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07-28-94P03:16 RCVD

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Until further notice  
all tax statements  
shall be sent to:  
James M. Julian  
11661 San Vicente Blvd., #220  
Los Angeles, California 90049

After recording return to:  
Kenneth A. Williams  
Attorney at Law  
One S.W. Columbia, Suite 1900  
Portland, Oregon 97258

K-46879  
**DEED OF TRUST**

**LINE OF CREDIT INSTRUMENT**

DATE: July 11, 1994

GRANTOR: **AQUA FARMS, L.L.C.**  
Attention: James M. Julian, President  
11661 San Vicente Boulevard  
Suite 220  
Los Angeles, California 90049

TRUSTEE: **Kenneth A. Williams**  
Attorney at Law  
One S.W. Columbia, Suite 1900  
Portland, OR 97258-2087

BENEFICIARIES: **Telane Pty Limited**  
**Rocastar Pty Limited**

In consideration of U.S. Two Hundred Thousand and No/100 Dollars (U.S. \$200,000.00) paid to Grantor by the Beneficiaries, the Grantor does hereby grant, bargain, sell and convey unto the Trustee in trust, with power of sale, that certain real property situated in Klamath County, State of Oregon, bounded and described as follows:

Government Lot 30, Section 15, Township 36 South, Range 7 East  
of the Willamette Meridian, Klamath County, Oregon,

together with all the tenements, hereditaments and appurtenances thereunto belonging or in any way appertaining, and which may hereafter thereto belong or appertain, and the rents, issues and profits therefrom, and any and all fixtures upon the premises at the time of the execution of this Deed of Trust or at any time during the term of this Deed of Trust.

To have and to hold the premises with the appurtenances unto the Trustee and the Beneficiaries, successors and assigns forever.

The maximum principal amount to be advanced pursuant to this Deed of Trust (Line of Credit Instrument) is U.S. \$1,000,000.00.

This Deed of Trust is intended to secure the payment of and performance under three (3) Convertible Secured Notes in the collective amount of U.S. \$200,000.00, with Grantor as Maker and Beneficiaries as Payees. The date of maturity of the Convertible Secured Notes is July 31, 1994. This Deed of Trust also secures payment of and performance under future advances which may be made by Beneficiaries and evidenced by one or more Secured Notes or other instrument maturing July 31, 1998. All such Convertible Secured Notes, Secured Notes and other instruments are intended as a "credit agreement" within the meaning of ORS 86.155.

The Grantor warrants that the proceeds of the loans represented by the Secured Notes and this Deed of Trust are for a limited liability company for business or commercial purposes.

This Deed of Trust is inferior, secondary and subject to a prior deed of trust on the property, between Robert Pryor, Personal Representative of the Estate of Reta N. Pryor, Grantor, and Kenn Arnecke, Grantee, dated April 3, 1991, and recorded in the Real Property Records of Klamath County, Oregon in volume No. M91, at page 7917 thereof. The prior deed of trust and the obligations now secured thereby are hereinafter referred to as "first deed of trust lien."

This Deed of Trust is further conditioned upon the faithful observance by the Grantor of the following covenants hereby expressly entered into by the Grantor, to-wit:

Grantor is lawfully seized of the premises, and the same are free from all encumbrances, except the first deed of trust lien, and Grantor will warrant and defend the same against the claims and demands of all persons whomsoever.

Grantor will do and perform all things required of Grantor and pay all obligations due or to become due under the terms of the Secured Notes, principal and interest, according to the terms thereof.

So long as this Deed of Trust remains in force, Grantor will pay all taxes, assessments, and other charges of every nature levied or assessed upon or against the premises when due and payable, according to law, and before the same become delinquent, and will also pay all taxes levied or assessed on this Deed of Trust or the debt thereby secured, and will promptly pay and satisfy any mechanics' liens or other encumbrances that, by operation of law or otherwise, become a lien upon the premises superior to the lien of this Deed of Trust.

Grantor will keep the improvements erected on the premises in good order and repair and will not commit or suffer any waste of the premises. At the request of the Beneficiaries, the Grantor shall join with the Beneficiaries in executing one or more financing statements pursuant to the Uniform Commercial Code, in form satisfactory to the Beneficiaries and will pay for filing the same in the proper public office(s), as well as the cost of any lien search made by filing officers or searching agencies as may be deemed desirable by the Beneficiaries.

So long as this Deed of Trust shall remain in force, Grantor will keep the buildings now erected, or any which may hereafter be erected on the premises, insured against loss or damage by fire, with extended coverage, to the extent of U.S. \$1,000,000 in some company or companies acceptable to the Beneficiaries and for the benefit of both parties hereto as their interests may appear (naming Beneficiaries as additional insured/loss payees), and will deliver all the policies and renewals thereof to the Beneficiaries.

Upon any default by Grantor hereunder, Beneficiaries 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, enter upon and take possession of the property or any part thereof, in its own name sue or otherwise collect the rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees upon any indebtedness secured hereby, and in such order as Beneficiaries may determine.

The entering upon and taking possession of the property, the collection of such rents, issues and profits, or the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

Upon default by Grantor in payment of any indebtedness secured hereby or in Grantor's performance of any agreement hereunder, time being of the essence with respect to such payment and/or performance, the Beneficiaries may declare all sums secured hereby immediately due and payable. In such an event the Beneficiaries may elect to proceed to foreclose this trust deed in equity as a mortgage or direct the Trustee to foreclose this trust deed by advertisement and sale, or may direct the Trustee to pursue any other right or remedy, either at law or in equity, which the Beneficiaries may have. In the event the Beneficiaries elect to foreclose by advertisement and sale, the Beneficiaries or the Trustee shall execute and cause to be recorded a written notice of default and election to sell the property to satisfy the obligation secured hereby whereupon the Trustee shall fix the time and place of sale, give notice thereof as then required by law and proceed to foreclose this trust deed in the manner provided in ORS 86.735 to 86.795.

After the Trustee has commenced foreclosure by advertisement and sale, and at any time prior to 5 days before the date last set for the sale, the Grantor or any other person so privileged by ORS 86.753, may cure the default or defaults. If the default consists of a failure to pay, when due, sums secured by the trust deed, the default may be cured by paying the entire amount due at the time of the cure other than such portion as would not then be due had no default occurred. Any other default that is capable of being cured may be cured by tendering the performance required under the obligation or trust deed. In any case, in addition to curing the default or defaults, the person effecting the cure shall pay to the Beneficiaries all costs and expenses actually incurred in enforcing the obligation of the trust deed together with Trustee's and attorney's fees not exceeding the amounts provided by law.

Otherwise, the sale shall be held on the date and at the time and place designated in the notice of sale or the time to which the sale may be postponed as provided by law. The Trustee may sell the property either in one parcel or in separate parcels and shall sell the parcel or parcels at auction to the highest bidder for cash, payable at the time of sale. Trustee shall deliver to the purchaser its deed in form as required by law conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters of fact shall be conclusive proof of the truthfulness thereof. Any person, excluding the Trustee, but including the Grantor and Beneficiaries, may purchase at the sale.

When Trustee sells pursuant to the powers provided herein, Trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including the compensation of the Trustee and a reasonable charge by Trustee's attorney, (2) to the obligation secured by the trust deed, (3) to all persons having recorded liens subsequent to the interest of the Trustee in the trust deed as their interests may appear in the order of their priority and (4) the surplus, if any, to the Grantor or to any successor in interest entitled to such surplus.

By their execution of this Deed of Trust, Beneficiaries respectively acknowledge and agree (i) that enforcement of this Deed of Trust shall only be authorized upon Beneficiaries' having given unanimous prior consent to such enforcement and (ii) that upon realization of any net proceeds from the sale, foreclosure or other disposition of the property encumbered by this Deed of Trust, Beneficiaries shall share pro rata in such proceeds in proportion to the amount of indebtedness owed by Grantor to each respective Beneficiary at the time of distribution of such proceeds.

Beneficiaries may from time to time appoint a successor or successors to any trustee named herein or to any successor trustee appointed hereunder. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers and duties conferred upon any trustee herein named or appointed hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiaries, which, when recorded in the mortgage and deed of trust records of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee.

Trustee accepts this trust when this deed, duly executed and acknowledged, is made a public record as provided by law. 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 Grantor, Beneficiaries or Trustee shall be a party unless such action or proceeding is brought by Trustee.

The Grantor covenants and agrees to and with the Beneficiaries and the Beneficiaries' successor in interest that the Grantor is lawfully seized in fee simple of the real property and has a valid, unencumbered title thereto and that the Grantor will warrant and forever defend the same against all persons whomsoever.

This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successor and assigns. The term beneficiary shall mean the holder and owner, including pledgee, of the contract secured hereby, whether or not named as a beneficiary herein.

If a suit or action is brought to foreclose this Deed of Trust, the losing party therein agrees to pay the attorney fees, costs and disbursements of the prevailing party, including statutory costs and disbursements and costs of title report(s) and/or title search. If any appeal is taken from any judgment or decree entered pursuant to such suit or action, the losing party on appeal therein promises to pay the attorney fees, costs and disbursements, including all statutory costs and disbursements, of the prevailing party. To the extent permitted by law, all such sums shall be and are secured by the lien of this Deed of Trust and shall be included in the judgment or decree of foreclosure.

In construing this trust deed, it is understood that the Grantor, Trustee and/or Beneficiaries may each be more than one person, that if the context so requires, the singular shall be taken to mean and include the plural, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations, to limited liability companies and to individuals.

IN WITNESS WHEREOF, the Grantor has executed this instrument the day and year first above written.

AQUA FARMS, L.L.C., an Oregon limited liability company

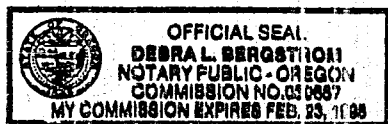
By: 

James M. Julian, President

23147

STATE OF OREGON                    )  
  ) ss.  
COUNTY OF MULTNOMAH         )

This instrument was acknowledged before me on July 27, 1994, by James M. Julian as President of Aqua Farms, L.L.C., an Oregon limited liability company.



*Debora Bergstrom*

Notary Public for Oregon

My commission expires: 02/23/98

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23148

STATE OF OREGON

FINANCING STATEMENT STANDARD FORM UCC-3A

Exhibit A

2A. ADDITIONAL SECURED PARTIES:

TED HAMILTON  
JAMES JULIAN  
ROBERT NICHOLAS

2B. ADDRESSES OF ADDITIONAL SECURED PARTIES:

TED HAMILTON  
251 Hampton Drive  
Venice, California 90291

JAMES JULIAN  
11661 San Vicente Boulevard, Suite 220  
Los Angeles, California 90049

ROBERT NICHOLAS  
11661 San Vicente Boulevard, Suite 220  
Los Angeles, California 90049

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STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Co the 28th day  
of July A.D., 19 94 at 3:16 o'clock P. M., and duly recorded in Vol. M94,  
of Mortgages on Page 23142.

FEE \$40.00

Evelyn Biehn - County Clerk

By Pauline M. Mendenhall