

'95 OCT -4 P3:21

## PROMISSORY NOTE

\$105,000.00

Date: March 21, 1996

For value received, the undersigned Mahendra Rambhai Patel (the "Promisor") promises to pay to the order of Bipinchandra J. Patel (the "Payee"), at 130 West Cliff Drive, Santa Cruz, California 95060, (or at such other place as the Payee may designate in writing) the sum of \$105,000.00 with interest from December 31, 1996, on the unpaid principal at the rate of 10.00 percent annually.

The unpaid principal and accrued interest shall be payable in monthly installments of \$2,000.00, beginning on January 31, 1997, and continuing until December 31, 2001, (the "Due Date"), at which time the remaining unpaid principal and interest shall be due in full. THE PROMISOR UNDERSTANDS THAT THE PAYMENT OF THE ABOVE INSTALLMENT PAYMENTS MAY NOT FULLY AMORTIZE THE PRINCIPAL BALANCE OF THE NOTE, AND THEREFORE, A BALLOON PAYMENT MAY BE DUE ON THE DUE DATE. All payments on this Note shall be applied first in payment of accrued interest and any remainder in payment of principal.

The Promisor promises to pay a late charge of \$100.00 for each installment that remains unpaid more than 15 day(s) after its due date. This late charge shall be paid as liquidated damages in lieu of actual damages, and not as a penalty.

If any installment is not paid when due, the remaining unpaid balance and accrued interest shall become due immediately at the option of the Payee.

The Promisor reserves the right to prepay this Note (in whole or in part) prior to the Due Date with no prepayment penalty.

If any payment obligation under this Note is not paid when due, the Promisor promises to pay all costs of collection, including reasonable attorney fees, whether or not a lawsuit is commenced as part of the collection process.

If any of the following events of default occur, this Note and any other obligations of the Promisor to the Payee, shall become due immediately, without demand or notice:

- 1) the failure of the Promisor to pay the principal and any accrued interest in full on or before the Due Date;
- 2) the death of the Promisor(s) or Payee(s);
- 3) the filing of bankruptcy proceedings involving the Promisor as a Debtor;
- 4) the application for appointment of a receiver for the Promisor;
- 5) the making of a general assignment for the benefit of the Promisor's creditors;

MAIL TO:-

B. J. PATEL

P.O. BOX 1637

SANTA CRUZ, CA 95061-1637

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- 6) the insolvency of the Promisor; or  
 7) the misrepresentation by the Promisor to the Payee for the purpose of obtaining or extending credit.

In addition, the Promisor shall be in default if there is a sale, transfer, assignment, or any other disposition of any assets pledged as security for the payment of this Note, or if there is a default in any security agreement which secures this Note.

This Note is secured by a 2nd Deed of Trust for Loan on Travelodge, 11 Main Street, Klamath Falls, Or. 97601, dated \_\_\_\_\_. The Payee is not required to rely on the above security for the payment of this Note in the case of default, but may proceed directly against the Promisor.

Promisor is required to maintain term life insurance payable to the Payee in an amount sufficient to pay the principal and accrued interest in full in the event of Promisor's death.

If any one or more of the provisions of this Note are determined to be unenforceable, in whole or in part, for any reason, the remaining provisions shall remain fully operative.

All payments of principal and interest on this Note shall be paid in the legal currency of the United States. Promisor waives presentment for payment, protest, and notice of protest and nonpayment of this Note.

No renewal or extension of this Note, delay in enforcing any right of the Payee under this Note, or assignment by Payee of this Note shall affect the liability of the Promisor. All rights of the Payee under this Note are cumulative and may be exercised concurrently or consecutively at the Payee's option.

This Note shall be construed in accordance with the laws of the State of Oregon.

Signed this 03 day of October, 1996, at  
KLAMATH FALLS, OR.

Mahendra Rambhai Patel

By: Mahendra Rambhai Patel

STATE OF OREGON, )

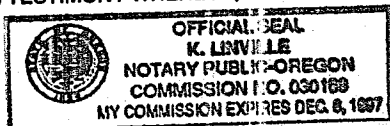
) SS.

COUNTY OF Klamath )

BE IT REMEMBERED, That on this 3 day of October, 1996,  
 before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named  
 \* \* \* \* \* Mahendra Rambhai Patel \* \* \* \* \*

known to me to be the identical individual \_\_\_\_\_ described in and who executed the within instrument and acknowledged to me  
 that he executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written



K. Linville  
 Notary Public for Oregon

My Commission expires 12-8-97

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of B. J. Patel the 4th day  
 of October A.D., 1996 at 3:21 o'clock P M., and duly recorded in Vol. M96  
 of Mortgages on Page 31647

Bernetha G. Letsch County Clerk

By Rambhai Patel

FEE \$15.00