

After recording, return to:

BANKAMERICA BUSINESS CREDIT
55 South Lake Avenue
Suite 900
Pasadena, CA 91101
Attn: Mr. Charles Burtch

LINE OF CREDIT INSTRUMENT

TRUST DEED, ASSIGNMENT OF RENTS AND LEASES,
SECURITY AGREEMENT AND FIXTURE FILING

GRANTOR: BI-MART CORPORATION, a California corporation
BENEFICIARY: BANKAMERICA BUSINESS CREDIT, INC.,
a Delaware corporation
TRUSTEE: TRANSNATION TITLE INSURANCE COMPANY

Maximum Principal Amount to be Advanced: \$69,406,000

Term or Maturity Date: Three Years

Tax Account Nos.: 3909-4AA-5600 Key (#530991)
#P-001980 Key (#894)

Index
acc
also

BI-MART CORPORATION
 220 South Seneca
 P.O. Box 2310
 Eugene, Oregon 97404-0199
 Attn: Marty W. Smith

Grantor

After Recording Return to:

BANKAMERICA BUSINESS CREDIT
 55 South Lake Avenue
 Suite 900
 Pasadena, CA 91101
 Attn: Mr. Charles Burtch

LINE OF CREDIT TRUST DEED,
 ASSIGNMENT OF RENTS, SECURITY AGREEMENT
 and FIXTURE FILING

THIS DOCUMENT SECURES OBLIGATIONS WHICH CONTAIN
 PROVISIONS FOR A VARIABLE RATE OF INTEREST

STATE OF OREGON)
) ss.
 COUNTY OF KLAMATH)

LINE OF CREDIT TRUST DEED, ASSIGNMENT OF RENTS,
 SECURITY AGREEMENT and FIXTURE FILING made this 19th day of
 February, 1997, between BI-MART CORPORATION, a California
 corporation ("Grantor") having an office at 220 South Seneca,
 P.O. Box 2310, Eugene, Oregon 97404-0199, Attn: Marty W.
 Smith, as trustor, and TRANSNATION TITLE INSURANCE COMPANY, as
 trustee ("Trustee") and BANKAMERICA BUSINESS CREDIT, INC., a
 Delaware corporation, having an office at 55 South Lake
 Avenue, Suite 900, Pasadena, California 91101, Attn:
 Mr. Charles Burtch.

WITNESSETH

THIS TRUST DEED CONSTITUTES A FIXTURE FILING UNDER
 SECTION 9-303 OF THE UNIFORM COMMERCIAL CODE OF THE STATE OF
 OREGON (O.R.S. 79.3130). TO THE EXTENT THE GOODS ARE FIXTURES
 UNDER THE LAWS OF THE STATE OF OREGON, THE FIXTURES ARE OR ARE

5631KMB
 BABC/Bi-Mart
 B0660-0029
 Site 611

TO BECOME FIXTURES ON THE REAL PROPERTY LOCATED IN THE COUNTY OF KLAMATH, STATE OF OREGON, MORE PARTICULARLY DESCRIBED ON EXHIBIT A ATTACHED HERETO, COMMONLY KNOWN BY THE STREET ADDRESS: 1920 WASHBURN WAY, KLAMATH FALLS, OREGON. THE NAME OF THE RECORD OWNER OF THE REAL PROPERTY IS BI-MART CORPORATION, A CALIFORNIA CORPORATION.

WHEREAS, Grantor is the owner of the premises described in Exhibit "A" annexed hereto and made a part hereof; and

WHEREAS, Grantor has executed and delivered that certain Term Note in the face amount of Seventeen Million Four Hundred and Six Thousand Dollars (\$17,406,000) and that certain Loan and Security Agreement, both dated of even date herewith (hereinafter referred to as the "Note" and "Loan Agreement", respectively: terms not defined herein or in the Code -- as hereinafter defined -- have the meaning set forth in the Loan Agreement) with BankAmerica Business Credit, Inc. a Delaware corporation (BankAmerica Business Credit, Inc. and all of its successors in interest being hereinafter referred to as "Beneficiary") pursuant to which Beneficiary has agreed to make loans in the aggregate principal amount not to exceed Sixty-Nine Million, Four Hundred Six Thousand Dollars (\$69,406,000) at any time outstanding, which sum may include loan advances, whether obligatory or not, made by Beneficiary under a revolving line of credit after this Trust Deed is delivered to the recording offices for recordation.

FOR THE PURPOSE OF SECURING (a) the payment of the Note, and all modifications, extensions and/or renewals thereof, (b) the payment and performance of all indebtedness and obligations of Grantor arising under this Trust Deed, and other documents executed by Grantor in connection herewith, and (c) payment of any money advanced by Beneficiary to Grantor, or its successors, with interest thereon, evidenced by additional notes (indicating that they are so secured) or by endorsement of the original note, executed by Grantor or its successor, and (d) the payment and performance of all indebtedness and obligations of Grantor arising under the Loan Agreement and all modifications, extensions and/or renewals thereof, Grantor has granted, mortgaged, bargained, sold, alienated, enfeoffed, released, conveyed and confirmed, and by these presents does grant, mortgage, bargain, sell, alienate, enfeoff, release, convey and confirm unto the Trustee, in trust, WITH POWER OF SALE, all its estate, right, title and interest in, to and under any and all of the property located in the City of Klamath Falls, County of Klamath, State of Oregon, and more particularly described in Exhibit A attached hereto and made a part hereof, including all easements,

rights, privileges, tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining (including without limitation all minerals and quarries thereon or therein, all mining claims thereunto appertaining, all oil, gas and mineral rights and all royalties of every kind and nature), and all of the estate, right, title, interest, claim, demand, reversion or remainder whatsoever of Grantor therein or thereto, either at law or in equity, in possession or expectancy, now or hereafter acquired, including, without limitation, all and singular the ways, waters, water courses, water rights and powers, liberties, privileges, sewers, pipes, conduits, wires and other facilities furnishing utility or other services to the property (collectively, the "Land");

TOGETHER with all of the right, title and interest of Grantor in and to all buildings, structures and improvements now or hereafter erected on the Land including all plant equipment, apparatus, machinery and fixtures of every kind and nature whatsoever now or hereafter located on or forming part of said buildings, structures and improvements (collectively, the "Improvements"; the Land and Improvements being hereinafter collectively referred to as the "Premises");

TOGETHER with all of the right, title and interest of Grantor in and to the land lying in the bed of any street, road, highway or avenue in front of or adjoining the Premises;

TOGETHER with any and all award and awards heretofore made or hereafter to be made by any governmental authorities to the present and all subsequent owners of the Premises which may be made with respect to the Premises as a result of the return of excess taxes paid on the Mortgaged Property, the exercise of the right of eminent domain, the alteration of the grade of any street or any other injury to or decrease of value of the Premises, which said award or awards are hereby assigned to Beneficiary and Beneficiary, at its option, is hereby authorized, directed and empowered to collect and receive the proceeds of any such award or awards from the authorities making the same and to give proper receipts and acquittances therefor, and to apply the same as hereinafter provided; and Grantor hereby covenants and agrees to and with Beneficiary, upon request by Beneficiary, to make, execute and deliver, at Grantor's expense, any and all assignments and other instruments sufficient for the purpose of assigning the aforesaid award or awards to Beneficiary free, clear and discharged of any and all encumbrances of any kind or nature whatsoever;

TOGETHER with all goods, equipment, machinery, furniture, furnishings, fixtures, appliances, inventory,

building materials, chattels and articles of personal property (other than personal property which is or at any time has become Hazardous Substances, as hereinafter defined), including any interest therein, now or at any time hereafter affixed to, attached to, or used in any way in connection with or to be incorporated at any time into the Premises, or placed on any part thereof but not attached or incorporated thereto, together with any and all replacements thereof, appertaining and adapted to the complete and compatible use, enjoyment, occupancy, operation or improvement of the Premises (collectively, the "Chattels");

TOGETHER with leases of the Premises or the Chattels or any part thereof now or hereafter entered into and all right, title and interest of Grantor thereunder, including, without limitation, cash or securities deposited thereunder to secure performance by the lessees of their obligations thereunder (whether such cash or securities are to be held until the expiration of the terms of such leases or applied to one or more of the installments of rent coming due immediately prior to the expiration of such terms) and all rights to all insurance proceeds and unearned premiums arising from or relating to the Premises and all other rights and easements of Grantor now or hereafter existing pertaining to the use and enjoyment of the Premises and all right, title and interest of Grantor in and to all declarations of covenants, conditions and restrictions as may affect or otherwise relate to the Premises;

TOGETHER with all sales agreements, deposit receipts, escrow agreements and other ancillary documents and agreements entered into with respect to the sale to any purchasers of any part of the Premises, and all deposits and other proceeds thereof;

TOGETHER with all permits, plans, licenses, specifications, subdivision rights, tentative tract maps, final tract maps, security interests, contracts, contract rights or other rights as may affect or otherwise relate to the Premises;

TOGETHER with all rights of Grantor in or to any fund, program or trust monies and any reimbursement therefrom directly or indirectly established, maintained or administered by any governmental authority or any other individual or entity which is designed to or has the effect of providing funds (whether directly or indirectly or as reimbursement) for the repair or replacement of storage tanks (whether above or below ground) located on the Premises or the remediation or cleanup of any spill, leakage or contamination from any such tank or resulting from the ownership, use or maintenance of

any such tank or to compensate third parties for any personal injury or property damage;

TOGETHER with all rents, issues, profits, revenues, income and other benefits to which Grantor may now or hereafter be entitled from the Premises or the Chattels (which Premises, titles, interests, awards, Chattels, easements, rents, income, benefits, ways, waters, rights, powers, liberties, privileges, utilities, tenements, hereditaments, appurtenances, reversions, remainders, rents, issues, profits, estate, property, possession, claims and demands, are herein-after collectively referred to as the "Mortgaged Property");

TO HAVE AND TO HOLD the Mortgaged Property unto the Trustee, its successors and assigns forever.

ARTICLE I

And Grantor further covenants with the Trustee and Beneficiary as follows:

SECTION 1.01. Grantor has good and marketable title to an indefeasible fee estate in the Premises subject to no lien, charge, or encumbrance except Permitted Liens; that it owns the Chattels free and clear of liens and claims, except Permitted Liens; that this Trust Deed is and will remain a valid and enforceable first and prior lien on the Mortgaged Property subject only to the exceptions referred to above; and that neither the entry nor the performance of and compliance with this Trust Deed, the Note, or the Loan Agreement has resulted or will result in any violation of, or be in conflict with, or result in the creation of any deed of trust, trust deed, lien, encumbrance or charge (other than those created by the execution and delivery of, or permitted by, this Trust Deed, the Note or the Loan Agreement) upon any of the properties or assets of Grantor, or constitute a default under any deed of trust, trust deed, indenture, contract, agreement, instrument, franchise, permit, judgment, decree, order, statute, rule or regulation applicable to Grantor. Grantor has full power and lawful authority to convey the Mortgaged Property in the manner and form herein done or intended hereafter to be done and will preserve such title, and will forever preserve, warrant and defend the same unto the Trustee and Beneficiary, and will forever preserve, warrant and defend the validity and priority of the lien hereof against the claims of all persons and parties whomsoever.

SECTION 1.02. Intentionally Deleted.

SECTION 1.03. Intentionally Deleted.

SECTION 1.04. Intentionally Deleted.

SECTION 1.05. All right, title and interest of Grantor in and to all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, the Mortgaged Property, hereafter acquired by, or released to, or constructed, assembled or placed by Grantor on the Premises, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further grant, conveyance, assignment or other act by Grantor, shall become subject to the first and prior lien and security interest of this Trust Deed as fully and completely, and with the same effect, as though now owned by Grantor and specifically described in the granting clause hereof, but at any and all times Grantor will execute and deliver to Beneficiary any and all such further assurances, deeds of trust, conveyances or assignments thereof with respect thereto as Beneficiary may reasonably require for the purpose of expressly and specifically subjecting the same to the lien and security interest of this Trust Deed.

SECTION 1.06. Except for Permitted Liens, Grantor will pay from time to time when the same shall become due, or in lieu of payment, will contest in good faith the validity of same by appropriate proceedings, diligently pursued (provided that a reserve or other appropriate provisions, if any, required by GAAP shall have been made therefor on the applicable Financial Statements and that a stay of enforcement of any resulting lien is in effect), all lawful claims and demands of mechanics, materialmen, laborers, and others which, if unpaid, might result in, or permit the creation of, a lien on the Mortgaged Property or any part thereof, or on the revenues, rents, issues, income and profits arising therefrom and in general will do or cause to be done everything necessary so that the lien and security interest hereof shall be fully preserved, at the cost of Grantor, without expense to Beneficiary.

SECTION 1.07. Intentionally Deleted.

SECTION 1.08. Intentionally Deleted.

SECTION 1.09. Intentionally Deleted.

SECTION 1.10. Beneficiary and the Trustee shall have access to and the right to inspect the Premises and Chattels at all reasonable times.

SECTION 1.11. Intentionally Deleted.

SECTION 1.12. If Grantor shall fail to perform any of the covenants contained herein on its part to be performed, Beneficiary may, but shall not be required to, make advances to perform the same, or cause the same to be performed, on Grantor's behalf, and all sums so advanced shall bear interest, from and after the date advanced until repaid, at the lower of (i) the maximum rate permitted by law or (ii) the default rate set forth in the Note, shall be a lien upon the Mortgaged Property and shall, at Beneficiary's option, be added to the indebtedness secured hereby. Grantor will repay on demand all sums so advanced on its behalf with interest at the rate herein set forth. This Section 1.12 shall not be construed as preventing any default by Grantor in the observance of any covenant contained in this Trust Deed from constituting an Event of Default hereunder.

SECTION 1.13. Intentionally Deleted.

SECTION 1.14. Grantor will not commit any waste at or with respect to the Mortgaged Property nor will Grantor do or fail to do anything which will in any way increase the risk of fire or other hazard to the Premises, Improvements or Chattels or to any part thereof. Grantor will, at all times, maintain the Improvements and Chattels in good order and condition and will promptly make, from time to time, all repairs, renewals, replacements, additions and improvements in connection therewith which are needful or desirable to such end. Improvements shall not be removed, demolished or materially altered, nor shall any Chattels be removed without the prior written consent of Beneficiary, which such consent shall not be unreasonable withheld or delayed, provided, however, that if there shall not have occurred an Event of Default, Grantor may make appropriate replacements of Chattels, free of superior title, liens and claims, except as expressly permitted by the Loan Agreement, provided such replacements are immediately made and are of a value at least equal to the value of the Chattels removed.

SECTION 1.15. Grantor will immediately notify Beneficiary of the institution of any proceeding for the condemnation or taking by eminent domain of the Mortgaged Property, or any portion thereof. The Trustee and Beneficiary may participate in any such proceeding and Grantor from time to time will deliver to Beneficiary all instruments requested

by it to permit such participation. In the event of such condemnation proceedings, or a conveyance in lieu of such taking, the award or compensation payable is hereby assigned to and shall be paid to Beneficiary. Beneficiary shall be under no obligation to question the amount of any such award or compensation and may accept the same in the amount in which the same shall be paid, but shall have no right to bind Grantor or to make settlement of its claim, except to the extent of the interest of the Trustee and Beneficiary. In any such condemnation proceedings the Trustee and Beneficiary may be represented by counsel selected by Beneficiary. The proceeds of any award or compensation so received after reimbursement of any expenses incurred by Beneficiary in connection with such proceedings, shall, at the option of Beneficiary, be applied, without premium, to the repayment of the Note and/or the sums due under the Loan Agreement in such order as Beneficiary may in its sole discretion elect (regardless of interest payable on the award by the condemning authority), or to the cost of restoration of the Improvement or Chattel so taken and other terms as shall be satisfactory to Beneficiary.

SECTION 1.16. The assignment of rents, income and other benefits (collectively, "rents") contained in the granting clause of this Trust Deed shall be fully operative without any further action on the part of Grantor or Beneficiary and specifically Beneficiary shall be entitled, at its option, to all rents from the Mortgaged Property whether or not Beneficiary takes possession of the Mortgaged Property. Grantor hereby further grants to Beneficiary the right (i) to enter upon and take possession of the Mortgaged Property for the purpose of collecting the rents, (ii) to dispossess by the usual summary proceedings any tenant defaulting in the payment thereof to Beneficiary, (iii) to let the Mortgaged Property or any part thereof, and (iv) to apply the rents, after payment of all necessary charges and expenses, on account of the indebtedness and other sums secured hereby. Such assignment and grant shall continue in effect until the indebtedness and other sums secured hereby are paid, the execution of this Trust Deed constituting and evidencing the irrevocable consent of Grantor to the entry upon and taking possession of the Mortgaged Property by Beneficiary pursuant to such grant, whether or not sale or foreclosure has been instituted. Neither the exercise of any rights under this Section by Beneficiary nor the application of the rents to the indebtedness and other sums secured hereby, shall cure or waive any Event of Default, or notice of default hereunder or invalidate any act done pursuant hereto, but shall be cumulative of all other rights and remedies.

The foregoing provisions hereof shall constitute an absolute and present assignment of the rents from the Mortgaged Property, subject, however, to the conditional permission given to Grantor to collect and use the rents until the occurrence of an Event of Default at which time such conditional permission shall automatically terminate; and the existence or exercise of such right of Grantor shall not operate to subordinate this assignment, in whole or in part, to any subsequent assignment by Grantor permitted under the provisions of this Trust Deed, and any such subsequent assignment by Grantor shall be subject to the rights of the Trustee and Beneficiary hereunder.

SECTION 1.17. (a) Grantor will not (i) execute an assignment of the rents or any part thereof from the Mortgaged Property unless such assignment shall provide that it is subject and subordinate to the assignment contained in this Deed of Trust, and any additional or subsequent assignment executed pursuant hereto, or (ii) except where the lessee is in default thereunder, terminate or consent to the cancellation or surrender of any material lease of the Mortgaged Property or of any part thereof, now existing or hereafter to be made or (iii) modify any such lease or give consent to any assignment or subletting without Beneficiary's prior written consent, which such consent shall not be unreasonably withheld or delayed, or (iv) accept prepayments of any installments of rent or additional rent to become due under such leases, except prepayments in the nature of security for the performance of the lessee's obligations thereunder, or (v) in any other manner impair the value of the Mortgaged Property or the security of the Trustee or Beneficiary for the payment of the indebtedness secured hereby, or (vi) enter into any lease prohibited under the provisions of the Loan Agreement.

(b) Grantor will not execute any lease of all or a substantial portion of the Mortgaged Property except for actual occupancy by the lessee thereunder, and will at all times promptly and faithfully perform, or cause to be performed, all of the covenants, conditions and agreements contained in all leases of the Mortgaged Property now or hereafter existing, on the part of the lessor thereunder to be kept and performed. If any such lease provides for the giving by the lessee of certificates with respect to the status of such leases, Grantor shall exercise its right to request such certificates within five (5) days of any demand therefor by Beneficiary.

(c) Grantor shall furnish to Beneficiary, within fifteen (15) days after a request by Beneficiary to do

so, a written statement containing the names of all lessees for the Mortgaged Property, the terms of their respective leases, the spaces occupied, the rentals paid and any security therefor.

(d) Grantor shall, from time to time upon request of Beneficiary, specifically assign to Beneficiary as additional security hereunder, by an instrument in writing in such form as may be approved by Beneficiary, all right, title and interest of Grantor in and to any and all leases now or hereafter on or affecting the Mortgaged Property, together with all security therefor and all monies payable thereunder, subject to the conditional permission hereinabove given to Grantor to collect the rentals under any such lease. Grantor shall also execute and deliver to Beneficiary any notification, financing statement or other document reasonably required by Beneficiary to perfect the foregoing assignment as to any such lease.

SECTION 1.18. Each lease of the Mortgaged Property or of any part thereof entered into after the date hereof shall provide that, in the event of the enforcement by the Trustee or Beneficiary of the remedies provided for by law or by this Trust Deed, any person succeeding to the interest of Grantor as a result of such enforcement shall not be bound by any payment of rent or additional rent for more than one (1) month in advance, provided, however, that nothing herein set forth shall affect or impair the rights of Beneficiary to terminate any one or more of such leases in connection with the exercise of its or the Trustee's remedies hereunder.

SECTION 1.19. Intentionally Deleted.

SECTION 1.20. Intentionally Deleted.

SECTION 1.21. Intentionally Deleted.

SECTION 1.22. Intentionally Deleted.

SECTION 1.23. Intentionally Deleted.

SECTION 1.24. Intentionally Deleted.

SECTION 1.25. Intentionally Deleted.

SECTION 1.26. Intentionally Deleted.

SECTION 1.27. Intentionally Deleted.

SECTION 1.28. Intentionally Deleted.

SECTION 1.29. Foreclosure shall not operate as a discharge of Grantor's obligations to Beneficiary as to Contaminants; and in the event Grantor tenders a deed in lieu of foreclosure, Grantor shall deliver the Premises to Beneficiary (or its designee) free of any and all Hazardous Materials or Substances.

SECTION 1.30. Intentionally Deleted.

SECTION 1.31. Intentionally Deleted.

SECTION 1.32. Intentionally Deleted.

SECTION 1.33. Grantor hereby represents, covenants and warrants to Beneficiary, its successors and assigns, as follows:

(a) Intentionally Deleted.

(b) Grantor has made all modifications and/or provided all accommodations which may be required to be made or provided by Grantor to the Premises pursuant to 42 U.S.C. § 12101, et. seq., and all applicable rules and regulations promulgated thereunder (the "ADA") in order to accommodate the needs and requirements of any disabled employees of Grantor.

(c) Grantor has received no notice or complaint regarding any noncompliance with the ADA of the Premises or of Grantor's employment practices and, to the best of Grantor's knowledge, there has been no threatened litigation alleging any such noncompliance by Grantor or the Premises.

SECTION 1.34. Grantor shall promptly provide Beneficiary with copies of all notices or claims which may be received by Grantor and involving claims made by any individual, entity or governmental agency as to any alleged noncompliance of the Premises with the requirements of the ADA.

SECTION 1.35. (a) Grantor shall observe and comply in all material respects with all obligations and requirements of the ADA as it applies to the Premises, which shall include, without limitation, installing or constructing all improvements or alterations which may be necessary to cause the Premises to be accessible to all persons if the use of the Premises or any part thereof becomes a "public accommodation," as defined in the ADA, or in the event additional building improvements are added or incorporated into the existing improvements, and making any reasonable accommodations which

may be necessary to accommodate the needs or requirements of any existing or future employee of Grantor.

(b) Without limiting the generality of any other provision of this Trust Deed, Grantor shall indemnify, defend and hold harmless Beneficiary, its successors and assigns, and the directors, officers, employees, agents and servants of the foregoing, from any and all losses, costs, expenses (including court costs and attorneys' fees), damages, demands, claims, suits, proceedings, orders and judgments, penalties, fines and other sanctions arising from any claim that the Premises is not in compliance with the requirements of the ADA.

(c) Notwithstanding anything contained herein, the provisions of the Sections 1.33 through 1.35 are solely for the benefit of Beneficiary, and no other person is entitled to rely on the same.

ARTICLE II

EVENTS OF DEFAULT AND REMEDIES

SECTION 2.01. An "Event of Default" under the Note or Loan Agreement shall constitute an Event of Default hereunder.

Upon the occurrence of an Event of Default, and in every such case:

I. During the continuance of any Event of Default, Beneficiary personally, or by its agents or attorneys may enter into and upon all or any part of the Mortgaged Property, and each and every part thereof, and may exclude the party owning the beneficial interest in same, its agents and servants wholly therefrom; and having and holding the same, may use, operate, manage and control the Mortgaged Property for any lawful purpose and conduct the business thereof, either personally or by its superintendents, managers, agents, servants, attorneys or receivers; and upon every such entry, Beneficiary, at the expense of Grantor, from time to time, either by purchase, repairs or construction, may maintain and restore the Mortgaged Property, whereof it shall become possessed as aforesaid, may complete the construction of the Improvements and in the course of such completion may make such changes in the contemplated Improvements as it may deem desirable; may insure or reinsure the same as provided in Section 1.07 hereof, and likewise, from time to time, at the expense of Grantor, Beneficiary may make all necessary or

proper repairs, renewals, replacements, alterations, additions, betterments and improvements to the Mortgaged Property or any part thereof and thereon as it may deem advisable; and in every such case Beneficiary shall have the right to manage and operate the Mortgaged Property, possessed as aforesaid, and to carry on the business thereof and exercise all rights and powers of the party owning such property with respect thereto either in the name of such party or otherwise as it shall deem best; and Beneficiary shall be entitled to collect and receive all earnings, revenues, rents, issues, profits and income of the Mortgaged Property and every part thereof; and after deducting the expenses of conducting the business thereof and of all maintenance, repairs, replacements, alterations, additions, betterments and improvements and all payments which may be made for taxes, assessments, insurance, in payment of any prior deed of trust or trust deed and prior or other proper charges upon the Mortgaged Property or any part thereof, as well as just and reasonable compensation of Beneficiary for the services of Beneficiary and for all attorneys, counsel, agents, clerks, servants and other employees by it properly engaged and employed, Beneficiary shall apply the moneys arising as aforesaid, first, to the payment of any sums, other than interest and principal on the Note or due pursuant to the Loan Agreement required to be paid by Grantor under this Trust Deed, second, to the payment of interest on the Note or due pursuant to the Loan Agreement, third, to the payment of the principal of the Note or due pursuant to the terms of the Loan Agreement when and as the same shall become payable (whether by acceleration or otherwise) and finally, in an amount equal to the prepayment premium which would have been payable if Grantor had voluntarily prepaid the Note and Loan Agreement.

II. Beneficiary, at its option, may declare the entire unpaid balance of the indebtedness secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and written notice of default and of election to cause the Mortgaged Property to be sold, which notice Trustee shall cause to be duly filed for record. Beneficiary shall also deposit with the Trustee this Trust Deed, the Note and all documents evidencing the expenditures secured hereby.

III. 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 Event or Events of Default. If the default consists of a failure to pay, when due, sums secured by this 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 complete performance required under the Obligations or Trust Deed. In any case, in addition to curing the Event or Events of Default, the person effecting the cure shall pay to the Beneficiary all costs and expenses actually incurred in enforcing the obligation of this Trust Deed together with Trustee's and attorney's fees not exceeding the amounts provided by law.

IV. After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Grantor, shall sell the Mortgaged Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. If the Mortgaged Property consists of several known lots or parcels, Beneficiary may designate the order in which such parcels shall be sold or offered for sale. Any person, including Grantor, Trustee or Beneficiary, may purchase at such sale.

V. Trustee may postpone sale of all or any portion of the Mortgaged Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement.

VI. On and after the occurrence of an Event of Default, Grantor shall pay all rents, issues and profits thereafter received by Grantor from the Mortgaged Property to Beneficiary and to the extent not paid shall hold such amounts as trust funds for the benefit of Beneficiary and such rents, issues and profits shall be deemed "cash collateral" of Beneficiary under 11 U.S.C., as amended.

SECTION 2.02. (a) Trustee, after making such sale, and upon receipt of the purchase price, shall make, execute and deliver to the purchaser or purchasers its deed or deeds conveying the Mortgaged Property so sold, but without any covenant or warranty, express or implied, and without any representation, express or implied, as to the existence, or lack thereof, of Hazardous Substances on the Mortgaged Property, and shall apply the proceeds of sale thereof to payment, FIRSTLY, of the expenses of such sale, together with the reasonable expenses of this Trust, including Trustee's fees and cost of evidence of title in connection with sale and revenue stamps on Trustee's deed; SECONDLY, of all moneys

paid, advanced or expended by Beneficiary under the terms hereof, not then repaid, together with the interest thereon as herein provided; THIRDLY, of the amount of the principal and interest on the Note or under the Loan Agreement then remaining unpaid together with an amount which would have been equal to the prepayment premium which would have been paid by Grantor if Grantor had voluntarily prepaid the Note or the Loan Agreement; FOURTHLY, in an amount sufficient, as determined in the sole and absolute discretion of Beneficiary, acting in good faith, to satisfy actual or contingent sums owing pursuant to Section 1.27 hereof ("Impound Sum"), and, if not actually incurred, to be held by Beneficiary (not in trust, without the accrual of interest thereon and without the obligation to segregate such funds) for a period of seven (7) years from the date of foreclosure, thereafter to be returned to the person or persons legally entitled thereto, upon satisfactory proof of such right; and LASTLY, the balance or surplus, if any, of such proceeds of sale to the person or persons legally entitled thereto, upon satisfactory proof of such right.

(b) In the event of a sale of the Mortgaged Property, or any part thereof, and the execution of a deed or deeds therefor under these trusts, the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof and of the fact that said sale was regularly and validly made in accordance with all requirements of the laws of the State of Oregon and of this Trust Deed; and any such deed or deeds, with such recitals therein, shall be effectual and conclusive against Grantor and all other persons; and the receipt for the purchase money recited or contained in any deed executed to the purchaser as aforesaid shall be sufficient discharge to such purchaser from all obligations to see to the proper application of the purchase money according to the trusts aforesaid.

SECTION 2.03. After the happening of an Event of Default by Grantor under this Trust Deed and immediately upon the commencement of any action, suit or other legal proceeding by Beneficiary to obtain judgment for the principal of, or interest on, the Note or due pursuant to the Loan Agreement and other sums required to be paid by Grantor pursuant to any provisions of this Trust Deed, or of any other nature in aid of the enforcement of the Note, the Loan Agreement, or of this Trust Deed, Grantor will waive the issuance and service of process and enter its voluntary appearance in such action, suit or proceeding. Further, Grantor hereby consents to the appointment of a receiver or receivers of the Mortgaged Property and of all the earnings, revenues, rents, issues, profits and income thereof. After the happening of any such

default and during its continuance or upon the commencement of any proceedings to foreclose this Trust Deed or to enforce the specific performance hereof or in aid thereof or upon the commencement of any other judicial proceeding to enforce any right of the Trustee or Beneficiary hereunder, Beneficiary shall be entitled, as a matter of right, if it shall so elect, without the giving of notice to any other party and without regard to the adequacy or inadequacy of any security for the Trust Deed indebtedness, forthwith either before or after declaring all sums evidenced by the Note or due pursuant to the Loan Agreement to be due and payable, to the appointment of such a receiver or receivers.

SECTION 2.04. During the continuance of an Event of Default, Beneficiary shall have the following rights and remedies:

(i) Beneficiary or its employees, acting by themselves or through a court-appointed receiver, may enter upon, possess, manage, operate, dispose of, and contract to dispose of the Mortgaged Property or any part thereof; take custody of all accounts; negotiate with governmental authorities with respect to the Mortgaged Property's environmental compliance and remedial measures; take any action necessary to enforce compliance with any Act, including but not limited to spending rents to abate the problem; make, terminate, enforce or modify leases of the Mortgaged Property upon such terms and conditions as Beneficiary deems proper; contract for goods and services, hire agents, employees, and counsel, make repairs, alterations, and improvements to the Mortgaged Property necessary, in Beneficiary's reasonable judgment, to protect or enhance the security hereof; incur the risks and obligations ordinarily incurred by owners of property (without any personal obligation on the part of the receiver); and/or take any and all other actions which may be reasonably necessary or desirable to comply with Grantor's obligations hereunder and under the Note and Loan Agreement. All sums realized by Beneficiary under this subparagraph, less all costs and expenses incurred by it under this subparagraph, including attorneys' fees, and less such sums as Beneficiary deems appropriate as a reserve to meet future expenses under the subparagraph, shall be applied on any indebtedness secured hereby in such order as Beneficiary shall determine. Neither application of said sums to said indebtedness, nor any other action taken by Beneficiary under this subparagraph shall cure or waive any Event of Default or notice of default hereunder, or nullify the effect of any such notice of default. Beneficiary, or any employee or agent of Beneficiary, or a receiver appointed by a court, may take any action or proceeding hereunder without regard to (a) the adequacy of the

security for the indebtedness secured hereunder, (b) the existence of a declaration that the indebtedness secured hereby has been declared immediately due and payable, or (c) the filing of a notice of default.

(ii) With or without notice, and without releasing Grantor from any obligation hereunder, to cure any default of Grantor and, in connection therewith, Beneficiary or its agents, acting by themselves or through a court appointed receiver, may enter upon the Mortgaged Property or any part thereof and perform such acts and things as Beneficiary deems reasonably necessary or desirable to inspect, investigate, assess, and protect the security hereof, including without limitation of any of its other rights: (a) to obtain a court order to enforce Beneficiary's right to enter and inspect the Mortgaged Property, to which the decision of Beneficiary as to whether there exists a release or threatened release of a Hazardous Substances onto the Mortgaged Property shall be deemed reasonable and conclusive as between the parties hereto; and (b) to have a receiver appointed to enforce Beneficiary's right to enter and inspect the Mortgaged Property for Hazardous Substances. All costs and expenses incurred by Beneficiary with respect to the audits, tests, inspections, and examinations which Beneficiary or its agents or employees may conduct, including the fees of the engineers, laboratories, contractors, consultants, and, with respect to attorneys, reasonable fees, shall be paid by Grantor. All costs and expenses incurred by Trustee and Beneficiary pursuant to this subparagraph (including without limitation court costs, consultant fees and attorneys' fees, whether incurred in litigation or not and whether before or after judgment) shall bear interest at the Default Rate set forth in the Note or Loan Agreement from the date they are incurred until said sums have been paid.

(iii) To seek a judgment that Grantor has breached its covenants, representations and/or warranties with respect to the environmental matters set forth above in Section 1.20 through Section 1.29 by commencing and maintaining an action or actions in any court of competent jurisdiction for breach of contract, whether commenced prior to or after foreclosure of the Mortgaged Property, and to seek the recovery of any and all costs, damages, expenses, fees, penalties, fines, judgments, indemnification payments to third parties, and other out-of-pocket costs or expenses actually incurred by Beneficiary (collectively, the "Environmental Costs") incurred or advanced by Beneficiary relating to the cleanup, remediation or other response action required by any Act or to which Beneficiary believes necessary to protect the Mortgaged Property, it being presumed between Beneficiary and

Grantor that all such Environmental Costs incurred or advanced by Beneficiary relating to the cleanup, remediation, or other response action of or to the Mortgaged Property were made by Beneficiary in good faith. All Environmental Costs incurred by Beneficiary under this subparagraph (including without limitation court costs, consultant fees and attorneys' fees, including, without limitation, fees incurred pursuant to 11 U.S.C., whether incurred in litigation or not and whether before or after judgment) shall bear interest at the Default Rate from the date of expenditure until said sums have been paid. Beneficiary shall be entitled to bid, at the sale of the Mortgaged Property, the amount of said costs, expenses and interest in addition to the amount of the other obligations hereby secured as a credit bid, the equivalent of cash.

Grantor acknowledges and agrees that notwithstanding any term or provision contained herein or in the other Loan Documents (as defined in the Loan Agreement), the Environmental Costs shall be exceptions to any nonrecourse or exculpatory provision of the Loan Documents, and Grantor shall be fully and personally liable for the Environmental Costs hereunder, and such liability shall not be limited to the original principal amount of the obligations secured by this Trust Deed, and Grantor's obligations shall survive the foreclosure, deed in lieu of foreclosure, release, reconveyance, or any other transfer of the Mortgaged Property or this Trust Deed. For the purposes of any action brought under this subparagraph, Grantor hereby waives the defense of laches and any applicable statute of limitations.

(iv) To waive its lien against the Mortgaged Property or any portion thereof, whether fixtures or personal property, to the extent such property is found to be environmentally impaired and to exercise any and all rights and remedies of an unsecured creditor against Grantor and all of Grantor's assets and property for the recovery of any deficiency and Environmental Costs, including, but not limited to, seeking an attachment order. As between Beneficiary and Grantor, Grantor shall have the burden of proving that Grantor or any related party (or any affiliate or agent of Grantor or any related party) was not in any way negligent in permitting the release or threatened release of the Hazardous Substances. Grantor acknowledges and agrees that notwithstanding any term or provision contained herein or in the Note or Loan Agreement, all judgments and awards entered against Grantor shall be exceptions to any nonrecourse or exculpatory provision of the Loan Documents, and Grantor shall be fully and personally liable for all judgments and awards entered against Grantor hereunder and such liability shall not be limited to the original principal amount of the obligations

secured by this Trust Deed and Grantor's obligations shall survive the foreclosure, deed in lieu of foreclosure, release, reconveyance, or any other transfer of the Mortgaged Property or this Trust Deed. For the purposes of any action brought under this subparagraph, Grantor hereby waives the defense of laches and any applicable statute of limitations.

(v) Nothing contained herein shall be construed to limit any and all rights that Beneficiary has at law or pursuant hereto.

SECTION 2.05. No remedy herein conferred upon or reserved to the Trustee or Beneficiary is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of the Trustee or Beneficiary to exercise any right or power occurring upon the Event of Default shall impair any such right or power or shall be construed to be a waiver thereof or an acquiescence therein; and every power and remedy given by this Trust Deed to the Trustee or Beneficiary may be exercised from time to time and as often as may be deemed expedient by the Trustee or Beneficiary. Nothing in this Trust Deed or in the Note or Loan Agreement shall affect the obligation of Grantor to pay the principal of, interest on, and prepayment premium payable pursuant to, the Note and all sums due under the Loan Agreement in the manner and at the time and place therein respectively expressed.

SECTION 2.06. To the extent permitted by law, Grantor will not at any time insist upon, or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension or moratorium law, any exemption from execution or sale of the Mortgaged Property or any part thereof, wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Trust Deed; nor claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the marshalling of the Mortgaged Property or on the valuation or appraisal of the Mortgaged Property, or any part thereof, prior or subsequent to any sale or sales thereof which may be made pursuant to any provision herein, or pursuant to the decree, judgment or order of any court of competent jurisdiction; nor, after any such final sale or sales, claim or exercise any right under any statute or otherwise, to redeem the property so sold or any part thereof; and Grantor hereby expressly waives all benefit or advantage of any such law or laws, and covenants not to hinder, delay or impede the execution of any power herein granted or delegated

to the Trustee or Beneficiary, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted. Grantor hereby waives the right to require any sale to be made in parcels, or the right to select parcels to be so sold, and there shall be no requirement for marshalling of assets. Grantor hereby further waives any rights it may have under applicable law relating to the prohibition of the obtaining of a deficiency judgment by Beneficiary against Grantor.

SECTION 2.07. During the continuance of any Event of Default and pending the exercise by the Trustee or Beneficiary of its right to exclude Grantor from all or any part of the Premises, Grantor agrees to pay the fair and reasonable rental value for the use and occupancy of the Mortgaged Property for such period and upon default of any such payment, will vacate and surrender possession of the Premises to the Trustee or Beneficiary or to a receiver, if any, and in default thereof may be evicted by any summary action or proceeding for the recovery or possession of Premises for non-payment of rent, however designated.

SECTION 2.08. Without affecting the personal liability of any person, firm, corporation or other entity, including Grantor (other than any person released pursuant hereto), for the payment of the indebtedness secured hereby, and without affecting the lien of this Trust Deed for the full amount of the indebtedness remaining unpaid upon any property not reconveyed pursuant hereto, Beneficiary and Trustee are respectively authorized and empowered as follows: Beneficiary may, at any time and from time to time, either before or after the maturity of the Note or the expiration of the Loan Agreement, and without notice: (a) release any person liable for the payment of any of the indebtedness, (b) make any agreement extending the time or otherwise altering the terms of payment of any of the indebtedness, (c) accept additional security therefor of any kind, (d) release any property, real or personal, securing the indebtedness. Trustee may, without liability therefor and without notice, at any time and from time to time so long as the lien or charge hereof shall subsist, but only upon the written request of Beneficiary and presentation of this Trust Deed and the Note for endorsement: (a) consent to the making of any map or plat of the Land, (b) join in granting any easement thereon or in creating any covenants restricting use or occupancy thereof, (c) reconvey, without warranty, any part of the Mortgaged Property, (d) join in any extension agreement or in any agreement subordinating the lien or charge hereof.

SECTION 2.09. This Trust Deed constitutes a Security Agreement under the laws of the State of Oregon so that Beneficiary shall have and may endorse a security interest in any or all of the Mortgaged Property which may or might now or hereafter be or be deemed to be personal property, fixtures or property other than real estate (collectively, "Personal Property") and Grantor agrees to execute, as debtor, such financing statement or statements as Beneficiary may now or hereafter reasonably request in order that such security interest or interests may be perfected pursuant to such laws. This Trust Deed further constitutes a fixture filing under the Oregon Commercial Code, as amended or recodified from time to time; provided, however that the execution and/or filing hereof does not imply that the items of Personal Property included in the Mortgaged Property are or are to become fixtures. The filing hereof as a fixture filing is intended to protect the parties from unwarranted assertions by third parties.

Notwithstanding any release of any or all of the property included in the Premises which is deemed "real property", any proceedings to foreclose this Trust Deed, or its satisfaction of record, the terms hereof shall survive as a security agreement with respect to the security interest created hereby and referred to above until the repayment or satisfaction in full of the obligations of Grantor as are now or hereafter evidenced by the Note and Loan Agreement.

Grantor agrees that Beneficiary may file this Trust Deed or a reproduction hereof in the real estate records or other appropriate office or index, as a fixture filing or financing statement for any of the items specified above as part of the Mortgaged Property. Any reproduction or recording of this Trust Deed shall be sufficient as a fixture filing or financing statement.

SECTION 2.10. During the continuance of any Event of Default, Beneficiary shall have all of the rights and remedies of a secured party under the Uniform Commercial Code (the "Code") of the State of Oregon, and specifically the right to direct notice and collections of any obligation owing to Grantor by any lessee. In addition to its rights to foreclose this Trust Deed, Beneficiary shall have the right to sell the Personal Property or any part thereof, or any further, or additional, or substituted Personal Property, at one or more times, and from time to time, at public sale or sales or at private sale or sales, on such terms as to cash or credit, or partly for cash and partly on credit, as Beneficiary may deem proper. Beneficiary shall have the right to become the purchaser at any such public sale or sales, free

and clear of any and all claims, rights of equity of redemption in Grantor, all of which are hereby waived and released. Grantor shall not be credited with the amount of any part of such purchase price, unless, until and only to the extent that such payment is actually received in cash. Notice of public sale, if given, shall be sufficiently given, for all purposes, if published not less than ten (10) days prior to any sale, in any newspaper of general circulation distributed in the city in which the property to be sold is located or as otherwise required by the Code. The net proceeds of any sale of the Personal Property which may remain after the deduction of all costs, fees and expenses incurred in connection therewith, including, but not limited to, all advertising expenses, broker's or brokerage commissions, documentary stamps, recording fees, foreclosure costs, stamp taxes and counsel fees, shall be credited by Beneficiary against the liabilities, obligations and indebtedness of Grantor to Beneficiary secured by this Trust Deed and evidenced by the Note or the Loan Agreement. Any portion of the Personal Property which may remain unsold after the full payment, satisfaction and discharge of all of the liabilities, obligations and indebtedness of Grantor to Beneficiary shall be returned to the respective parties which delivered the same to Beneficiary. If at any time Grantor or any other party shall become entitled to the return of any of the Personal Property hereunder, any transfer or assignment thereof by Beneficiary shall be, and shall recite that the same is, made wholly without representation or warranty whatsoever by, or recourse whatsoever against Beneficiary.

SECTION 2.11. All rights, remedies and powers provided by Sections 2.01-2.10 hereof may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the jurisdiction in which the Premises are located, and all such provisions are intended to be subject to all applicable provisions of law which may be controlling in such jurisdiction and to be limited to the extent necessary so that they will not render this Trust Deed invalid, illegal or unenforceable under the provisions of any applicable law.

ARTICLE III

MISCELLANEOUS

SECTION 3.01. In the event any one or more of the provisions contained in this Trust Deed shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall

not affect any other provision of this Trust Deed, but this Trust Deed shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

SECTION 3.02. All notices or demands by any party relating to this Trust Deed or any other agreement entered into in connection herewith shall be in the form and sent in the manner provided in the Loan Agreement.

The parties hereto may change the address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to the other.

SECTION 3.03. Whenever in this Trust Deed the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person or persons entitled to receive such notice.

SECTION 3.04. All of the grants, covenants, terms, obligations, provisions and conditions herein contained shall run with the land and shall apply to, bind and inure to the benefit of, the successors and assigns of Grantor and Beneficiary and to the successors of the Trustee.

SECTION 3.05. Intentionally Deleted.

SECTION 3.06. It shall be lawful for the Trustee, or Beneficiary, at its election, upon the occurrence of an Event of Default, to sue out forthwith a complaint in foreclosure upon this Trust Deed and to proceed thereon to judgment and execution for the recovery of all sums payable by Grantor pursuant to the terms of this Trust Deed without further stay, any law, usage or custom to the contrary notwithstanding.

SECTION 3.07. Notwithstanding the appointment of any receiver, liquidator or trustee of Grantor, or of any of its property, or of the Mortgaged Property, or any part thereof, the Trustee shall be entitled to retain possession and control of all property now or hereafter held under this Trust Deed.

SECTION 3.08. If Grantor shall default in the payment of any sums due pursuant to the terms of the Note, the Loan Agreement, or this Trust Deed such default shall be, and be deemed to be, an attempt by Grantor to avoid the early termination fee payable by Grantor pursuant to section 14 of the Loan Agreement and consequently, upon such default Beneficiary shall be entitled to collect such early termination fee from Grantor with the same effect as if

Grantor had voluntarily elected to terminate the Loan Agreement.

SECTION 3.09. Grantor hereby waives and relinquishes unto, and in favor of Beneficiary, all benefit under all laws, now in effect or hereafter passed, to relieve Grantor in any manner from the obligations assumed and the obligation for which this Trust Deed is security or to reduce the amount of the said obligation to any greater extent than the amount actually paid for the Mortgaged Property, in any judicial proceedings upon the said obligation, or upon this Trust Deed.

SECTION 3.10. Neither Grantor nor any other person now or hereafter obligated for payment for all or any part of the indebtedness secured hereby shall be relieved of such obligation by reason of the failure of Beneficiary to comply with any request of Grantor or of any other person so obligated to take action to foreclose on this Trust Deed or otherwise enforce any provisions hereof or of the Note or under the Loan Agreement or by reason of the release, regardless of consideration, of all or any part of the security held for the indebtedness secured hereby, or by reason of any agreement of stipulation between any subsequent owner of the Mortgaged Property and Beneficiary extending the time of payment or modifying the terms hereof without first having obtained the consent of Grantor or such other person; and in the latter event Grantor and all other such persons shall continue to be liable to make payment according to the terms of any such extension or modification agreement, unless expressly released and discharged in writing by Beneficiary.

SECTION 3.11. By accepting or approving anything required to be observed, performed or fulfilled or to be given to Beneficiary pursuant to this Trust Deed, including (but not limited to) any certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal or insurance policy, Beneficiary shall not be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such acceptance or approval thereof shall not be or constitute any warranty or representation with respect thereto by Beneficiary.

SECTION 3.12. Beneficiary may from time to time, without notice to Grantor or to the Trustee, and with or without cause and with or without the resignation of the Trustee substitute a successor or successors to the Trustee named herein or acting hereunder to execute this trust. Upon such appointment and without conveyance to the successor

Trustee, the latter shall be vested with all title, powers and duties conferred upon the Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written document executed by Beneficiary, containing reference to this Trust Deed and its place of record, which when duly filed for record in the proper office, shall be conclusive proof of proper appointment of the successor Trustee. The procedure herein provided for substitution of the Trustee shall be conclusive of all other provisions for substitution, statutory or otherwise.

SECTION 3.13. Intentionally Deleted.

SECTION 3.14. Intentionally Deleted.

SECTION 3.15. EXCEPT AS OTHERWISE PROVIDED HEREIN, THE CREATION, PERFECTION AND ENFORCEMENT OF THE LIENS GRANTED BY THIS TRUST DEED SHALL BE GOVERNED BY THE LAWS OF THE STATE OF OREGON AND IN ALL OTHER RESPECTS THIS TRUST DEED SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 3.16. Grantor shall pay to Beneficiary the maximum amount as may from time to time be permitted by law for furnishing in connection with the Obligations, each statement pursuant to any statute at the time then in force. Grantor shall pay Trustee's and Beneficiary's fees, charges and expenses for any other statement, information or services furnished by Trustee or Beneficiary in connection with the Obligations. Said services may include, but shall not be limited to, the processing by Trustee or Beneficiary of assumption, substitutions, modifications, extensions, renewals, subordinations, rescissions, changes of owner, recordation of map, plat or record of survey, grants of easements, and full and partial releases, and the obtaining by Beneficiary of any policies of insurance pursuant to any of the provisions contained in this Trust Deed.

SECTION 3.17. It is the intention of Grantor and Beneficiary to conform strictly to state and federal usury laws applicable to the payment of the Obligations and permitting the highest rate of interest. Accordingly, it is agreed that notwithstanding any provisions to the contrary in this instrument or in any of the instruments representing part or all of the Obligations or otherwise relating hereto, the aggregate of all interest and any other charges constituting interest under applicable law contracted for, chargeable or receivable under the Obligations or otherwise in connection herewith, shall under no circumstances exceed the maximum amount of interest permitted by law. If any excess of interest in such respect is provided for in this instrument or

in any of the installments representing part or all of the Obligations or otherwise relating hereto, then in such event (a) the provisions of this paragraph shall govern and control, (b) neither Grantor nor Grantor's heirs, legal representatives, successors or assigns or any other party liable for the payment of the Obligations shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum permitted by law, (c) any excess shall be deemed a mistake and cancelled automatically and if theretofore paid, shall, at the option of the holder of the Obligations be refunded to Grantor or credited on the principal amount of the Obligations, and (d) the effective rate of interest shall be automatically subject to reduction to the maximum lawful contract rate allowed under such laws as now or hereafter exist as the same may now or hereafter be construed by courts of appropriate jurisdiction.

SECTION 3.18. THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

SECTION 3.19. UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY BENEFICIARY AFTER OCTOBER 3, 1989, CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION, AND BE SIGNED BY BENEFICIARY TO BE ENFORCEABLE.

SECTION 3.20. Simultaneously with, and in addition to, the execution of this Trust Deed, Grantor, and/or related or affiliated entities of Grantor, has executed and delivered as security for the Note and Loan Agreement a mortgage, trust deed, or deed of trust on parcels of property which may or may not be outside the boundaries of this county. Grantor agrees that the occurrence of an Event of Default hereunder, or under any of such other mortgages or deeds of trust, shall be an Event of Default under each and every one of such mortgages and deeds of trust, including this Trust Deed, permitting Beneficiary to proceed against any or all of the property comprising the Mortgaged Property or against any other security for the Note and the Loan Agreement in such order as Beneficiary, in its sole and absolute discretion may determine. Grantor hereby waives, to the extent permitted by applicable law, the benefit of any statute or decision relating to the marshalling of assets which is contrary to the

foregoing. Beneficiary shall not be compelled to release or be prevented from foreclosing this instrument or any other instrument securing the Note and/or the Loan Agreement unless all indebtedness evidenced by the Note and/or the Loan Agreement and all items hereby secured shall have been paid in full and Beneficiary shall not be required to accept any part or parts of any property securing the Note and the Loan Agreement, as distinguished from the entire whole thereof, as payment of or upon the Note and/or the Loan Agreement to the extent of the value of such part or parts, and shall not be compelled to accept or allow any apportionment of the indebtedness evidenced by the Note and/or the Loan Agreement to or among any separate parts of said property.

IN WITNESS WHEREOF, Grantor has caused this Trust Deed to be executed as of the day and year first above written.

"GRANTOR"

BI-MART CORPORATION, a California corporation

By


Marty W. Smith, its President

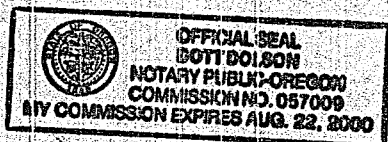
5435

STATE OF OREGON

COUNTY OF MULTNOMAH

)
) ss.
)

This instrument was acknowledged before me on
February 19, 1997, ~~1997~~ by Marty W. Smith as President of Bi-
Mart Corporation. DD



Brett Dolson
Notary Public for Oregon
My commission expires 8/22/2000

5631KMB
BABC/Bi-Mart
B0660-0029
Site 611

EXHIBIT A

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

A tract of land being a portion of Tract 805 of Enterprise Tracts, situated in the Northeast quarter of Section 4, Township 39 South, Range 9 East, Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a 5/8 inch iron pin with aluminum cap being on the South line of said Tract 805, said iron pin being South 89°51'00" West 20.00 feet from the Southeast corner of said Tract 805, and on the Westerly right of way line of Washburn Way; thence North 00°03'30" East, along the Westerly right of way line of Washburn Way (North 00°00'30" East by M73, Page 3750) 238.00 feet; thence North 55°46'50" West (North 55°50" West by M73, Page 3750) 257.48 feet; thence North 34°13'10" East (North 34°09'30" East by M73, Page 3753) 25.00 feet; thence North 55°46'50" West (North 55°50'30" West by M73, Page 3753) 50.00 feet; thence North 34°13'10" East (North 34°09'30" East by M73, Page 3753) 110.00 feet to the Southwesterly right of way line of South Sixth Street; thence North 55°46'50" West, along said South Sixth Street (North 55°50'30" West by M73, Page 3753 and North 55°50" West by M73, Page 3750) 50.00 feet; thence South 34°13'10" West (South 34°09'50" West by M73, Page 3753 and South 34°10' West by M73, Page 3750) 400.00 feet; thence South 55°46'50" East (South 55°50'30" East by M73, Page 3753 and South 55°50' East by M73, Page 3750) 27.00 feet; thence South 00°34'05" East 205.84 feet (South, 205 feet, more or less, by M73, Page 3750) to the South line of said Tract 805; thence North 89°51'00" East, along said South line (North 89°47' East by M73, Page 3750) 420.00 feet to the point of beginning.

5631KMB
BABC/Bi-Mart
B0660-0029
Site 611

29

0471347

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title the 24th day
of February A.D., 19 97 at 2:45 o'clock P. M., and duly recorded in Vol. M97
of Mortgages on Page 5407

FEE \$160.00

Bernetha G. Letsch, County Clerk
by Kathleen Ross