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WHEN RECORDED, RETURN TO:

AMERICAN PACIFIC TITLE
P.O. BOX 1804
MEDFORD, OR 97501-0142MTC 33679

DEED OF TRUST

THIS DEED OF TRUST AND SECURITY AGREEMENT (the "Trust Deed") is made this 6th day of September, 1994 among RICH MCINTYRE and KAREN GREENE, husband and wife, ("Grantors"); MOUNTAIN TITLE COMPANY OF KLAMATH COUNTY ("Trustee"); and EDWARD T. HARRISON, JR., TRUSTEE OF THE MARY GARY HARRISON TRUST OF July 8, 1993, ("Beneficiary").

Grantors, in consideration of the indebtedness recited in this Trust Deed and the trust created by this Trust Deed, irrevocably grant, convey and assign to Trustee, in trust, with power of sale, the following described property located in the County of Klamath, State of Oregon:

See legal description attached hereto as Exhibit A and by this reference incorporated herein

together with all buildings, improvements and tenements now or in the future erected on the property, and all previously or in the future vacated alleys and streets abutting the property, and all easements, rights, appurtenances, leases, including, without limitation, the leases or agreements now or hereafter existing, however evidenced, covering all or any portion of the property, together with all rents or monies due or to become due thereunder; and together with all now existing or in the future arising or acquired: (a) revenues, royalties, mineral, oil and gas rights and profits, water, water rights, and water stock appurtenant to the property; (b) fixtures, machinery, equipment located or to be located on the property, including without limitation, personal property required for the maintenance and operation of the property (including, but not limited to, engines, boilers, incinerators, building materials, and all appliances, escalators and elevators, and related machinery and equipment, fire prevention and

extinguishing apparatus, security and access control apparatus, communications apparatus, plumbing, plumbing fixtures, water heaters, panelling, attached floor and wall coverings); (c) present or future plans, specifications, contracts and agreements for construction of improvements on the property; (d) Grantors' rights under any payment, performance or other bond in connection with the construction of any improvements on the property; (e) replacements, substitutions and additions to the foregoing; (f) proceeds and products of all the foregoing. All of the foregoing shall be deemed to be and remain a part of the property covered by this Trust Deed. The specific enumerations herein shall not exclude the general. All of the property described above is referred to in this Trust Deed as the "Property."

This Trust Deed is given as security for the following (collectively the "Indebtedness"): (a) the payment of the indebtedness evidenced by Grantors' promissory note in favor of Beneficiary dated September 6, 1994 (the "Note") in the principal sum of Two Hundred Thousand Dollars (\$200,000.00), with interest thereon, the balance of which, if not sooner paid, is due and payable on September 7, 1996, and all amendments, renewals, extensions and modifications of the Note; (b) the payment of any future advances, with interest thereon, made by Beneficiary to Grantors pursuant to this Trust Deed ("Future Advances"); (c) the payment of all other sums, with interest thereon, advanced in accordance with this Trust Deed to protect the security of this Trust Deed; (d) the performance of the covenants and agreements of Grantors contained in this Trust Deed; and (e) payment and performance of Grantors' obligations now or in the future arising under any and all present or future indebtedness of Grantors to Beneficiary (collectively the "Indebtedness").

Grantors and Beneficiary covenant and agree as follows:

1. COVENANT OF TITLE. Grantors covenant that Grantors are lawfully seized of the estate conveyed by this Trust Deed and have the right to grant, convey and assign the Property, that the Property is unencumbered, except as disclosed in writing to and approved by Beneficiary prior to the date of this Trust Deed, and that Grantors will warrant and defend generally the title to the Property against all claims and demands, subject to any easements and restrictions acceptable to Beneficiary and listed in a schedule of exceptions to coverage in any title insurance policy insuring Beneficiary's interest in the Property.

2. PROMISE TO PAY. Grantors shall pay promptly when due the principal of and interest on the Indebtedness and any other charges provided in the Note, this Trust Deed, the Assignment of Leases, Rents and Agreements, and other documents executed in connection with the Indebtedness (collectively the "Loan Documents").

3. LATE PAYMENT CHARGES. Beneficiary may charge a late charge on any scheduled payment which Beneficiary fails to receive within 15 days after the due date, or by the next business day, if the 15-day period ends on a Saturday, Sunday, or legal holiday. The amount of the late charge shall be as specified in the Note or, if the Note specifies no late charge, then two percent of the amount of the payment of principal and interest not paid when due. Such late charge shall in no event exceed the maximum charge, if any, specified under applicable law. Collection of a late charge shall not constitute a waiver of or prejudice the Beneficiary's right to pursue any other right or remedy available on account of the delinquency, including, without limitation, charging the default rate of interest under the Note.

4. APPLICATION OF PAYMENTS. Unless applicable law provides otherwise, or unless specified to the contrary in the other Loan Documents, each complete installment payment received by Beneficiary under the Note or this Trust Deed or other Loan Documents shall be applied by Beneficiary first to payment of reserves, if any, due under Sections 5 and 6 of this Trust Deed, next to interest due and payable on the Indebtedness, then to principal due and payable on the Indebtedness and then to any other charges due and payable pursuant to the terms of the Note, this Trust Deed, and any other Loan Documents. Upon a breach of any covenant or agreement of Grantors in the Note, this Trust Deed or other Loan Document, Beneficiary may apply, in any amount and in any order as Beneficiary shall determine in Beneficiary's sole discretion, any payments received by Beneficiary under the Note, this Trust Deed or under the other Loan Documents. Beneficiary, at Beneficiary's option, may reject any partial payment. Any partial payment which Beneficiary accepts may be held in a non-interest bearing account until Beneficiary receives funds sufficient to equal a complete installment payment, or, may be applied to the Indebtedness in any amount and in any order as Beneficiary may determine in Beneficiary's sole discretion.

5. TAXES AND LIENS: RESERVES.

5.1 Payment. Grantors shall pay when due all taxes and assessments levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantors shall maintain the Property free of any liens having priority over or equal to the interest of Beneficiary under this Trust Deed, except for the lien of taxes and assessments not due. Without Beneficiary's prior written consent, Grantors shall not allow any lien inferior to this Trust Deed to be perfected against the Property.

5.2 Evidence of Payment. On Beneficiary's demand, Grantors promptly shall furnish evidence acceptable to Beneficiary

of payment of taxes and assessments and shall authorize the appropriate county official to deliver to Beneficiary at any time a written statement of the taxes and assessments against the Property.

5.3 Reserves. In the event that Grantors are in default under the Promissory Note secured by this Deed of Trust and Security Agreement, or in default of any of the other terms or requirements of this agreement, Beneficiary may require Grantors to maintain with Beneficiary reserves for payment of taxes and assessments. The reserves shall be created by monthly payments of a sum estimated by Beneficiary to be sufficient to produce, at least 30 days before the taxes and assessments are due, amounts at least equal to the taxes and assessments to be paid. If Beneficiary determines that the reserve funds are insufficient at any time, Grantors shall promptly pay any deficiency to Beneficiary on Beneficiary's demand. The reserve funds shall be held by Beneficiary in a deposit account, and the funds may be commingled with other funds held by Beneficiary. Unless Beneficiary and Grantors agree in writing otherwise or applicable law requires that Beneficiary pay Grantors interest on the funds, Beneficiary shall not be required to pay Grantors any interest on the funds. Beneficiary shall apply the reserve funds to pay the taxes and assessments so long as Grantors are not in breach of any covenant or agreement of Grantors in this Trust Deed, but only to the extent that funds are available to do so. Beneficiary does not hold the funds in trust for Grantors and is not the agent of Grantors for payment of taxes and assessments required to be paid by Grantors. Upon Grantors' breach of any covenant or agreement of Grantors in this Trust Deed, Beneficiary may apply, in any amount and in any order as Beneficiary shall determine in Beneficiary's sole discretion, any reserve funds held by Beneficiary (i) to pay taxes and assessments which are due or (ii) as a credit against the Indebtedness.

5.4 Permitted Encumbrances. Attachments, judgments and other similar liens arising in connection with court proceedings, construction liens and liens for taxes, assessments or other governmental charges may remain against the Property under the following circumstances only: (a) there is no Event of Default or no event which with notice or passage of time or both would become an Event of Default under the Loan Documents; (b) the Grantors are actively contesting in good faith and by appropriate proceedings the claims secured by such liens; and (c) the Grantors shall have provided to Beneficiary a surety bond acceptable to (or other security acceptable to) Beneficiary in an amount acceptable to Beneficiary as security for the payment of the claims secured by such liens.

6. HAZARD INSURANCE.

6.1 Policies. Grantors shall keep any improvements now existing or in the future erected on the Property insured by carriers who are at all times satisfactory to Beneficiary against loss by fire and hazards included within the term "extended coverage," including but not limited to earthquake coverage, during the term of this Trust Deed and in such amounts, on a 100% replacement cost basis without coinsurance clause, and for such periods as Beneficiary shall require.

In the event Grantors fail to maintain the insurance coverage required above, Beneficiary may (but shall not be required to), without waiving any default hereunder, obtain such insurance coverage. Beneficiary shall provide Grantors with ten (10) days written notice of Beneficiary's intent to obtain such coverage, provided that Beneficiary need not give such ten-day notice if coverage has lapsed and/or will lapse within said ten days. In such event, Beneficiary may obtain coverage without prior notice, but shall immediately provide Grantors with notice of the Beneficiary's actions in this regard, and if Grantors are able to obtain the required coverage under terms more favorable to them, they shall be allowed to do so. Grantors shall reimburse Beneficiary, upon demand, for any sums paid by Beneficiary, together with interest thereon at the rate of twelve percent (12%) per annum.

6.2 Payment; Reserves. All premiums on insurance policies shall be paid by Grantors making payment, when due, directly to the carrier, or in such other manner as Beneficiary may designate in writing. Prior to the expiration date of any policy, Grantors shall deliver to Beneficiary a renewal policy in form and substance satisfactory to Beneficiary and receipts for paid premiums. In the event Grantors are in default of the Promissory Note or this agreement, Beneficiary may require Grantors to maintain with Beneficiary reserves for payment of insurance premiums. The reserves shall be created and held in the same manner as provided in Section 5.3 for reserves for payment of taxes and assessments.

6.3 Loss. In the event of loss, Grantors shall give immediate written notice to the insurance carrier and to the Beneficiary. Beneficiary may give written notice to the insurance carrier if Grantors fail to do so within 20 days of the casualty. Grantors hereby authorize and empower Beneficiary as attorney-in-fact for Grantors to make proof of loss, to adjust and compromise any claim under insurance policies, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom Beneficiary's expenses incurred in the collection of such proceeds;

provided, however, that nothing contained in this Section 6 shall require Beneficiary to incur any expense or take any action hereunder.

6.4 Application of Proceeds. All proceeds received from an insurance claim shall be first applied to the cost of reconstruction or repair of the Property. The excess, if any, shall be applied to the Indebtedness in the following order: (a) interest, (b) late fees, (c) professional fees and costs of collection, (d) principal. Payment of any excess insurance toward the Indebtedness shall not extend or postpone the due dates of any subsequent payments required under the note or this agreement. If the Property is sold to Beneficiary pursuant to Section 21 of this Trust Deed, or if Beneficiary otherwise acquires title to the Property, then in addition to the lien and security interests otherwise granted to Beneficiary under this Trust Deed, Beneficiary shall have all of the right, title and interest in and to any insurance policies and unearned premiums thereon and in and to the proceeds resulting from any damage to the Property prior to such sale or acquisition.

7. PRESERVATION AND MAINTENANCE OF PROPERTY: ENVIRONMENTAL LAWS: INDEMNIFICATION.

7.1 Preservation and Maintenance. Grantors:

(a) shall not commit waste or permit impairment or deterioration of the Property;

(b) shall not abandon the Property;

(c) unless Beneficiary directs Grantors in writing to the contrary, shall restore or repair promptly and in a good and workmanlike manner all or any part of the Property to the equivalent of its original condition, or such other condition as Beneficiary may approve in writing, in the event of any damage, injury or loss to the Property, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair;

(d) shall keep the Property, including without limitation, improvements, fixtures, equipment, machinery and appliances on the Property in good repair and shall replace fixtures, equipment, machinery and appliances on the Property when necessary to keep such items in good repair, and all of such replacements shall be and are subject to the lien of this Trust Deed;

(e) shall operate and maintain the Property in compliance with all applicable laws and regulations and in a manner to ensure maximum rentals; and

(f) shall give notice in writing to Beneficiary of and, unless otherwise directed in writing by Beneficiary, appear in and defend any action or proceeding purporting to affect the Property (including, without limitation, matters pertaining to land use, zoning and Environmental Laws, Hazardous Substances and Disabilities Laws, as defined below), the security of this Trust Deed or the rights or powers of Beneficiary. "Disabilities Laws" shall mean all applicable federal, state and local laws and regulations related to usability of and accessibility to the property by people with disabilities. The term "Disabilities Laws" includes, but is not limited to, the Fair Housing Amendments Act of 1988 and the Americans with Disabilities Act of 1990 and all regulations adopted thereunder. Neither Grantors nor any tenant nor other person, without the written approval of Beneficiary, shall remove, demolish or alter any improvement now existing or in the future erected on the Property or any fixtures, equipment, machinery or appliance in or on the Property and in which Beneficiary has any interest by virtue of this Trust Deed, any security agreement, or any other Loan Document, except when incident to the replacement of fixtures, equipment, machinery and appliances with items of like kind, which shall thereupon become subject to the lien of this Trust Deed.

7.2 Environmental Laws. In this Trust Deed, "Environmental Laws" means any and all state, federal and local statutes, regulations, and ordinances relating to the protection of human health or the environment. "Hazardous Substances" is used in its very broadest sense and refers to materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. "Hazardous Substances" shall include, without limitation, petroleum products or crude oil or any fraction thereof and any and all hazardous or toxic substances, materials or waste as defined by or listed under the Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Comprehensive Environmental Response, Compensation and Liability Act, or any other of the Environmental Laws. Grantors shall cause the Property and all operations on the Property to comply with all Environmental Laws and orders of any governmental authorities having jurisdiction under any Environmental Laws. Grantors shall exercise extreme care in handling Hazardous Substances and shall undertake any and all preventive, investigatory or remedial action (including, without limitation, emergency response, removal, containment and other remedial action) (a) required by any applicable Environmental Laws

or orders by any governmental authority having jurisdiction under Environmental Laws, or (b) necessary to prevent or minimize property damage (including, without limitation, damage to Grantors' own property), personal injury or damage to the environment, or the threat of any such damage or injury, by releases of or exposure to Hazardous Substances in connection with the Property or operations on the Property. In the event Grantors fail to perform any of Grantors' obligations under this Section, Beneficiary may perform (but shall not be required to perform) such obligations at Grantors' expense pursuant to Section 9 of this Trust Deed. In performing any such obligations of Grantors, Beneficiary shall at all times be deemed to be the agent of Grantors and shall not by reason of such performance be deemed to be assuming any responsibility of Grantors under any Environmental Law or to any third party.

7.3 Further Assurances. Based upon a reasonable objective standard, Beneficiary may at any time request that Grantors shall provide to Beneficiary further assurance of Grantors' compliance with this Section 7. The assurances shall be in form and substance satisfactory to Beneficiary in Beneficiary's sole discretion, and may include, but not be limited to, Grantors providing to Beneficiary an environmental audit from a source acceptable to Beneficiary at Grantors' expense.

7.4 Indemnification. Grantors agree to indemnify and hold harmless Beneficiary and Beneficiary's officers, directors, employees and agents, and Beneficiary's successors and assigns and their officers, directors, employees and agents against any and all claims, demands, losses, liabilities, costs and expenses (including, without limitation, attorney fees at trial and on any appeal or petition for review) incurred by such person (a) arising out of or relating to any investigatory or remedial action involving the Property and the operations conducted on the Property and required by Environmental Laws or Disabilities Laws or by orders of any governmental authority having jurisdiction under any Environmental Laws or Disabilities Laws, or (b) on account of injury to any person whatsoever or damage to any property arising out of, in connection with or in any way relating to (i) the violation of any applicable laws or regulations, including without limitation Environmental Laws or Disabilities Laws, (ii) the use, treatment, storage, generation, manufacture, transport, release, spill, disposal or other handling of Hazardous Substances on the Property or in connection with operations, or (iii) the contamination of any of the Property by Hazardous Substances by any means whatsoever, and (c) without in any way limiting the foregoing, for any other reason, or on account of, or in connection with the Property or this Trust Deed.

7.5 Survival. The covenants contained in this Section 7 shall survive the repayment of the Indebtedness and the delivery of a deed in lieu of foreclosure to Beneficiary or any successor of Beneficiary and shall survive any foreclosure, whether judicial or nonjudicial, of the Property by Beneficiary or any successor of Beneficiary, and shall be for the benefit of Beneficiary, and any successor to Beneficiary, as holder of any security interest in the Property or the Indebtedness, or as owner of the Property or any other property of Grantors following foreclosure or the delivery of a deed in lieu of foreclosure.

8. USE OF PROPERTY. Unless required by applicable law or unless Beneficiary has otherwise agreed in writing, Grantors shall not allow changes in the use for which all or any part of the Property was intended at the time this Trust Deed was executed. Grantors shall not initiate or acquiesce in a change in the zoning classification or comprehensive plan governing the Property without Beneficiary's prior written consent, which consent shall not be unreasonably withheld. Grantors warrant that the proceeds of the Loan will be used solely for business purposes.

9. PROTECTION OF BENEFICIARY'S SECURITY. If Grantors fail to perform the covenants and agreements contained in this Trust Deed, or if any action or proceeding is commenced which affects the Property or title to the Property or the interest of Beneficiary in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, violation of any law concerning environmental protection and pollution control referred to in Section 7 above, or arrangements or proceedings involving a bankrupt or decedent, then Beneficiary at Beneficiary's option may make such appearances, disburse such sums and take such action as Beneficiary deems necessary or advisable, in Beneficiary's sole discretion, to protect Beneficiary's interest, including, but not limited to, (a) employment of attorneys or other advisors, (b) entry upon the Property to investigate and make repairs, (c) procurement of satisfactory insurance, and (d) payment of any tax or liens. Any amounts disbursed by Beneficiary pursuant to this Section 9, with interest thereon, shall become additional Indebtedness of Grantors secured by this Trust Deed. Unless Grantors and Beneficiary agree in writing to other terms of payment, such amounts shall be immediately due and payable and shall bear interest from the date of disbursement until paid at the default rate stated in the Note or the Loan Documents, or if no default rate is stated in the Note or Loan Documents, then at the interest rate(s) stated in the Note. Grantors hereby covenant and agree that Beneficiary shall be subrogated to the lien of any mortgage or other lien discharged, in whole or in part, by the Indebtedness secured by this Trust Deed. Nothing contained in this Section 9 shall require Beneficiary to incur any expense or take any action.

10. INSPECTIONS. Beneficiary may make or cause to be made reasonable entries upon the Property to inspect the Property, including, but not limited to, inspecting any buildings on the Property and inspection and/or environmental evaluation of the Property.

11. BOOKS AND RECORDS. Grantors shall keep and maintain at all times at Grantors' address stated above, or such other place as Beneficiary may approve in writing, complete and accurate books of accounts and records adequate to reflect correctly the results of the operation of the Property and copies of all written contracts, leases and other instruments which affect the Property. Such books, records, contracts, leases and other instruments shall be subject to examination and inspection at any reasonable time by Beneficiary.

12. CONDEMNATION. Grantors shall promptly notify Beneficiary of any action or proceeding relating to any condemnation or other taking, whether direct or indirect, of the Property, or part of the Property, and Grantors shall appear in and prosecute any such action or proceeding, notifying and informing the condemning authority of Beneficiary's interest in the Property.

Any sums received out of a condemnation proceeding shall be used first for restoration and repair of the Property, with the excess, if any, to be applied toward the Indebtedness in the order provided in Section 6.4 above.

13. GRANTORS AND LIEN NOT RELEASED. From time to time, at Beneficiary's option, upon notice to Grantors but without any need to give notice to or obtain the consent of Grantors' successors or assigns or of any junior lienholder or guarantor and without any liability on Beneficiary's part and notwithstanding Grantors' breach of any covenant or agreement in the Loan Documents (including, but not limited to, this Trust Deed), Beneficiary may do any or all of the following:

- (a) Extend the time for payment of the Indebtedness or any part of it;
- (b) Reduce the payments on the Indebtedness;
- (c) Release anyone liable on any part of the Indebtedness;
- (d) Accept renewal note or notes for the Indebtedness;
- (e) Release from the lien of this Trust Deed any part of the Property;

- (f) Release other or additional security;
- (g) Reconvey any part of the Property;
- (h) Consent to any map or plat of the Property;
- (i) Consent to any easement;
- (j) Execute any subordination agreement.

Any action taken by Beneficiary pursuant to the terms of this Section or any modification of the rate of interest upward or downward, or modification of the period of amortization of the Note or change in the amount of the monthly installments payable under the Note or other Loan Documents, or any combination thereof, which may extend or reduce the term of the Note or this Trust Deed or both, shall not affect the obligation of Grantors or Grantors' successors or assigns to pay the sums secured by this Trust Deed and to observe the covenants of Grantors contained in this Trust Deed, shall not affect the guaranty of any person, corporation, partnership or other entity for payment of the Indebtedness secured by this Trust Deed, and shall not affect the lien or priority of lien of this Trust Deed on the Property. Unless otherwise provided by law, the priority of this Trust Deed shall not be affected by any change in terms whether or not it adversely affects subordinate or prior interest holders. Grantors shall pay Beneficiary a service charge, together with such title insurance premiums and attorney fees as may be incurred at Beneficiary's option for any such action if taken at Grantors' request.

14. FORBEARANCE BY BENEFICIARY OR RECEIPT OF AWARDS NOT A WAIVER. Any forbearance by Beneficiary in exercising any right or remedy under this Trust Deed, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any other right or remedy. The acceptance by Beneficiary of payment of any sum secured by this Trust Deed after the due date of such payment shall not be a waiver of Beneficiary's right to either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment, nor shall Beneficiary's receipt of any awards, proceeds or damages under this Trust Deed operate to cure or waive any default in payment of sums secured by this Trust Deed.

15. UNIFORM COMMERCIAL CODE SECURITY AGREEMENT. This Trust Deed is intended to be a security agreement pursuant to the Uniform Commercial Code of Oregon for any of the items specified above as part of the Property which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code of Oregon, and Grantors hereby grant Beneficiary a security interest in said items. Grantors agree that Beneficiary may file this Trust

Deed, or a reproduction of it, in the real estate records, office of the Oregon Secretary of State, or other appropriate filing index, as a financing statement for any of the items specified above as part of the Property. Any reproduction of this Trust Deed or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Grantors agree to execute and deliver to Beneficiary, upon Beneficiary's request, any financing statements, as well as extensions, renewals and amendments of them, and reproductions of this Trust Deed in such form as Beneficiary may require to perfect a security interest with respect to said items. Grantors shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases of them, and shall pay all costs and expenses of any record searches for financing statements which Beneficiary may reasonably require. Grantors shall notify Beneficiary in writing prior to changing Grantors' names or moving Grantors' chief executive office or any of the Property secured by this Trust Deed. Upon Grantors' breach of any covenant or agreement of Grantors contained in this Trust Deed, including, but not limited to, the covenants to pay when due all sums secured by this Trust Deed, Beneficiary shall have the remedies of a secured party under the Uniform Commercial Code of Oregon and, at Beneficiary's option, may also invoke the remedies provided in this Trust Deed as to such items. In exercising any of said remedies, Beneficiary may proceed against the items of real property and any items of personal property specified above as part of the Property separately or together and in any order whatsoever, whether by nonjudicial sale or otherwise, without in any way affecting the availability of Beneficiary's remedies under the Uniform Commercial Code of Oregon or of the other remedies provided in this Trust Deed.

16. LEASES OF THE PROPERTY. Grantors shall comply with and observe Grantors' obligations as landlord under all leases of the Property or any part thereof. Grantors shall furnish Beneficiary with executed copies of all leases now existing or in the future made of all or any part of the Property, and all leases now or in the future entered into will be in form and substance subject to the prior written approval of Beneficiary, which approval shall not be unreasonably withheld. All leases of the Property shall specifically provide that such leases are subordinate to this Trust Deed; that the tenant attorns to Beneficiary, such attornment to be effective upon Beneficiary's acquisition of title to the Property; that the tenant agrees to execute such further evidences of attornment as Beneficiary may from time to time request; that the attornment of tenant shall not be terminated by foreclosure; that the tenant agrees to execute such estoppel certificates in form and substance satisfactory to Beneficiary; and that Beneficiary, at Beneficiary's option, may accept or reject such attornments. Without Beneficiary's written consent, Grantors shall not request or consent to the subordination of any lease of all or any part of

the Property to any lien subordinate to this Trust Deed. If Grantors become aware that any tenant proposes to do, or is doing, any act or thing which may give rise to any right of setoff against rent, Grantors shall (i) take such steps as shall be reasonably calculated to prevent the accrual of any right to a setoff against rent, (ii) notify Beneficiary thereof and of the amount of said setoffs, and (iii) within ten (10) days after such accrual, reimburse the tenant who shall have acquired such right to setoff or take such other steps as shall effectively discharge such setoff and as shall assure that rents thereafter due shall continue to be payable without setoff or deduction.

17. ASSIGNMENT OF RENTS. As additional security under this Trust Deed, Grantors hereby assign to Beneficiary the leases, rents or agreements concerning the Property now existing or in the future arising, provided that unless there in an event of default under the Loan Documents, Grantors shall have the right to collect and retain such rents as they become due and payable. Upon Beneficiary's request, Grantors shall execute any additional documents requested by Beneficiary to assign to Beneficiary any leases and all security and other deposits concerning Property. This assignment is not a delegation or assignment to Beneficiary of Grantors' duties or obligations under or in connection with the Property. Beneficiary's acceptance of this assignment does not constitute a promise by Beneficiary nor does it in any way obligate Beneficiary to perform any of Grantors' duties or obligations under or in connection with the leases, rents or agreements. Grantors hereby agree to indemnify Beneficiary against and hold Beneficiary harmless from any and all liability, loss or damage which Beneficiary may or might incur under the leases, rents or agreements or under or by reason of this assignment and of and from any and all claims and demands whatsoever which may be asserted against Beneficiary by any reason of any alleged obligation or undertaking on Beneficiary's or Grantors' part to perform or discharge any of the terms of the leases, rents or agreements.

18. FUTURE ADVANCES. Upon request of Grantors, Beneficiary, at Beneficiary's option so long as this Trust Deed secures Indebtedness held by Beneficiary, may make Future Advances to Grantors. Such Future Advances, with interest thereon, shall be secured by this Trust Deed if the loan documentation related to the Future Advance provides that the Future Advance is to be secured by this Trust Deed.

19. PROHIBITION OF TRANSFER OF PROPERTY OR BENEFICIAL INTERESTS IN GRANTORS; ASSUMPTION. Without prior written consent of Beneficiary, Grantors shall not transfer or agree to transfer all or any part of Property or any interest in the Property, which consent shall not be unreasonably withheld. For the purpose of this section, the occurrence of any of the following events,

without limitation, or any agreement to do any of the following, without limitation, shall be deemed to be a transfer of the Property:

(a) Any sale, contract to sell, conveyance, assignment or other transfer of, or grant of a mortgage, deed of trust, other lien, or other security interest in, all or any part of the legal or equitable title to Property;

(b) If Grantors are a general partnership, the sale, conveyance, assignment or other transfer of, or the grant of a security interest in, any general partnership interest of Grantors;

If any of (a) or (b), or any combination thereof occur, Beneficiary, at Beneficiary's option, may declare all of the sums secured by this Trust Deed to be immediately due and payable, and may invoke any of the remedies permitted by this Trust Deed. If Grantors or a prospective transferee applies to Beneficiary for consent to transfer, Beneficiary may require such information as may be reasonably necessary for Beneficiary to assess the prospective transferee's prior business experience, reputation and financial ability to perform Grantors' obligations under this Trust Deed. As a condition of Beneficiary's consent to any transfer, Beneficiary in Beneficiary's discretion may impose an assumption fee, and may increase the interest rate on the Note or under the other Loan Documents. Any consent, if granted, shall not release Grantors or any successor in interest from personal liability for payment and performance of the Indebtedness, or for performance of this Trust Deed, the Note or other Loan Documents.

20. DEFAULT. The following shall constitute events of default:

(a) Failure of Grantors to pay any portion of the Indebtedness within fifteen (15) days of the date upon which it is due.

(b) Failure of Grantors, within fifteen (15) days after mailing of written notice as provided in Section 23 below, to make any payment for taxes, insurance or other payment necessary to prevent filing of or discharge of any lien.

(c) Transfer or agreement to transfer any part or interest in the Property in any manner whatsoever, including, but not limited to, allowing any lien inferior to this Trust Deed on the Property, or transfer or any other interest of Grantors as described in Section 19, except for leases entered into by Grantors subject to Beneficiary's approval as set forth in Section 16 of this Trust Deed.

(d) Dissolution, termination of existence, insolvency or business failure of Grantors; the commencement by Grantors of a voluntary case under the federal bankruptcy laws or under any other federal or state law relating to insolvency or debtor's relief; the filing of an involuntary petition against Grantors under the federal bankruptcy laws or under any other applicable federal or state law relating to insolvency or debtor's relief which Grantors have not caused to be dismissed within 30 days after such filing; the appointment or the consent by Grantors to the appointment of a receiver, trustee, or custodian of Grantors or of any of Grantors' property which Grantors have not caused to be withdrawn within 30 days after such appointment; an assignment for the benefit of creditors by Grantors; the making or suffering by Grantors of a fraudulent transfer under applicable federal or state law; concealment by Grantors of any of Grantors' property in fraud of creditors; the imposition of a lien through legal proceedings or distraint upon any of the property of Grantors or Grantors' failure generally to pay Grantors' debts as such debts become due. The Events of Default in this paragraph shall apply and refer to Grantors, any guarantor of the Indebtedness, and to each of the individuals or entities which are collectively referred to as "Grantors."

(e) Failure of Grantors to make any payment or perform any obligation under any superior liens or encumbrances, within the time required under those liens or encumbrances or commencement of any suit or other action to foreclose any superior or inferior liens or encumbrances.

(f) Breach or default under any Loan Document, which is not cured within any applicable cure period.

(g) Termination or revocation of any guaranty delivered to Beneficiary in connection with the Indebtedness.

(h) Failure of Grantors to perform any obligations under this Trust Deed other than those described in the preceding paragraphs (a) through (g) of this Section, within fifteen (15) days of mailing of written notice from Beneficiary specifying the nature of the default, pursuant to Section 23, and provided that in the event it is not possible for Grantors to cure said default within the 15-day period, but Grantors have initiated the process to cure said default and are diligently pursuing cure of said default within the 15-day period, Grantors may have such time as may be reasonably necessary under the circumstances to effect said cure.

(i) Failure of Grantors to pay when due any other obligation of Grantors to Beneficiary for money borrowed, or if any default shall occur under any present or future agreement from

Grantors to Beneficiary involving the borrowing of money or the advance of credit to which Grantors may be a party.

21. RIGHTS AND REMEDIES ON DEFAULT.

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

(a) Beneficiary may declare all sums secured by this Trust Deed immediately due and payable, including, without limitation, any prepayment premium which Grantors would be required to pay under the terms of the Note or any other Loan Document.

(b) The Trustee shall have the right to foreclose by notice and sale, or Beneficiary shall have the right to foreclose by judicial foreclosure, in either case in accordance with applicable law.

(c) With respect to all or any part of the Property that constitutes personal property, Beneficiary shall have all rights and remedies of a secured party under the Uniform Commercial Code of Oregon. Beneficiary shall give Grantors reasonable prior written notice of the time and place of any public sale of such property, or of the time after which any private sale or any other intended disposition is to be made, and Grantors agree that fifteen (15) days notice is reasonable notice.

(d) Beneficiary shall have the right to take possession of the Property and, with or without taking possession of the Property, collect all the rents and revenues of the Property in accordance with this Trust Deed and/or in any other assignment of rents.

(e) In the event Grantors remain in possession of the Property after the Property is sold as provided above or Beneficiary otherwise become entitled to possession of the Property upon default of Grantors, Grantors shall become tenants at will of Beneficiary or the purchaser of the Property and shall pay a reasonable rental for use of the Property while in Grantors' possession.

(f) Trustee and Beneficiary shall have any other right or remedy provided in this Trust Deed, the Note, or any other Loan Document, or available at law, in equity or otherwise.

21.2 Waiver of Marshalling; Sale of the Property. Notwithstanding the existence of any other mortgage, deed of trust, other lien or other security interests in the Property held by Beneficiary or by any other party, Beneficiary shall have the right

to determine the order in which any or all of the Property, real or personal or mixed, shall be subjected to the remedies provided in this Trust Deed. Beneficiary shall have the right to determine the order in which any or all portions of the Indebtedness secured by this Trust Deed are satisfied from the proceeds realized upon the exercise of the remedies provided in this Trust Deed. In exercising Beneficiary's rights and remedies, Beneficiary, at Beneficiary's sole discretion, may cause all or any part of the Property to be sold as a whole or in parcels, and certain portions of the Property may be sold without selling other portions. Beneficiary may bid at any public sale on all or any portion of the Property. Grantors, any party who consents to this Trust Deed and any party who now or in the future acquires a security interest in the Property and who has actual or constructive notice of this Trust Deed hereby waive any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided in this Trust Deed.

21.3 Notice of Sale. Beneficiary shall give Grantors reasonable notice of the time and place of any public sale of any personal property or of the time after which any private sale or other intended disposition of the personal property is to be made. Reasonable notice shall mean notice given in accordance with applicable law, and may include, without limitation, only notice required for the nonjudicial sale of the real property.

21.4 Waiver; Election of Remedies; Remedies Cumulative. A waiver by either party of a breach of a provision of this Trust Deed shall not constitute waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. Election by Beneficiary to pursue any remedy shall not exclude pursuit of any other remedy, and all remedies of Beneficiary under this Trust Deed are distinct and cumulative and not exclusive to all other rights or remedies under this Trust Deed or Loan Documents or afforded by law or equity, and may be exercised concurrently, independently, or successively in any order whatsoever. An election to make expenditures or take action to perform an obligation of Grantors shall not affect Beneficiary's right to declare a default and exercise Beneficiary's remedies under this Trust Deed.

22. SUCCESSORS AND ASSIGNS BOUND; JOINT AND SEVERAL LIABILITY; AGENTS; CAPTIONS. The covenants and agreement contained in this Trust Deed shall bind, and the rights under this Trust Deed shall inure to, the respective successors and assigns of Beneficiary and Grantors. However, nothing in this Trust Deed or other Loan Document shall be deemed to permit Grantors to enter into any assignments or transfers except as specifically permitted pursuant to the preceding provisions of this Trust Deed. This

Trust Deed and the Indebtedness secured hereby may be assigned in whole or in part or participated in whole or in part to any person by Beneficiary and without notice to or affecting Grantors' liability hereunder, and Beneficiary, in connection with such assignment, participation, or similar arrangement, may make all credit and financial data furnished and to be furnished by Grantors available to such existing or prospective assignee, participant or person. If Beneficiary assigns to any assignees, participants or other persons all of Beneficiary's interest in this Trust Deed and the Indebtedness secured hereby, then Beneficiary shall be and is released from any obligations under this Trust Deed and other Loan Documents. All covenants and agreements of Grantors shall be joint and several. In exercising any rights under this Trust Deed or taking any actions provided for in this Trust Deed, Beneficiary may act through Beneficiary's employees, agents or independent contractors as authorized by Beneficiary. The captions and headings of the sections of this Trust Deed are for convenience only and are not to be used to interpret or define the provisions of this Trust Deed.

23. NOTICE. Except as specified to the contrary in the Loan Documents and except for any notice required under applicable law to be given in another manner, (a) any notice to Grantors provided for in this Trust Deed or in the Loan Documents shall be given by mailing such notice by certified mail, return receipt requested, addressed to Grantors at Grantors' address stated above or at such other address as Grantors may designate by notice to Beneficiary as provided in this Trust Deed, and (b) any notice to Beneficiary shall be given by certified mail, return receipt requested, to Beneficiary's address stated in this Trust Deed or to such other address as Beneficiary may designate by notice to Grantors as provided in this Trust Deed. Any notice provided for in this Trust Deed or in the Note or other Loan Documents shall be deemed to have been given to Grantors or Beneficiary on the date mailed when given in the manner designated in this Trust Deed.

24. RECONVEYANCE. Upon payment of the Indebtedness secured by this Trust Deed, Beneficiary shall request Trustee to reconvey the Property and shall surrender this Trust Deed and all notes evidencing Indebtedness secured by this Trust Deed to Trustee. Trustee shall reconvey the Property without warranty to the person or persons legally entitled to the Property. Such person or persons shall pay Trustee's fee and other costs incurred in so reconveying the Property.

25. SUBSTITUTE TRUSTEE. In accordance with applicable law, Beneficiary may from time to time appoint a successor trustee to any Trustee appointed under this Trust Deed. Without conveyance of the Property, the successor trustee shall succeed to all the title,

power and duties conferred upon the Trustee in this Trust Deed and by applicable law.

26. IMPOSITION OF TAX BY STATE. If any state tax to which this Section applies is enacted subsequent to the date of this Trust Deed, this shall have the same effect as a default, and Beneficiary may exercise any or all of the remedies available to Beneficiary in the event of a default unless the following conditions are met:

(a) Grantors may lawfully pay the tax or charge imposed by the state tax without causing any resulting economic disadvantage or increase of tax to Beneficiary, and

(b) Grantors pay or provide Beneficiary immediately available funds to pay the tax or charge within thirty (30) days after notice from Beneficiary that the tax law has been enacted.

The following constitute state taxes to which this Section applies:

(i) a specific tax upon trust deeds or upon all or any part of the indebtedness secured by a trust deed;

(ii) a specific tax on a grantor which the taxpayer is authorized or required to deduct from payments on the indebtedness secured by a trust deed;

(iii) a tax on a trust deed chargeable against the beneficiary or the holder of the note secured;

(iv) a specific tax on all or any portion of the indebtedness or on payments of principal and interest made by a grantor.

27. FEDERAL TAX REGULATIONS.

27.1 Report of Real Estate Transaction. Grantors have made or provided for making, or will make or provide for making, on a timely basis, any reports or returns required under Section 6045(e) of the Internal Revenue Code of 1986 as amended (the "Code") (and any similar reports or returns required by state or local law) relating to the Property, notwithstanding the fact that the primary reporting responsibility may fall on Beneficiary, counsel for Beneficiary, or other party. Grantors' obligations under this paragraph will be deemed to be satisfied if proper and timely reports and returns required under this paragraph are filed by a title company or real estate broker involved in the real estate transaction relating to the Property, but nothing contained

herein shall be construed to require such returns or reports to be filed by Beneficiary or counsel for Beneficiary.

27.2 Nonforeign Certification. Section 1445 of the "Code" provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform Beneficiary that the withholding of tax will not be required in the event of the disposition of the Property or improvements pursuant to the terms of this Trust Deed, Grantors hereby certify, under penalty of perjury, that:

(a) Grantors are not a foreign corporation, foreign partnership, foreign trust or foreign estate, as those terms are defined in the Internal Revenue Code and the regulations promulgated thereunder; and

(b) Grantors' U.S. employer identification numbers are 491-56-1672 and _____; and

(c) Grantors' principal place of business is P.O. Box 469, Fort Klamath, OR 97626.

Beneficiary may disclose the contents of this certification to the Internal Revenue Service. Grantors acknowledge that any false statement could be punished by fine, imprisonment or both. Grantors covenant and agree to execute such further certificates, which shall be signed under penalty of perjury, as Beneficiary shall reasonably require. The covenant set forth herein shall survive the foreclosure of the lien of this Trust Deed or acceptance of a deed in lieu thereof.

28. ATTORNEY FEES. In the event suit or action is instituted to enforce or interpret any of the terms of this Trust Deed, including, but not limited to, any action or participation by Grantors or Beneficiary in, or in connection with, a case or proceeding under the Bankruptcy Code or any successor statute, the prevailing party shall be entitled to recover all expenses reasonably incurred at, before and after trial and on appeal whether or not taxable as costs, including, without limitation, attorney fees, witness fees (expert and otherwise), deposition costs, copying charges and other expenses. Whether or not any court action is involved, all reasonable expenses, including, but not limited to, the costs of searching records, obtaining title reports or appraisals, surveyor reports, title insurance, trustee fees, and attorney fees, incurred by Beneficiary that are necessary or advisable at any time in Beneficiary's opinion for the protection of Beneficiary's interest or enforcement of Beneficiary's rights shall become a part of the Indebtedness payable on demand and shall bear interest from the date of expenditure until paid at the default interest rate provided in the

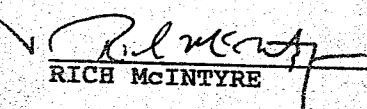
Note or other Loan Documents or if the Note or other Loan Documents contain no default rate, then at the interest rate(s) provided for in the Note.

29. GOVERNING LAW; SEVERABILITY. This Trust Deed shall be governed by the law of the State of Oregon. In the event that any provision or clause of this Trust Deed, or the Note, or other Loan Documents conflicts with applicable law, such conflict shall not affect other provisions of this Trust Deed, the Note, or other Loan Documents which can be given effect without the conflicting provision, and to this end, the provisions of this Trust Deed, the Note, and other Loan Documents are declared to be severable.

30. TIME OF ESSENCE. Time is of the essence in the payment and performance of the obligations under and secured by this Trust Deed and the other Loan Documents.

31. CHANGES IN WRITING. Any term of this Trust Deed and any addendum to the Trust Deed may only be changed, waived, discharged or terminated by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. Any agreement subsequently made by Grantors or Beneficiary relating to this Trust Deed shall be superior to the rights of the holder of any intervening lien or encumbrance.

IN WITNESS WHEREOF, Grantors have executed this Trust Deed or caused it to be executed by Grantors' duly authorized representative(s).


RICH MCINTYRE

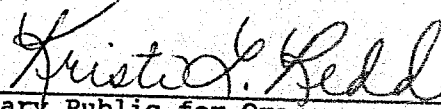

KAREN GREENE

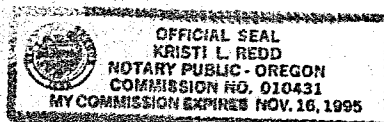
STATE OF OREGON

County of Klamath ss.

On this 6th day of September, 1994, personally appeared the above-named RICH MCINTYRE and KAREN GREENE and acknowledged the foregoing instrument to be their voluntary act and deed.

Before me:


Notary Public for Oregon



REQUEST FOR RECONVEYANCE

To Trustee:

The undersigned is the holder of the Note or Notes secured by this Trust Deed. Said Note or Notes, together with all other Indebtedness secured by this Trust Deed, have been paid in full. You are hereby directed to cancel said Note or Notes and this Trust Deed, which are delivered hereby, and to reconvey, without warranty, all the estate now held by you under this Trust Deed to the person or persons legally entitled to that estate.

Date: _____

By _____

Title _____

By _____

Title _____

EXHIBIT "A" LEGAL DESCRIPTION

PARCEL 1

The E1/2 SW1/4; NW1/4 SE1/4 of Section 26, Township 34 South, Range 6 East of the Willamette Meridian, Klamath County, Oregon.

PARCEL 2

The NE1/4 NE1/4 NW1/4; N1/2 SE1/4 NE1/4 NW1/4 of Section 35, Township 34 South, Range 6 East of the Willamette Meridian, Klamath County, Oregon, ALSO the following described tract of land:

Beginning at the Northwest corner of the NE1/4 of Section 35, Township 34 South, Range 6 East of the Willamette Meridian, Klamath County, Oregon; thence South 15 chains; thence East 3 and 1/3 chains; thence, North 15 chains; thence West 3 and 1/3 chains to the point of beginning;

EXCEPTING THEREFROM the following:

Beginning at a point on the Section line between Section 26 and Section 35, Township 34 South, Range 6 East of the Willamette Meridian, Klamath County, Oregon, 675.7 feet West of the 1/4 Section corner; thence South along the West line of the NE1/4 NE1/4 of the NW1/4 of Section 35 and of the N1/2 SE1/4 NE1/4 NW1/4 of Section 35 a distance of 990 feet; thence East on the South line of the N1/2 SE1/4 NE1/4 NW1/4 of Section 35, a distance of 530 feet; thence North a distance of 330 feet; thence West a distance of 135 feet; thence North a distance of 660 feet to intersect the above mentioned section line 395 feet East of point of beginning.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co the 7th day
of Sept. A.D., 19 94 at 3:29 o'clock P M., and duly recorded in Vol. M94
of Mortgages on Page 28110

Evelyn Biehn, County Clerk

By Daniel M. Mullen

FEE \$120.00