

24478 MTC 1396-TPA TRUST DEED Vol. 96 Page 28007

THIS TRUST DEED, made this 10th day of July, 1996, between K.F. Trade Center, L.L.C., an Oregon limited liability company, as Grantor, Ameritite, as Trustee, and Desert South Realty Trust, a New York trust, as Beneficiary,

WITNESSETH:

Grantor irrevocably grants, bargains, sells and conveys to trustee in trust, with power of sale, the property in Klamath County, Oregon, described as:

See Exhibit "A"

COMMISSION EXHIBIT DEC 12 1996

FILED IN CLERK'S OFFICE

NO 4882882

NOTARY PUBLIC STATE OF NEW YORK

DIANNE A SANTOLUCCI

together with all and singular the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in anywise now or hereafter appertaining, and the rents, issues and profits thereof and all fixtures now or hereafter attached to or used in connection with the property.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of Seventy Five Thousand (\$75,000.00)

Dollars, with interest thereon according to the terms of a promissory note of even date herewith, payable to beneficiary or order and made by grantor, the final payment of principal and interest hereof, if not sooner paid, to be due and payable July 10, 1997.

The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of the note becomes due and payable. Should the grantor either agree to, attempt to, or actually sell, convey, or assign all (or any part) of the property or all (or any part) of grantor's interest in it without first obtaining the written consent or approval of the beneficiary, then, at the beneficiary's option*, all obligations secured by this instrument, irrespective of the maturity dates expressed therein, or herein, shall become immediately due and payable. The execution by grantor of an earnest money agreement** does not constitute a sale, conveyance or assignment.

To protect the security of this trust deed, grantor agrees:

1. To protect, preserve and maintain the property in good condition and repair; not to remove or demolish any building or improvement thereon; not to commit or permit any waste of the property.
2. To complete or restore promptly and in good and habitable condition any building or improvement which may be constructed, damaged or destroyed thereon, and pay when due all costs incurred therefor.
3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property; if the beneficiary so requests, to join in executing such financing statements pursuant to the Uniform Commercial Code as the beneficiary may require and to pay for filing same in the proper public office or offices, as well as the cost of all lien searches made by title officers or searching agencies as may be deemed desirable by the beneficiary.
4. To provide and continuously maintain insurance on the buildings now or hereafter erected on the property against loss or damage by fire and such other hazards as the beneficiary may from time to time require, in an amount not less than \$_____, written in companies acceptable to the beneficiary, with loss payable to the latter; all policies of insurance shall be delivered to the beneficiary as soon as insured; if the grantor shall fail for any reason to procure any such insurance and to deliver the policies to the beneficiary at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on the buildings, the beneficiary may procure the same at grantor's expense. The amount collected under any fire or other insurance policy may be applied by beneficiary upon any indebtedness secured hereby and in such order as beneficiary may determine, or at option of beneficiary the entire amount so collected, or any part thereof, may be released to grantor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.
5. To keep the property free from construction liens and to pay all taxes, assessments and other charges that may be levied or assessed upon or against the property before any part of such taxes, assessments and other charges become past due or delinquent and promptly deliver receipts therefor to beneficiary; should the grantor fail to make payment of any taxes, assessments, insurance premiums, liens or other charges payable by grantor, either by direct payment or by providing beneficiary with funds with which to make such payment, beneficiary may, at its option, make payment thereof, and the amount so paid, with interest at the rate set forth in the note secured hereby, together with the obligations described in paragraphs 6 and 7 of this trust deed, shall be added to and become a part of the debt secured by this trust deed, without waiver of any rights arising from breach of any of the covenants hereof and for such payments, with interest as aforesaid, the property hereinbefore described, as well as the grantor, shall be bound to the same extent that they are bound for the payment of the obligation herein described, and all such payments shall be immediately due and payable without notice, and the nonpayment thereof shall, at the option of the beneficiary, render all sums secured by this trust deed immediately due and payable and constitute a breach of this trust deed.
6. To pay all costs, fees and expenses of this trust including the cost of title search as well as the other costs and expenses of the trustee incurred in connection with or in enforcing this obligation and trustee's and attorney's fees actually incurred.
7. To appear in and defend any action or proceeding purporting to affect the security rights or powers of beneficiary or trustee; and in any suit, action or proceeding in which the beneficiary or trustee may appear, including any suit for the foreclosure of this deed, to pay all costs and expenses, including evidence of title and the beneficiary's or trustee's attorney's fees; the amount of attorney's fees mentioned in this paragraph 7 in all cases shall be fixed by the trial court and in the event of an appeal from any judgment or decree of the trial court, grantor further agrees to pay such sum as the appellate court shall adjudge reasonable as the beneficiary's or trustee's attorney's fees on such appeal.

It is mutually agreed that:

8. In the event that any portion or all of the property shall be taken under the right of eminent domain or condemnation, beneficiary shall have the right, if it so elects, to require that all or any portion of the monies payable as compensation for such taking,

NOTE: The Trust Deed Act provides that the trustee hereunder must be either an attorney, who is an active member of the Oregon State Bar, a bank, trust company or savings and loan association authorized to do business under the laws of Oregon or the United States, a title insurance company authorized to insure title to real property of this state, its subsidiaries, affiliates, agents or branches, the United States or any agency thereof, or an escrow agent licensed under ORS 696.505 to 696.585.

*WARNING: 12 USC 1701j-3 regulates and may prohibit exercise of this option.

**The publisher suggests that such an agreement address the issue of obtaining beneficiary's consent in complete detail.

TRUST DEED

K.F. Trade Center, L.L.C.
25 Main Street
Goshen, NY 10924

Grantor

Desert South Realty Trust
25 Main Street
Goshen, NY 10924

Beneficiary

After Recording Return to (Name, Address, Zip):

PTN Realty Investments, Inc.
PO Box 389
Goshen, NY 10924

STATE OF OREGON,

County of _____

I certify that the within instrument was received for record on the _____ day of _____, 19____, at _____ o'clock _____ M., and recorded in book/reel/volume No. _____ on page _____ or as fee/file/instrument/microfilm/reception No. _____, Record of _____ of said County.

Witness my hand and seal of County affixed.

NAME

TITLE

By _____, Deputy

9. At any time and from time to time upon written request of beneficiary, payment of its fees and presentation of this deed and the note for endorsement (in case of full reconveyances, for cancellation), without affecting the liability of any person for the payment of the indebtedness, trustee may (a) consent to the making of any map or plat of the property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this deed or the lien or charge thereof; (d) reconvey, without warranty, all or any part of the property. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof. Trustee's fees for any of the services mentioned in this paragraph shall be not less than \$5.

11. 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.

12. 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 beneficiary may declare all sums secured hereby immediately due and payable. In such an event the beneficiary 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 beneficiary may have. In the event the beneficiary elects to foreclose by advertisement and sale, the beneficiary 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.

13. After the trustee has commenced foreclosure by advertisement and sale, and at any time prior to 5 days before the date the trustee conducts 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 beneficiary 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.

14. 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 beneficiary, may purchase at the sale.

15. 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.

16. Beneficiary 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 beneficiary, which, when recorded in the mortgage records of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee.

17. 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, beneficiary or trustee shall be a party unless such action or proceeding is brought by trustee.

The grantor covenants and agrees to and with the beneficiary and the beneficiary's successor in interest that the grantor is lawfully seized in fee simple of the real property and has a valid, unencumbered title thereto except a line of credit trust

Deed with assignment of rent to: Aspen Falls, L.L.C., an Oregon limited liability company for \$2,032,500.; and Trust Deed to O&E Corporation, an Oregon corporation for \$400,000.

The grantor warrants that the proceeds of the loan represented by the above described note and this trust deed are:

(b) for an organization, or (even if grantor is a natural person) are for business or commercial purposes.

(b) for an organization, or (even if grantor is a natural person) are for business or commercial purposes. This deed applies to interests in the land of which the grantor is a tenant in common.

This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors 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.

In construing this trust deed, it is understood that the grantor, trustee and/or beneficiary 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 and to individuals.

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

K.F. Trade Center, L.L.C.

By: Paul T. Manza, Managing Member

***IMPORTANT NOTICE:** Delete, by lining out, whichever warranty (a) or (b) is not applicable; if warranty (a) is applicable and the beneficiary is a creditor as such word is defined in the Truth-in-Lending Act and Regulation Z, the beneficiary **MUST** comply with the Act and Regulation by making required disclosures; for this purpose use Stevens-Ness Form No. 1319, or equivalent. If compliance with the Act is not required, disregard this notice.

STATE OF ~~OREGON~~ ^{NEW YORK}, County of ~~ORANGE~~ ^{ORANGE}

This instrument was acknowledged before me on July 10, 1996,
by PAUL T. MANZA, MANAGING MEMBER O.K.F. TRADE CENTER, LLC

This instrument was acknowledged before me on July 10, 1996,
by PAUL T. MANZA
as MANAGING MEMBER
of K.F. TRADE CENTER, L.L.C.

DIANNE V. SANTOIANNI
Notary Public, State of New York
No. 4865864

Qualified in Orange County

Commission Expires Dec. 15, 1974 My commission expires

Notary Public for Oregon

REQUEST FOR FULL RECONVEYANCE (To be used only when obligations have been paid.)

TO:, Trustee

The undersigned is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sums secured by the trust deed have been fully paid and satisfied. You hereby are directed, on payment to you of any sums owing to you under the terms of the trust deed or pursuant to statute, to cancel all evidences of indebtedness secured by the trust deed (which are delivered to you herewith together with the trust deed) and to reconvey, without warranty, to the parties designated by the terms of the trust deed the estate now held by you under the same. Mail reconveyance and documents to _____

DATED: _____ 19

Do not lose or destroy this Trust Deed OR THE NOTE which it secures.
Both must be delivered to the trustee for cancellation before
reconveyance will be made.

Beneficiary

PARCEL 1

All that portion of Tracts 32, 33A and 36, ENTERPRISE TRACTS, situated in the NW1/4 of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at an iron pipe on the South line of said Tract 32, said point being North 89 degrees 30' 45" West, a distance of 281.8 feet from the Southeast corner of said Tract 32 (this same reference is described as being West a distance of 281.7 feet by previous records), said beginning point also being on the Northwestern line of Austin Street as deeded to Klamath County by Deed Volume 229, page 300, Deed Records of Klamath County, Oregon; thence North 34 degrees 07' 30" East at right angles to South Sixth Street and along the Northwestern line of Austin Street a distance of 183.08 feet to an iron pin on a point on a line that is parallel to and 180 feet distant at right angles from the East line of said Tract 32; thence North 0 degrees 20' 45" East along said parallel line and along the Westerly line of Austin Street a distance of 722.70 feet to an iron pin that is South 0 degrees 20' 45" West a distance of 400.02 feet from the iron pin marking the Southerly line of Shasta Way; thence North 89 degrees 39' 15" West a distance of 629.67 feet to an iron pin on the Southeastery line of Avalon Street; thence South 30 degrees 37' 00" West along the Southeasterly line of Avalon Street a distance of 667.53 feet to an iron pin on the most Northerly corner of a tract described as Parcel 3 in Deed Volume 256, page 96, Deed Records of Klamath County, Oregon; thence South 59 degrees 23' 00" East along the Northeasterly line of said tract a distance of 149.94 feet to an iron pin; thence South 30 degrees 37' 00" West along the Southeasterly line of said tract a distance of 59.20 feet to an iron pin on the Northeasterly line of Pershing Way; thence South 55 degrees 52' 30" East along the Northeasterly line of Pershing Way a distance of 485.15 feet to an iron pipe on the Southerly projection of the line between Tracts 32 and 36, Enterprise Tracts; thence North 0 degrees 14' 30" West along said projected line a distance of 98.97 feet to an iron pipe on the Southwest corner of said Tract 32; thence South 89 degrees 30' 45" East along the Southerly line of said Tract 32 a distance of 362.50 feet to the point of beginning.

PARCEL 2

A parcel of land situated in the NW1/4 of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the Northwest corner of said Section 3, said point being marked by a cased iron pin; thence South 0 degrees 00' 30" East along the Westerly line of said Section 3 a distance of 826.80 feet to its intersection with a line parallel with and 75.0 feet distant at right angles Northeasterly from the centerline of the Klamath Falls-Lakeview Highway, also known as South Sixth Street, as the same is now located and constructed; thence South 55 degrees 52' 30" East, along said parallel line a distance of 1682.84 feet to an iron pin on the Northwestern line of Austin Street; thence North 34 degrees 07' 30" East along said line a distance of 235.00 feet to an iron pin on the Northeasterly line of Pershing Way, said point being the True Point of Beginning of this description; thence North 34 degrees 07' 30" East along the Northwestern line of Austin Street a distance of 282.50 feet to an iron pipe on the Southerly line of Tract 32, Enterprise Tracts, said point being North 89 degrees 30' 45" West a distance of 281.8 feet from the Southeast corner of said Tract 32 (this same reference is described as being West a distance of 281.7 feet by previous records), said point being on the Northwestern line of that tract deeded to Klamath County by Deed Volume 229, page 300, Deed Records of Klamath County, Oregon; thence North 89 degrees 30' 45" West along the Southerly line of said Tract 32, a distance of 362.50 feet to an iron pipe on the Southwest corner of said Tract 32; thence South 0 degrees 14' 30" East along the Southerly projection of the line between Tracts 32 and 36, Enterprise Tracts, a distance of 98.97 feet to an iron pipe on the Northeasterly line of Pershing Way; thence South 55 degrees 52' 30" East along said line a distance of 245.93 feet to the True Point of Beginning of this description.

PARCEL 3

Beginning at the iron pipe marking the Southeast corner of Enterprise Tract 32 in Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, and running thence West along the South line of Tract 32 a distance of 209.57 feet, more or less, to an iron pipe marking the Easterly line of Austin Street; thence North 34 degrees 07' 1/2" East along the Easterly line of Austin Street Northeasterly at right angles to the center line of South Sixth Street a distance of 161.08 feet, more or less, to an iron rod which lies on a line which is parallel to and 120 feet Westerly at right angles from the East line of Tract 32; thence North along said parallel line and the East line of Austin Street 391.3 feet, to the true point of beginning, said point of beginning being 823.0 feet South of the North line of Section 3; thence North along said parallel line and the East line of Austin Street 500.0 feet, more or less, to a point which marks the Southwest corner of a parcel of land conveyed by Swan Lake Moulding Company to William L. Wales, Jr.; thence leaving the Easterly boundary of Austin Street Easterly parallel to and 323 feet distant at right angles from the North line of Section 3, a distance of 120 feet to an iron rod marking the Southeast corner of said Wales parcel, on the East line of Tract 32; thence South along the East line of Tract 32, 500.0 feet to a point, said point being 823.0 feet South of the North line of Section 3; thence West on a line parallel to the North line of Section 3, a distance of 120 feet to the point of beginning.

