggregate limits of at least \$10,000,000.

(d) Such other insurance and in such amounts as may from time to time be reasonably required by Beneficiary against the same or other insurable hazards which at the time are commonly insured against in the case of premises similarly situated, due regard being given to the type of buildings thereon and their construction, use and occupancy.

(2) **Insurance Companies and Policies.** All insurance shall be primary and noncontributory and shall be written by a company or companies reasonably acceptable to Beneficiary with a rating of A VIII or better as provided in BEST'S RATING GUIDE; shall contain a long form mortgagee clause in favor of Beneficiary with loss proceeds under any policy payable to Beneficiary, subject to the terms of this Trust Deed; shall be subject to the approval of Beneficiary as to amount, deductible, content, form and expiration date; shall require 30 days' prior written notice to Beneficiary of cancellation, material alteration or reduction in coverage; shall contain waivers of subrogation and endorsements that no act or negligence of Grantor or any occupant, and no occupancy or use of the 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 on the date of this Trust Deed; and shall be accompanied by proof of premiums paid for the current policy year. Nothing in this Section shall prohibit Beneficiary from obtaining insurance for its own account. Beneficiary shall be named as additional insured on all liability policies, all such policies shall provide that no additional insured shall have any obligation or liability for premiums, and Beneficiary shall be named as additional insured on all liability policies. Grantor shall forward to Beneficiary, upon request, certificates evidencing the coverages required under this Trust Deed and copies of all policies.

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

(4) **Insurance Proceeds.** All proceeds from any insurance on the Trust Property shall be used in accordance with the provisions of Section 1.14.

1.13 **Assignments of Policies upon Foreclosure.** In the event of foreclosure of the lien of this Trust Deed or other transfer of title, or assignment of the Trust Property in whole or in part, all right, title and interest of Grantor in and to all policies of insurance procured under Section 1.12 shall inure to the benefit of and pass to the successors in interest of Grantor or the purchaser or grantee of all or any part of the Trust Property.

1.14 **Casualty/Loss Restoration.**

(1) After the occurrence of any casualty to the Property, whether or not required to be insured against as provided in this Trust Deed, Grantor shall give prompt written notice of the casualty to Beneficiary, specifically describing the nature and cause of such casualty and the extent of the damage or destruction to the Trust Property. Beneficiary may make proof of loss if it is not made promptly and to Beneficiary's satisfaction by Grantor.

(2) Grantor assigns to Beneficiary all insurance proceeds that Grantor may be entitled to receive with respect to any casualty. Beneficiary may, at its sole option, apply the insurance proceeds to the reduction of the Obligations in such order as Beneficiary may determine, whether or not such Obligations are then due, or apply all or any portion of the insurance proceeds to the cost of restoring and rebuilding the portion of the Trust Property that was damaged or destroyed. In the event that Beneficiary elects to apply the insurance proceeds to rebuilding and restoration, Beneficiary shall be entitled to hold the proceeds, and the proceeds shall be released only on such terms and conditions as Beneficiary shall require in its sole discretion, including but not limited to prior approval of plans and release of liens. No proceeds shall be released if Grantor is in default under this Trust Deed.

1.15 **Estoppel Certificates.** Grantor, within five days of the request, shall furnish Trustee and Beneficiary a written statement, duly acknowledged, of the amount of the Obligations secured by this Trust Deed and whether any offsets or defenses exist against such Obligations. Upon request, Grantor shall obtain and furnish to Beneficiary a written certificate from each lessee of all or any portion of the Property that its lease is in effect, that there are no defaults by the lessor under the lease, and that rent is not paid more than 30 days in advance.

ARTICLE II Condemnation

2.01 **Condemnation.**

(1) Should any part of or interest in the Trust Property be taken or damaged by reason of any public improvement, eminent domain, condemnation proceeding or in any similar manner (a "Condemnation"), or should Grantor receive any notice or other information regarding such action,

Grantor shall give immediate notice of such action to Beneficiary.

(2) Beneficiary shall be entitled to all compensation, awards and other payments or relief ("Condemnation Proceeds") up to the full amount of the Obligations, and shall be entitled, at its option, to commence, appear in and prosecute any condemnation proceeding in its own or Grantor's name and make any compromise or settlement in connection with such Condemnation.

(3) Beneficiary may, at its sole option, apply the Condemnation proceeds to the reduction of the Obligations in such order as Beneficiary may determine, or apply all or any portion of the Condemnation Proceeds to the cost of restoring and improving the remaining Trust Property. In the event that Beneficiary elects to apply the Condemnation Proceeds to restoration and improvement, the proceeds shall be held by Beneficiary and shall be released only upon such terms as Beneficiary shall require in its sole discretion, including but not limited to prior approval of plans and release of liens. No Condemnation Proceeds shall be released if Grantor is in default under this Trust Deed.

ARTICLE III

Assignment of Leases, Rents, Issues and Profits; Security

3.01 Assignment. Grantor absolutely and unconditionally grants, assigns and transfers to Beneficiary all of Grantor's right, title and interest now existing and hereafter arising in and to (1) all leases, subleases, licenses, rental contracts and other agreements, whether now existing or hereafter arising, and relating to the occupancy or use of all or any portion of the Trust Property, including all modifications, extensions and renewals thereof (the "Leases"), and (2) all rents, revenues, issues, profits, income, proceeds and benefits derived from the Trust Property and the lease, rental or license of all or any portion thereof, including but not limited to lease and security deposits (collectively the "Rents"). This assignment is intended by Grantor and Beneficiary to create a present and unconditional assignment to Beneficiary, subject only to the license set forth in Section 3.04 below.

3.02 Rights of Beneficiary. Subject to the provisions of Section 3.04 below giving Grantor a revocable, limited license, Beneficiary shall have the right, power and authority to:

(1) Notify any and all tenants, renters, licensees and other obligors under any of the Leases that the same have been assigned to Beneficiary and that all Rents are to be paid directly to Beneficiary, whether or not Beneficiary shall have foreclosed or commenced foreclosure proceedings against the Trust Property, and whether or not Beneficiary has taken possession of the Trust Property;

(2) Discount, settle, compromise, release or extend the time for payment of, any amounts owing under any of the Leases and any Rents, in whole or in part, on terms acceptable to Beneficiary;

(3) Collect and enforce payment of Rents and all provisions of the Leases, and to prosecute any action or proceeding, in the name of Grantor or Beneficiary, with respect to any and all Leases and Rents; and

(4) Exercise any and all other rights and remedies of the lessor in connection with any of the Leases and Rents.

3.03 Application of Receipts. Beneficiary shall have the right, power and authority to use and apply any Rents received under this Trust Deed (1) for the payment of any and all costs and expenses incurred in connection with enforcing or defending the terms of this assignment or the rights of Beneficiary, and in collecting any Rents, including, but not limited to attorneys fees incurred in investigation, at trial and on appeal or review respecting the same; and (2) for the operation and maintenance of the Trust Property and the payment of all costs and expenses in connection therewith, including but not limited to the payment of utilities, taxes, assessments, governmental charges and insurance. After the payment of all such costs and expenses, and after Beneficiary shall have set up such reserves as it shall deem necessary in its sole discretion for the proper management of the Trust Property, Beneficiary shall apply all remaining Rents collected and received by it to the reduction of the Obligations in such order as Beneficiary shall determine. The exercise or failure by Beneficiary to exercise any of the rights or powers granted in this assignment shall not constitute a waiver of default by Grantor under this Trust Deed or the Documents.

3.04 License. Beneficiary hereby grants to Grantor a revocable license to collect and receive the Rents, except that this license shall not apply to three party retail transactions falling within Beneficiary's Hyster retail financing programs, if any. Such license may be revoked by Beneficiary, without notice to Grantor, upon the occurrence of any event of default under this Trust Deed, including any default by Grantor of its covenants in this Article III. Unless and until such license is revoked, Grantor agrees to apply the proceeds of Rents to the payment of the obligations and to the payment of taxes, assessments, governmental charges, insurance premiums and other obligations in connection with the Trust Property, and to the maintenance of the Trust Property, before using such proceeds for any other purpose. Grantor agrees to (1) observe and perform every obligation of Grantor under the Leases, (2) enforce or secure at its expense the performance of every obligation to be performed by any lessee or other party under the Leases; (3) promptly give notice to Beneficiary of any default by any such lessee or other party under any of the Leases, and promptly provide Beneficiary a copy of any notice of default given to any such lessee or other party; (4) not collect any Rents more than 30 days in advance of the time when the same shall become due, or anticipate any other payments under the Leases, except for bona fide security deposits not in excess of an amount equal to two months' rent; (5) not further assign or hypothecate any of the Leases or Rents; (6) except with Beneficiary's prior written consent, not modify or amend any of the Leases; (7) except with Beneficiary's prior written consent, not cancel, terminate or accept surrender of any of the Leases unless Grantor shall have entered into a Lease for the space to be vacated on terms at least as favorable to Grantor, commencing within 30 days after such cancellation, termination, or surrender; (9) obtain Beneficiary's prior written approval as to the form and content of all future leases and any modification of any present or future lease; (10) deliver copies of all present and future leases to Beneficiary promptly; and (11) appear in and defend, at Grantor's sole cost and expense, any action or proceeding arising out of or in connection with the Leases or the Rents.

3.05 Limitation of Beneficiary's Obligations. Notwithstanding the assignment provided for in this Article III, Beneficiary shall not be obligated to perform or discharge, and Beneficiary does not undertake to perform or discharge, any obligation or liability with respect to the Leases or the Rents. This assignment shall not operate to place responsibility for the control, care, maintenance or repair of the Trust Property upon Beneficiary, or to make Beneficiary responsible for any condition of the Trust Property. Beneficiary shall be accountable to Grantor only for the sums actually collected and received by Beneficiary pursuant to this assignment. Grantor shall hold Beneficiary fully harmless from, indemnify Beneficiary for, and defend Beneficiary against any and all claims, demands, liabilities, losses, damages and expenses, including attorney fees, arising out of any of the Leases, with respect to any of the Rents, or in connection with any claim that may be asserted against Beneficiary on account of this assignment or any obligation or undertaking alleged to arise therefrom.

3.06 Termination. The assignment provided for in this Article III shall continue in full force and effect until all the Obligations have been fully paid and satisfied. At such time, this assignment and the authority and powers herein granted by Grantor to Beneficiary shall cease and terminate.

3.07 Security Agreement. This Trust Deed creates a lien on the Trust Property, and to the extent the Trust Property is not real property under applicable law this Trust Deed constitutes a security agreement under the Oregon Uniform Commercial Code and any other applicable law and is filed as a fixture filing.

(a) The grant of a security interest to Beneficiary in the granting clauses of this Trust Deed shall not be construed to derogate from or impair the lien or provisions of or the rights of Beneficiary under this Trust Deed with respect to any property described therein which is real property or which the parties have agreed to treat as real property. The hereby stated intention of Grantor and Beneficiary is that everything used in connection with the production of income from such real property or adapted for use thereon is, and at all times and for all purposes and in all proceedings, both legal and equitable, shall be regarded as real property, irrespective of whether or not the same is physically attached to the land or the improvements thereon. If required by Beneficiary, at any time during the term of this Trust Deed, Grantor will execute and deliver to Beneficiary, in form satisfactory to Beneficiary, additional security agreements, financing statements and/or other instruments covering all improvements of Grantor which may at any time be furnished, placed on, or annexed or made appurtenant to the Property or used, useful or held for use, in the operation of the Trust Property.

(b) It is understood and agreed that, in order to protect Beneficiary from the effect of the Oregon Uniform Commercial Code Section 79.3130, as amended from time to time, in the event that (i) Grantor intends to purchase any goods which may become fixtures attached to the Property, or any part thereof, and (ii) such goods will be subject to a purchase money security interest held by a seller or any other party:

(1) Grantor shall, before executing any security agreement or other document evidencing such security interest, obtain the prior written approval of Beneficiary, and all requests for such written approval shall be in writing and contain the following information:

(a) a description of the fixtures to be replaced, added to, installed or substituted;

(b) the address at which the fixtures will be replaced, added to, installed or substituted; and

(c) the name and address of the proposed holder and proposed amount of the security interest.

Grantor's execution of any such security agreement or other document evidencing such security interests without Beneficiary's prior written approval shall be a material breach of Grantor's covenants under this Trust Deed, and shall, at the option of Beneficiary, entitle Beneficiary to all rights and remedies

provided for herein upon default. No consent by Beneficiary pursuant to this subparagraph shall be deemed to constitute an agreement to subordinate any right of Beneficiary in fixtures or other property covered by this Trust Deed.

(2) If at any time Grantor fails to make any payment on an obligation secured by a purchase money security interest in the Improvements, Beneficiary, at its option, may at any time pay the amount secured by such security interest and the amount so paid shall be (i) secured by this Trust Deed and shall be a lien on the Trust Property having the same priorities as the liens and security interests created by this Trust Deed, and (ii) payable on demand with interest at the default rate specified in the Documents from the time of such payment. If Grantor shall fail to make such payment to Beneficiary within ten (10) days after demand, the entire principal sum secured hereby with all unpaid interest accrued thereon and any other amounts due under any other agreement between Grantor and Beneficiary shall, at the option of Beneficiary, become immediately due and payable.

(3) Beneficiary shall have the right to acquire by assignment from the holder of such security interest any and all contract rights, accounts receivable, negotiable or nonnegotiable instruments or other evidence of Grantor's indebtedness for such improvements, and, upon acquiring such interest by assignment, shall have the right to enforce the security interest as assignee thereof, in accordance with the terms and provisions of the Oregon Uniform Commercial Code then in effect, and in accordance with any other provisions of law.

(4) Whether or not Beneficiary has paid the indebtedness secured by or taken an assignment of such security interest, Grantor covenants to pay all sums and perform all obligations secured thereby, and if Grantor at any time shall be in default for a period of ten (10) days under such security agreement, it shall be a material breach of Grantor's covenants under this Trust Deed, and Beneficiary may, at its option, declared the principal sum secured hereby with all unpaid interest accrued thereon and any amounts due under the Documents, immediately due and payable.

(5) The provisions of subparagraphs (b), (c) and (d) above shall not apply if the goods which may become fixtures are of at least equivalent value and quality as any property being replaced and if the rights of the party holding such security interest have been expressly subordinated, at no cost to Beneficiary, to the lien of the Trust Deed in a manner satisfactory to Beneficiary.

3.08 Attorney In Fact. Grantor hereby irrevocably constitutes and appoints Beneficiary, and each of its officers, as its true and lawful attorney-in-fact, with power of substitution, to undertake and execute any and all of the rights, powers and authorities described in this Article III with the same force and effect as if undertaken or performed by Grantor, and Grantor ratifies and confirms any and all such actions that may be taken or omitted to be taken by Beneficiary, its employees, agents and attorneys.

ARTICLE IV Events of Default; Remedies

4.01 Events of Default. Regardless of the terms of the Documents, the occurrence of any one or more of the following events ("Events of Default") shall constitute a default under this Trust Deed and the Documents and, in addition to any other right or remedy Beneficiary may have, give Beneficiary the option to declare the entire balance under the Documents, whether for principal, interest, or otherwise, immediately due and payable, without notice of default, presentment or demand for payment, protest or notice of non-payment or dishonor, or other notices or demands of any kind or character, except as hereinafter specified.

(1) Grantor or Lift shall fail to pay when due any installment of interest, or principal and interest as the case may be, in accordance with the terms of the Documents or of any other or subsequent loan or extension of credit from Beneficiary or any other obligations of Grantor to Beneficiary.

(2) Any representation or warranty herein or in any agreement, instrument, or certificate executed pursuant hereto or in connection with any transaction contemplated hereby shall prove to have been or be false or misleading in any material respect, and such condition shall continue for thirty (30) days following written notice thereof from Beneficiary to Obligor.

(3) Grantor or Lift shall admit in writing its inability to pay its debts generally as they become due, shall commit any act of bankruptcy or insolvency, or shall file any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of or related to debtors.

(4) An involuntary petition shall be filed under any bankruptcy statute against Grantor or Lift, or a receiver or trustee shall be appointed to take possession of the properties of Grantor or Lift unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment.

(5) Grantor shall breach or be in default under any term, condition, covenant, provision, representation, or warranty contained in this Trust Deed and not specifically referred to in this Paragraph 4, or fail or refuse to perform any condition precedent to Beneficiary's obligation to provide the financing described if such breach continues for thirty (30) days following written notice thereof from Beneficiary to Obligor.

(6) Grantor or Lift or any affiliate or subsidiary of either of them shall breach or be in default of any of its obligations to HCC or any affiliate or subsidiary of HCC, including, but not limited to, this Trust Deed, the Note and all other Documents between Grantor, Lift and HCC, and all other obligations of any nature of Grantor, Lift, and any affiliates or subsidiaries of any of them to HCC or any affiliate or subsidiary of HCC.

(7) Grantor or Lift or any affiliate of either of them shall default respecting any material loan, financing or other agreement with any party, including, but not limited to, any existing or future lending agreement with First Interstate Bank of Oregon, for itself and as agent for the Bank of Tokyo, Ltd., Bank of America Oregon and Hong Kong and Shanghai Banking Corporation, Limited in place as of the effective date of this Agreement and the successors, assigns or replacement lenders thereof.

(8) Any sale, gift, conveyance, contract for conveyance, transfer, assignment, encumbrance, pledge or grant of a security interest in all or any part of the Trust Property, or any interest therein, either voluntarily, involuntarily or by the operation of law (a "Transfer"), without Beneficiary's prior written consent, shall constitute an event of default. The provisions of this subsection 4.01 shall apply to each and every Transfer, regardless of whether or not Beneficiary has consented or waived its rights in connection with any previous Transfer. Beneficiary may attach such conditions to its consent under this subsection 4.01 as Beneficiary may determine in its sole discretion, including without limitation the payment of administrative and legal fees and costs incurred by Beneficiary.

(9) For purposes of this subsection 4.01, State Tax shall mean:

(a) A specific tax on mortgages, trust deeds, secured indebtedness or any part of the Obligations secured by this Trust Deed.

(b) A specific tax on the grantor of property subject to a trust deed that the taxpayer is authorized or required to deduct from payments on the trust deed.

(c) A tax on property chargeable against Beneficiary or Trustee under a trust deed or holder of the obligation secured by the trust deed.

(d) A specific tax (other than an income tax or a gross receipts tax) on all or any portion of the Obligations or on payments of principal and interest made by Obligor.

If any State Tax is enacted after the date of this Trust Deed applicable to this Trust Deed, enactment of the State Tax shall constitute an event of default, unless the following conditions are met:

(1) Obligor may lawfully pay the tax or charge imposed by the State Tax without causing any resulting economic disadvantage or increase of tax to Beneficiary or Trustee, and

(2) Obligor pays or agrees in writing to pay the tax or charge within ten (10) days after Obligor acquires notice or knowledge from any person, including Beneficiary, Trustee, a taxing authority or other person, that the State Tax has been enacted.

4.02 Remedies in Case of Default. If an Event of Default shall occur, Beneficiary or Trustee may exercise any one or more of the following rights and remedies, in addition to any other remedies that may be available by law, in equity, or otherwise:

(1) Acceleration. Beneficiary may declare all or any portion of the Obligations immediately due and payable.

(2) Receiver. Beneficiary may have a receiver appointed for the Trust Property. Beneficiary shall be entitled to the appointment of a receiver as a matter of right whether or not the apparent value of the Trust Property exceeds the amount of the indebtedness secured by this Trust Deed. Employment by Trustee or Beneficiary shall not disqualify a person from serving as receiver. Grantor consents to the appointment of a receiver at Beneficiary's option and waives any and all defenses to such an appointment.

(3) Possession. Beneficiary may, either through a receiver or as lender in possession, enter and take possession of all or any part of the Trust Property and use, operate, manage, and control it as Beneficiary shall deem appropriate in its sole discretion. Upon request after an Event of Default, Grantor shall peacefully relinquish possession and control of the Trust Property to Beneficiary or any receiver appointed under this Trust Deed.

(4) Rents. Beneficiary may revoke Grantor's right to collect the Rents and may, either itself or through a receiver, collect the same. Beneficiary shall not be deemed to be in possession of the Property solely by reason of exercise of the rights contained in this subsection (4). If Rents are collected by Beneficiary under this subsection (4), Grantor hereby irrevocably appoints Beneficiary as Grantor's attorney-in-fact, with power of substitution, to endorse instruments received in payment thereof in the name of Grantor and to negotiate such instruments and collect their proceeds. After payment of all Obligations, any remaining amounts shall be paid to Grantor and this power shall terminate.

(5) Power of Sale. Beneficiary may direct Trustee, and Trustee shall be empowered, to foreclose the Property by advertisement and sale under applicable law.

- (6) Foreclosure. Beneficiary may judicially foreclose this Trust Deed and obtain a judgment foreclosing Grantor's interest in all or any part of the Trust Property and giving Beneficiary the right to collect any deficiency remaining due after disposition of the Trust Property.
- (7) Abandonment. Beneficiary may abandon all or any portion of the Trust Property by written notice to Grantor.

4.03 Sale. In any sale under this Trust Deed or pursuant to any judgment, the Trust Property, to the extent permitted by law, may be sold as an entirety or in one or more parcels and in such order as Beneficiary may elect, without regard to the right of Grantor or any person claiming under Grantor. The purchaser at any such sale shall take title to the Trust Property or the part thereof so sold, free and clear of the estate of Grantor, the purchaser being hereby discharged from all liability to see to the application of the purchase money. Any person, including Beneficiary, its officers, agents and employees, may purchase at any such sale. Beneficiary and each of its officers are irrevocably appointed Grantor's attorney-in-fact, with power of substitution, to make all appropriate transfers and deliveries of the Trust Property or any portions thereof so sold and, for that purpose, Beneficiary and its officers may execute all appropriate instruments of transfer. Nevertheless, Grantor shall ratify and confirm, or cause to be ratified and confirmed, any such sale or sales by executing and delivering, or by causing to be executed and delivered, to Beneficiary or to such purchaser or purchasers all such instruments as may be advisable, in the judgment of Beneficiary, for such purpose.

4.04 Cumulative Remedies. All remedies under this Trust Deed are cumulative and not exclusive. Any election to pursue one remedy shall not preclude the exercise of any other remedy. No delay or omission in exercising any right or remedy shall impair the full exercise of that or any other right or remedy or constitute a waiver of the default.

4.05 Receiver or Trustee-in-Possession. Upon taking possession of all or any part of the Trust Property, Trustee, Beneficiary or a receiver may:

- (1) Management. Use, operate, manage, control and conduct business with the Trust Property and make expenditures for such purposes and for such maintenance and improvements as are deemed reasonably necessary.
- (2) Rents and Revenues. Collect all rents, revenues, income, issues and profits from the Trust Property and apply such sums to the reasonable expenses of use, operation management, maintenance and improvements.
- (3) Construction. At its option, complete any construction in progress on the Property, and in that connection pay bills, borrow funds, employ contractors and make any changes in plans and specifications as it deems appropriate.
- (4) Additional Indebtedness. If the revenues produced by the Trust Property are insufficient to pay expenses, Beneficiary, Trustee or the receiver may borrow or advance such sums upon such terms as it deems reasonably necessary for the purposes stated in this Section.

4.06 Application of Proceeds. All proceeds realized from the exercise of the rights and remedies under this Section 4 shall be applied as follows:

- (1) Costs and Expenses. To pay all costs of exercising such rights and remedies, including the costs of maintaining and preserving the Trust Property, the costs and expenses of any receiver or lender-in-possession, the costs of sale and the costs and expenses provided for in Section 4.07 below.
- (2) Indebtedness. To pay all Obligations, in such order as Beneficiary shall determine in its sole discretion.
- (3) Surplus. The surplus, if any, remaining after satisfaction of all the Obligations shall be paid to the clerk of the court in the case of a judicial foreclosure proceeding, otherwise to the person or persons legally entitled to the surplus.

4.07 Deficiency. No sale or other disposition of all or any part of the Trust Property pursuant to this Section 4 shall be deemed to relieve Grantor or Lift of any of the Obligations, except to the extent that the proceeds are applied to the payment of such Obligations. If the proceeds of a sale, a collection or other realization of or upon the Trust Property are insufficient to cover the costs and expenses of such realization and the payment in full of the Obligations, Grantor and Lift shall remain liable for any deficiency to the fullest extent permitted by law.

4.08 Waiver of Stay, Extension, Moratorium and Valuation Laws. To the fullest extent permitted by law, Grantor waives the benefit of any existing or future stay, extension or moratorium law that may affect observance or performance of the provisions of this Trust Deed and any existing or future law providing for the valuation or appraisal of the Trust Property prior to any sale.

ARTICLE V General Provisions

5.01 Time is of the Essence. Time is of the essence with respect to all covenants and obligations of Grantor under this Trust Deed.

5.02 Conveyance of Property; Change of Ownership. Grantor acknowledges that in agreeing to provide the Loan, Beneficiary is relying to a material degree upon the creditworthiness and business expertise of Obligor. Therefore, in order to protect Beneficiary under the Documents and this Trust Deed, Grantor agrees that if either (i) Grantor sells, conveys transfers, disposes of or leases (except as to those leases of Property which do not provide an option to purchase) the Property or any portion thereof, either voluntarily, involuntarily, or otherwise, or enters into an agreement to do so without the prior written consent of Beneficiary, or (ii) if there is a change in the ownership of Grantor without the prior written consent of Beneficiary, Grantor shall, not less than thirty (30) days prior to such event, notify Beneficiary in writing of the occurrence of such event, and Beneficiary, whether or not it receives such notice, upon the occurrence of any one or more of such events, shall have the right to declare the then outstanding principal balance evidenced by the Documents immediately due and payable, together with all accrued interest and unpaid interest and other amounts due hereunder, and together with a fee equal to the then applicable prepayment fee described in the Documents, which sum shall be applied, after being applied to payment of all other sums secured hereby then due and payable in such order as Beneficiary may determine, to the reduction of the unpaid principal balance under the Documents. The foregoing right to accelerate the indebtedness may be exercised at any time in Beneficiary's sole discretion after the occurrence of any event described above and the acceptance of one or more installments from any person thereafter shall not constitute a waiver of Beneficiary's right.

5.03 Reconveyance by Trustee. At any time upon the request of Beneficiary, payment of Trustee's fees, if any, and presentation of this Trust Deed, without affecting liability of any persons for the payment of the Obligations, Trustee may reconvey, without warranty, all or any part of the Trust Property. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals therein of any facts shall be conclusive proof of the truthfulness thereof.

5.04 Notice. Except as otherwise provided in this Trust Deed, all notices pertaining to this Trust Deed shall be in writing and may be delivered by hand, or mailed by registered or certified mail, return receipt requested, postage prepaid and addressed to the appropriate party at its address set forth at the outset of this Trust Deed. Any party may change its address for such notices from time to time by notice to the other parties. Notices given by mail in accordance with this paragraph shall be deemed to have been given upon the date of mailing; notices given by hand shall be deemed to have been given when actually received.

5.05 Substitute Trustee. In the event of dissolution or resignation of Trustee, Beneficiary may in its sole discretion substitute one or more trustees to execute the trust thereby created, and the new trustee(s) shall succeed to all the powers and duties of the prior trustee.

5.06 Assignment; Trust Deed Binding Upon Successors and Assigns. Grantor shall not assign or in any way transfer its rights or obligations under this Trust Deed without the prior written consent of Beneficiary. This Trust Deed shall be binding upon and inure to the benefit of the permitted successors and assigns of Grantor and the successors and assigns of Trustee and Beneficiary. If the Trust Property or any portion thereof shall at any time be vested in any person other than Grantor, Beneficiary shall have the right to deal with such successor regarding this Trust Deed, the Trust Property and the Obligations in such manner as Beneficiary deems appropriate in its sole discretion, without notice to or approval by Grantor and without impairing Grantor's liability for the Obligations.

5.07 Indemnity. Grantor shall hold Beneficiary and Trustee and their respective directors, officers, employees, agents and attorneys, harmless from and indemnify them for any and all claims, demands, damages, liabilities and expenses, including but not limited to attorneys fees and court costs incurred at trial and on appeal, arising out of or in connection with Trustee's or Beneficiary's interest under this Trust Deed, except Grantor shall not be liable for acts performed by Beneficiary or Trustee in violation of applicable law.

5.08 Expenses and Attorney Fees. If Beneficiary refers any of the Obligations to an attorney for collection or seeks legal advice following a default; if Beneficiary is involved in any litigation instituted in connection with any of the Obligations; or if Beneficiary or any other person initiates any judicial or nonjudicial action, suit or proceeding in connection with any of the Obligations or the Trust Property (including but not limited to proceedings under federal bankruptcy law, eminent domain, under probate proceedings or in connection with any state or federal tax lien), and an attorney is employed by Beneficiary

to (1) appear in any such action, suit or proceeding, or (2) reclaim, seek relief from a judicial or statutory stay, sequester, protect, preserve or enforce Beneficiary's interests, then in any such event Grantor shall pay reasonable attorney fees, costs and expenses incurred by Beneficiary or its attorney in connection with the above-mentioned events or any appeals related to such events, including but not limited to costs incurred in searching records, the cost of title reports, and the cost of surveyors' reports.

5.09 Applicable Law. THIS TRUST DEED AND THE VALIDITY, INTERPRETATION, PERFORMANCE AND ENFORCEMENT OF THE TRUST DEED SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF OREGON, NOTWITHSTANDING CHOICE OF LAW RULES.

5.10 Captions. The captions to the sections and paragraphs of this Trust Deed are included only for the convenience of the parties and shall not have the effect of defining, diminishing or enlarging the rights of the parties or affecting the construction or interpretation of any portion of this Trust Deed.

5.11 Person Defined. As used in this Trust Deed, the word "person" shall mean any natural person, partnership, trust, corporation or other legal entity of any sort.

5.12 Severability. If any provision of this Trust Deed shall be held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provisions of this Trust Deed, and such other provisions shall be construed as if the invalid, illegal or unenforceable provision had never been contained in the Trust Deed, except that if such provision relates to the payment of any monetary sum, then, Beneficiary may, at its option, declare the indebtedness and all other sums secured hereby immediately due and payable.

5.13 Entire Agreement. This Trust Deed contains the entire agreement of the parties with respect to the Trust Property. No prior agreement, statement or promise made by any party to this Trust Deed that is not contained herein shall be binding or valid.

5.14 Commercial Property. GRANTOR COVENANTS AND WARRANTS THAT THE PROPERTY AND IMPROVEMENTS ARE USED BY GRANTOR EXCLUSIVELY FOR BUSINESS AND COMMERCIAL PURPOSES. GRANTOR ALSO COVENANTS AND WARRANTS THAT THE PROPERTY AND IMPROVEMENTS ARE NOT NOW, AND AT NO TIME IN THE FUTURE WILL BE, OCCUPIED AS THE PRINCIPAL RESIDENCE OF GRANTOR, GRANTOR'S SPOUSE OR GRANTOR'S MINOR OR DEPENDENT CHILDREN.

GRANTOR

PAPÉ PROPERTIES, INC.

By: *Gary Pape*

Title: President

STATE OF OREGON)

County of Lane) ss.

On this 16 day of March, 1994 before me personally appeared Gary Pape President of Papé Properties, Inc., who being duly sworn, acknowledged the foregoing instrument to be his voluntary act and deed and duly executed by him.

Linda K. Houser

Notary Public for Oregon
My commission expires: 6-8-96

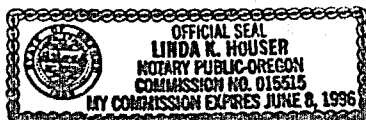


EXHIBIT "A"

DESCRIPTION OF PROPERTY

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

Tract A

A tract of land in Section 33, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, being a portion of Parcel #1 and Parcel #2 as described in and conveyed by Ewauna Box Company to Weyerhaeuser Timber Company by a Deed dated November 30, 1948, and recorded in Volume 227 page 47, Deed records of Klamath County, Oregon.

The said tract is more particularly described as follows, to-wit: Beginning at a point on the Southwesterly line of South Sixth Street, in the City of Klamath Falls, Oregon; which bears North $55^{\circ}22'$ West, a distance of 1028.22 feet along said Southwesterly line from an iron pin which marks the intersection of the Southwesterly line of South Sixth Street and the Westerly line of the Central Pacific Railway Company, which point lies North $74^{\circ}07'$ West, a distance of 186.73 feet and South $55^{\circ}22'$ East, a distance of 390.32 feet from the intersection of the Easterly line of Broad Street and the Northeasterly line of South Sixth Street, and being the Northwesterly corner of said above mentioned Parcel #1; thence Southwesterly along the arc of a curve to the right having a radius of 487.68 feet; a distance of 60.71 feet to the true point of beginning; thence South $27^{\circ}17'50''$ East (State Highway deed bearing South $27^{\circ}42'20''$ East) a distance of 122.44 feet; thence South $3^{\circ}52'00''$ East (State Highway deed bearing South $4^{\circ}16'30''$ East) a distance of 252.00 feet; thence South $34^{\circ}38'$ West, a distance of 565.19 feet, more or less, to a point on the Southerly boundary of above mentioned Parcel #2; thence Northwesterly along the arc of a curve to the right having a radius of 467.68 feet, a distance of 55.58 feet through an angle of $6^{\circ}48'33''$ (the long chord of this curve being 55.55 feet and bears North $15^{\circ}09'46''$ West); thence Northerly along the arc of a curve to the right, having a radius of 686.05 feet, a distance of 519.76 feet through an angle of $43^{\circ}24'30''$ (the long chord of this curve being 507.43 feet long and bears North $9^{\circ}56'45''$ East) to the Northwesterly corner of the above mentioned Parcel #2; thence continuing along the arc of said curve to the right having a radius of 686.05 feet, a distance of 33.93 feet through an angle of $2^{\circ}50'$ (the long chord of this curve being 33.93 feet long and bears North $33^{\circ}13'$ East); thence North $34^{\circ}38'$ East a distance of 211.60 feet; thence along the arc of a curve to the left, having a radius of 487.68 feet, a distance of 77.22 feet through an angle of $8^{\circ}56'32''$ (the long chord of this curve being 76.32 feet long and bears North $30^{\circ}08'44''$ East) to the true point of beginning, excepting any part taken for street.

Tract B

A tract of land in Section 33, Township 38 South, Range 9 E.W.M., Klamath County, Oregon, being a portion of Parcel #1 and Parcel #2 as described in and conveyed by Ewauna Box Company to Weyerhaeuser Timber Company by a deed dated November 30, 1948 and recorded in Volume 227 page 47, Deed Records of Klamath County, Oregon.

The said tract is more particularly described as follows, to-wit: Beginning at a point on the Southwesterly line of South Sixth Street, in the City of Klamath Falls, Oregon, which bears North 55°22' West; a distance of 1028.22 feet along said Southwesterly line from an iron pin which marks the intersection of the Southwesterly line of South Sixth Street and the Westerly line of the Central Pacific Railroad Company; which point lies North 74°07' West, a distance of 186.73 feet and South 55°22' East, a distance of 390.32 feet from the intersection of the Easterly line of Broad Street and the Northeasterly line of South Sixth Street, and being the Northwesterly corner of said above mentioned Parcel #1; thence Southwesterly along the arc of a curve to the right having a radius of 487.68 feet a distance of 60.71 feet; thence South 27°17'50" East (State Highway deed bearing South 27°42'20" East) a distance of 122.44 feet; thence South 30°52'00" East (State Highway deed bearing South 4°16'30" East a distance of 252.00 feet thence South 34°38' West 15.00 feet to the true point of beginning; thence South 55°22' East (State Highway deed bearing South 55°46'30" East) a distance of 150.00 feet; thence South 34°28' West a distance of 640.36 feet, more or less, to a point on the Southerly boundary of the above mentioned Parcel #2; thence Northwesterly along the arc of a curve to the right whose radius is 467.68 feet a distance of 168.68 feet (the long chord of this curve being 167.77 feet long and bears North 28°45'02" West) thence North 34°38' East a distance of 565.19 feet, more or less, to point of beginning, Excepting any part taken for street.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Co the 22nd day
of March A.D., 19 94 at 11:06 o'clock A M., and duly recorded in Vol. M94,
of Mortgages on Page 8504.

FEE \$50.00

Evelyn Biehn County Clerk

By Pauline M. Henderson