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LINE OF CREDIT INSTRUMENT

**LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT, FIXTURE FILING
AND FINANCING STATEMENT**

FROM

PACPIZZA, LLC

FOR THE BENEFIT OF

**TEXAS COMMERCE BANK NATIONAL ASSOCIATION,
AS AGENT**

THIS DEED OF TRUST SECURES OBLIGATORY FUTURE ADVANCES AND IS FOR
COMMERCIAL PURPOSES.

THE MAXIMUM PRINCIPAL AMOUNT TO BE ADVANCED PURSUANT TO THE
REVOLVING LOAN PROVISIONS OF THE CREDIT AGREEMENT SECURED BY THIS LINE
OF CREDIT INSTRUMENT IS \$4,000,000. THE MAXIMUM PRINCIPAL AMOUNT TO BE
ADVANCED PURSUANT TO THE TERM LOAN PROVISIONS OF THE CREDIT
AGREEMENT SECURED BY THIS LINE OF CREDIT INSTRUMENT IS \$27,000,000.

THE MATURITY DATE FOR THE REVOLVING LOANS TO BE MADE PURSUANT TO THE
CREDIT AGREEMENT SECURED BY THIS LINE OF CREDIT INSTRUMENT, EXCLUSIVE
OF ANY OPTION TO RENEW OR EXTEND SUCH MATURITY DATE, IS AUGUST 6, 2002.

THE MATURITY DATE FOR THE TERM LOANS TO BE MADE PURSUANT TO THE
CREDIT AGREEMENT SECURED BY THIS LINE OF CREDIT INSTRUMENT, EXCLUSIVE
OF ANY OPTION TO RENEW OR EXTEND SUCH MATURITY DATE, IS AUGUST 6, 2005.

THE TAX ACCOUNT NO(S) FOR THE REAL PROPERTY COVERED BY THIS DEED OF
TRUST IS 3909-344.

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LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT, FIXTURE FILING AND FINANCING STATEMENT

THIS LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT, FIXTURE FILING AND FINANCING STATEMENT (together with any and all amendments, supplements, or modifications of any kind, the "Deed of Trust"), entered into effective as of August 6, 1997, by PACPIZZA, LLC, a Delaware limited liability company ("Grantor"), in favor of Ticor Title Insurance Company, as Trustee, whose address for notice hereunder is 131 N. Third Street, Coos Bay, Oregon 97420 ("Trustee") for the benefit of TEXAS COMMERCE BANK NATIONAL ASSOCIATION, AS AGENT for the Issuing Bank and the Lenders (hereinafter defined) whose address is 712 Main Street, Houston, Harris County, Texas 77002 ("Beneficiary").

RECITALS:

A. Grantor, PacPizza Leasing Co., LLC, a Delaware limited liability company ("Leasing"; Grantor and Leasing collectively, the "Borrowers"), Beneficiary, and the lenders now or hereafter signatory thereto (the "Lenders") have executed a Credit Agreement dated as of even date herewith (such agreement, as may from time to time be amended or supplemented, the "Credit Agreement") pursuant to which, upon the terms and conditions stated therein, the Lenders agreed to make loans to the Borrowers.

B. Beneficiary and the Lenders have conditioned their obligations under the Credit Agreement upon the execution and delivery by Grantor of this Deed of Trust; and Grantor has agreed to enter into this Deed of Trust.

C. Therefore, in order to comply with the terms and conditions of the Credit Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby agrees with Beneficiary as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Terms Defined Above. As used in this Deed of Trust, the terms "Credit Agreement", "Lenders", "Deed of Trust", "Beneficiary", "Borrowers", "Leasing", "Trustee" and "Grantor" shall have the meanings assigned to them above.

Section 1.02 Definitions. As used herein, the following terms shall have the following meanings:

"Applicable UCC" means the Uniform Commercial Code as presently in effect in the State of Texas (except to the extent that the laws of any other jurisdiction govern the perfection and priority of the security interests granted hereby).

"Buildings" means any and all buildings, covered garages, utility sheds, workrooms, air conditioning towers, open parking areas and other improvements, and any and all additions, alterations, betterments or appurtenances thereto, now or at any time hereafter situated, placed or constructed upon the Land or any part thereof.

"Event of Default" has the meaning assigned to such term in Section 6.01.

"Fixtures" means all materials, supplies, equipment, apparatus and other items now or hereafter acquired by Grantor and now or hereafter attached to, installed in or used in connection with (temporarily or permanently) any of the Buildings or the Land, including any and all partitions; window screens and shades; drapes; rugs and other floor coverings; awnings; motors; engines; boilers; furnaces; pipes; plumbing; cleaning, call and sprinkler systems; fire extinguishing apparatus and equipment; water tanks; heating, ventilating, incinerating, air conditioning and air cooling equipment and systems; gas and electric machinery, appurtenances and equipment; disposals, dishwashers, refrigerators, ovens and ranges; recreational equipment and facilities of all kinds; and water, gas, electrical, storm and sanitary sewer facilities and all other utilities whether or not situated in easements; together with all accessions, replacements, betterments and substitutions for any of the foregoing and the proceeds thereof.

"Governmental Authority" means any government or political subdivision and any and all courts, boards, agencies, commissions, offices or authorities of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city or otherwise) whether now or hereafter in existence.

"Governmental Requirements" means any and all present and future judicial decisions, statutes, rulings, rules, regulations, permits, certificates or ordinances of any Governmental Authority in any way applicable to Grantor or the Mortgaged Property, including the ownership, use, occupancy, possession, operation, maintenance, alteration, repair or reconstruction thereof.

"Impositions" means all real estate and personal property taxes; water, gas, sewer, electricity and other utility rates and charges; charges for any easement, license or agreement maintained for the benefit of the Mortgaged Property; and all other taxes, charges and assessments and any interest, costs or penalties with respect thereto, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever which at any time prior to or after the execution hereof may be assessed, levied or imposed upon the Mortgaged Property or the ownership, use, occupancy or enjoyment thereof.

"Indebtedness" means:

- (a) Payment of and performance of any and all indebtedness, obligations and liabilities of the Borrowers under the terms of the Credit Agreement, whether now existing or hereafter arising, including (i) those certain Revolving Credit Notes (whether one or more) dated August 6, 1997, executed by the Borrowers payable to the order of each of the Lenders and being in the aggregate principal face amount of \$4,000,000 with final maturity on or before August 6, 2002, and all other notes given in substitution for the foregoing notes or any

modification, renewal or extension thereof, in whole or in part, (ii) those certain Term Notes (whether one or more) dated August 6, 1997, executed by the Borrowers payable to the order of each of the Lenders and being in the aggregate principal amount of \$27,000,000 with final maturity on or before August 6, 2005, and all other notes given in substitution for the foregoing notes or in modification, renewal or extension thereof, in whole or in part (such notes, as from time to time supplemented, amended or modified and all other notes given in substitution therefor or in modification, renewal or extension thereof, in whole or in part, being collectively hereafter called the "Notes"), and (iii) under any Hedging Agreements, Letters of Credit and Letter of Credit Agreements entered into pursuant to the Credit Agreement.

(b) Any sums which may be advanced or paid by Beneficiary or the Lenders under the terms hereof or of the Credit Agreement on account of the failure of Grantor to comply with the covenants of Grantor contained herein or in the Credit Agreement; and all other indebtedness of Grantor arising pursuant to the provisions of this Deed of Trust.

(c) Any additional loans made by the Lenders to the Borrowers. It is contemplated that the Lenders may lend additional sums to the Borrowers from time to time, but shall not be obligated to do so, and Grantor agrees that any such additional loans shall be secured by this Deed of Trust.

(d) Payment of and performance of any and all other indebtedness, obligations and liabilities of any kind of the Borrowers to Beneficiary or the Lenders, now or hereafter existing, arising directly between either or both of the Borrowers and Beneficiary or the Lenders and or acquired outright, as a participation, conditionally or as collateral security from another by Beneficiary or the Lenders, absolute or contingent, joint and/or several, secured or unsecured, due or not due, arising by operation of law or otherwise, or direct or indirect, including indebtedness, obligations and liabilities to Beneficiary or the Lenders of either Borrower as a member of any partnership, syndicate, association or other group, and whether incurred by such Borrower as principal, surety, endorser, guarantor, accommodation party or otherwise.

"Indemnified Parties" has the meaning assigned to such term in Section 6.17.

"Land" means the real estate or interest therein described in Exhibit A attached hereto, and all rights, titles and interests appurtenant thereto.

"Lease" has the meaning assigned to such term in Section 9.17.

"Mortgaged Property" means all of Grantor's right, title, interest and estate in and to the Lease and its leasehold interest thereunder and in and to the Land, Buildings, Fixtures, and Personalty, together with:

(i) all rights, privileges, tenements, hereditaments, rights-of-way, easements, appendages and appurtenances in anywise appertaining thereto, and all right, title and interest of Grantor

in and to any streets, ways, alleys, strips or gores of land adjoining the Land or any part thereof; and

(ii) all betterments, additions, alterations, appurtenances, substitutions, replacements and revisions thereof and thereto and all reversions and remainders therein; and

(iii) all of Grantor's right, title and interest in and to any awards, remuneration, settlements or compensation heretofore made or hereafter to be made by any Governmental Authority pertaining to the Land, Buildings, Fixtures or Personalty, including those for any vacation of, or change of grade in, any streets affecting the Land or the Buildings;

(iv) any and all other security and collateral of any nature whatsoever, now or hereafter given for the repayment of the Indebtedness or the performance and discharge of the Obligations; and

(v) all awards, payments and proceeds of conversion, whether voluntary or involuntary, of any of the Land, Buildings, Fixtures, Personalty or any of the property and rights described in the foregoing clauses (i) through (iv), including without limitation, all insurance, condemnation and tort claims, rent claims and other obligations dischargeable in cash or cash equivalent.

As used in this Deed of Trust, the term "Mortgaged Property" shall be expressly defined as meaning all or, where the context permits or requires, any portion of the above, and all or, where the context permits or requires, any interest therein.

"Notes" has the meaning assigned to such term in the definition of Indebtedness.

"Obligations" means any and all of the covenants, warranties, representations and other obligations (other than to repay the Indebtedness) made or undertaken by Grantor or others to Beneficiary, Trustee or others as set forth in the Loan Documents or any lease, sublease or other agreement pursuant to which Grantor is granted a possessory interest in the Land.

"Permitted Encumbrances" means (i) Excepted Liens, (ii) the outstanding Liens, easements, building lines, restrictions, security interests and other matters (if any) as reflected on Exhibit B attached hereto and (iii) the Liens and security interests created hereby and by any other Security Instruments.

"Personalty" means all of the right, title and interest of Grantor in and to all furniture, furnishings, equipment, machinery, goods, general intangibles, money, insurance proceeds, contract rights, inventory, all refundable, returnable or reimbursable fees, deposits or other funds or evidences of credit or indebtedness deposited by or on behalf of Grantor with any governmental agencies, boards, corporations, providers of utility services, public or private, including all refundable, returnable or reimbursable tap fees, utility deposits, commitment fees and development costs, and all other personal property (other than the Fixtures) of any kind or character as defined in and subject to the provisions of the Applicable UCC), which are now or hereafter located or to be located upon.

within or about the Land and the Buildings, or which are or may be used in or related to the planning, development, financing or operation of the Mortgaged Property, together with all accessories, replacements and substitutions thereto or therefor and the proceeds thereof.

"Principal Balance" has the meaning assigned to such term in Section 6.02.

Section 1.02 Terminology. Unless expressly stated otherwise or the context requires otherwise:

- (a) references to Articles and Sections shall mean the corresponding Article or Section of this Deed of Trust;
- (b) words used herein in the singular, where the context so permits, shall be deemed to include the plural and vice versa, and the definitions of words in the singular herein shall apply to such words when used in the plural where the context so permits and vice versa;
- (c) the words "herein," "hereof," "hereunder," and other words of similar import when used in this Deed of Trust refer to this Deed of Trust as a whole, and not to any particular Article or Section; and
- (d) the word "including" means "including, without limitation".

Section 1.03 Other Defined Terms. Any capitalized term used in this Deed of Trust and not defined herein shall have the meaning assigned to such term in the Credit Agreement.

ARTICLE 2

GRANT OF MORTGAGED PROPERTY, LIEN AND SECURITY INTEREST

Section 2.01 Grant of Lien. To secure the full and timely payment of the Indebtedness and the full and timely performance and discharge of the Obligations Grantor hereby irrevocably GRANTS, BARGAINS, SELLS, ASSIGNS, TRANSFERS AND CONVEYS unto Trustee and Trustee's successors and substitutes in trust hereunder, with power of sale and right of entry and possession, for the use and benefit of Beneficiary, the real and personal property, rights, titles, interests and estates described in the Mortgaged Property, subject, however, to the Permitted Encumbrances, TO HAVE AND TO HOLD the Mortgaged Property unto Trustee, forever, and Grantor does hereby bind itself, its successors and assigns to WARRANT AND FOREVER DEFEND the title to the Mortgaged Property unto Trustee against every person whomsoever lawfully claiming or to claim the same or any part thereof; provided, however, that if Grantor shall pay (or cause to be paid) the Indebtedness as and when the same shall become due and payable and shall perform and discharge (or cause to be performed and discharged) the Obligations on or before the date same are to be performed and discharged, then the Liens, security interests, estates and rights granted by this Deed of Trust shall terminate, otherwise same shall remain in full force and effect.

Section 2.02 Grant of Security Interest. This Deed of Trust shall be construed as a deed of trust on real property and it shall also constitute and serve as a "Security Agreement" on personal property within the meaning of, and shall constitute a first and prior security interest under, the Applicable UCC with respect to the Personalty and Fixtures. To this end, Grantor by these presents does GRANT, BARGAIN, CONVEY, ASSIGN, TRANSFER AND SET OVER, unto Trustee and unto Beneficiary a security interest in all of Grantor's right, title and interest in, to and under the Personalty and Fixtures, to secure the full and timely payment of the Indebtedness and the full and timely performance and discharge of the Obligations.

Section 2.03 No Obligation of Trustee or Beneficiary. The assignment and security interest herein granted shall not be deemed or construed to constitute Trustee or Beneficiary as a trustee or mortgagee in possession of the Mortgaged Property, to obligate Trustee or Beneficiary to lease the Mortgaged Property or attempt to do same, or to take any action, incur any expense or perform or discharge any obligation, duty or liability whatsoever.

Section 2.04 Fixture Filing. This Deed of Trust shall constitute a "fixture filing" for all purposes of the Applicable UCC. All or part of the Mortgaged Property are or are to become fixtures on the Land; information concerning the security interest herein granted may be obtained at the addresses set forth on the signature page hereof. The addresses of the Secured Party (Beneficiary) and of the Debtor (Grantor) are set forth on the signature page hereof. Grantor has an interest of record in the Land.

ARTICLE 3

WARRANTIES AND REPRESENTATIONS

Grantor hereby unconditionally warrants and represents to Beneficiary as follows:

Section 3.01 Title to Mortgaged Property and Lien of this Instrument. Grantor has a good and indefeasible leasehold interest in the Land and Buildings, and good and marketable title to the Fixtures and Personalty, free and clear of any Liens, charges, encumbrances, security interests and adverse claims whatsoever, except the Permitted Encumbrances. This Deed of Trust creates a valid and subsisting first deed of trust lien in Grantor's leasehold interest in the Land, the Buildings and the Fixtures and a valid and subsisting first security interest in and to the Personalty, all in accordance with the terms hereof.

Section 3.02 Taxes and Other Payments. Grantor has filed all federal, state, county, municipal and city income and other tax returns required to have been filed by it and has paid all taxes and other Impositions which have become due pursuant to such returns or pursuant to any assessments or charges received by it, and Grantor does not know of any basis for any additional assessment or charge in respect of any such taxes or other Impositions. Grantor has paid in full all sums owing or claimed for labor, material, supplies, personal property (whether or not forming a Fixture hereunder) and services of every kind and character used, furnished or installed in or on the

Mortgaged Property that are due and owing and no claim for same exists or will be permitted to be created, except such claims that arise in the ordinary course of business and are not yet past due.

ARTICLE 4

AFFIRMATIVE COVENANTS

Grantor hereby unconditionally covenants and agrees with Beneficiary as follows:

Section 4.01 Lien Status. Grantor will protect the first priority status of the Lien and security interest of this Deed of Trust and will not place, or permit to be placed, or otherwise mortgage, hypothecate or encumber the Mortgaged Property with, any other Lien or security interest of any nature whatsoever (statutory, constitutional or contractual), other than Permitted Encumbrances, regardless of whether same is allegedly or expressly inferior to the Lien and security interest created by this Deed of Trust, and, if any such Lien or security interest is asserted against the Mortgaged Property, Grantor will promptly, at its own cost and expense, (a) pay the underlying claim in full or take such other action so as to cause same to be released and (b) within five (5) days from the date such Lien or security interest is so asserted, give Beneficiary notice of such Lien or security interest. Such notice shall specify who is asserting such Lien or security interest and shall detail the origin and nature of the underlying claim giving rise to such asserted Lien or security interest.

Section 4.02 Payment of Impositions. Grantor will duly pay and discharge, or cause to be paid and discharged, the Impositions not later than the due date thereof, or the day any fine, penalty, interest or cost may be added thereto or imposed, or the day any Lien may be filed, for the nonpayment thereof (if such day is used to determine the due date of the respective item); provided, however, that Grantor may, if permitted by law and if such installment payment would not create or permit the filing of a Lien against the Mortgaged Property, pay the Impositions in installments whether or not interest shall accrue on the unpaid balance of such Impositions. Notwithstanding the foregoing, Grantor may withhold payment of any Imposition if, in each case, the validity or amount thereof is being contested in good faith by appropriate action or proceedings and Grantor has established adequate reserves in accordance with GAAP with respect thereto.

Section 4.03 Repair. Grantor will keep the Mortgaged Property, or will cause the Mortgaged Property to be kept, in good order and condition in accordance with prudent industry practice and will make all repairs, replacements, renewals, additions, betterments, improvements and alterations thereof and thereto, interior and exterior, structural and non-structural, ordinary and extraordinary, which are necessary or reasonably appropriate to keep same in such order and condition. Grantor will also use reasonable efforts to prevent any act or occurrence which might impair the value or usefulness of the Mortgaged Property for its intended usage.

Section 4.04 Insurance and Application of Insurance Proceeds. Grantor will obtain and maintain insurance upon and relating to the Mortgaged Property in accordance with Section 8.03 of the Credit Agreement.

THE FOLLOWING NOTICE IS GIVEN PURSUANT TO ORS 746.201:

WARNING

UNLESS GRANTOR PROVIDES BENEFICIARY WITH EVIDENCE OF THE INSURANCE COVERAGE AS REQUIRED HEREIN, IN THE CREDIT AGREEMENT, AND THE SECURITY INSTRUMENTS, BENEFICIARY MAY PURCHASE INSURANCE AT BENEFICIARY'S EXPENSE TO PROTECT BENEFICIARY'S INTEREST. THIS INSURANCE MAY, BUT NEED NOT, ALSO PROTECT GRANTOR'S INTEREST. IF THE COLLATERAL BECOMES DAMAGED, THE COVERAGE BENEFICIARY PURCHASES MAY NOT PAY ANY CLAIM GRANTOR MAKES OR ANY CLAIM MADE AGAINST GRANTOR. GRANTOR MAY LATER CANCEL THIS COVERAGE BY PROVIDING EVIDENCE THAT GRANTOR HAS OBTAINED PROPERTY COVERAGE ELSEWHERE.

GRANTOR IS RESPONSIBLE FOR THE COST OF ANY INSURANCE PURCHASED BY BENEFICIARY. THE COST OF THIS INSURANCE MAY BE ADDED TO THE INDEBTEDNESS SECURED HEREBY. IF THE COST IS ADDED TO THE INDEBTEDNESS SECURED HEREBY, THE POST-DEFAULT RATE ON THE INDEBTEDNESS SECURED HEREBY WILL APPLY TO THIS ADDED AMOUNT. THE EFFECTIVE RATE OF COVERAGE MAY BE THE DATE GRANTOR'S PRIOR COVERAGE LAPSED OR THE DATE GRANTOR FAILED TO PROVIDE PROOF OF COVERAGE.

THE COVERAGE BENEFICIARY PURCHASES MAY BE CONSIDERABLY MORE EXPENSIVE THAN INSURANCE GRANTOR CAN OBTAIN ON GRANTOR'S OWN AND MAY NOT SATISFY ANY NEED FOR PROPERTY DAMAGE COVERAGE OR ANY MANDATORY LIABILITY INSURANCE REQUIREMENTS IMPOSED BY APPLICABLE LAW.

Section 4.05 Application of Insurance Proceeds. The proceeds of the insurance required by Section 4.04 shall be used for restoration, repair or replacement of any Mortgaged Property that is the subject of an insurance claim. If such insurance proceeds are not used for restoration, repair or replacement of such Mortgaged Property or if, upon completion of such restoration, repair or replacement, there remains any portion of the insurance proceeds, Grantor shall apply such proceeds or the balance thereof toward the payment of the Indebtedness.

Section 4.06 Restoration Following Casualty. If any act or occurrence of any kind or nature, ordinary or extraordinary, foreseen or unforeseen (including any casualty for which insurance was not obtained or obtainable), shall result in damage to or loss or destruction of any Mortgaged Property, Grantor will give notice thereof to Beneficiary and will promptly, at Grantor's sole cost and expense and regardless of whether the insurance proceeds (if any) shall be sufficient for the purpose, commence and continue diligently to completion to restore, repair, replace and rebuild such Mortgaged Property as nearly as possible to its value, condition and character immediately prior to such damage, loss or destruction.

Section 4.07 Maintenance of Rights of Way, Easements, and Licenses. Grantor will maintain, preserve and renew all rights of way, easements, grants, privileges, licenses and franchises reasonably necessary for the use of the Mortgaged Property from time to time and will not, without the prior consent of Beneficiary (which consent shall not be unreasonably withheld or delayed),

initiate, join in or consent to any private restrictive covenant or other public or private restriction as to the use of the Mortgaged Property. Grantor shall, however, comply with all restrictive covenants which may at any time affect the Mortgaged Property, zoning ordinances and other public or private restrictions as to the use of the Mortgaged Property.

ARTICLE 5

NEGATIVE COVENANTS

Grantor hereby covenants and agrees with Beneficiary that, until the entire Indebtedness shall have been paid in full and all of the Obligations shall have been fully performed and discharged:

Section 5.01 Use Violations. Grantor will not use, maintain, operate or occupy, or allow the use, maintenance, operation or occupancy of, the Mortgaged Property in any manner which (a) violates any Governmental Requirement, (b) may be dangerous unless safeguarded as required by law, (c) constitutes a public or private nuisance or (d) makes void, voidable or cancelable, or increases the premium of, any insurance then in force with respect thereto.

Section 5.02 Waste; Alterations. Grantor will not commit or permit any waste of the Mortgaged Property and will notify Beneficiary in writing of any alterations or additions to the Mortgaged Property of a material nature.

Section 5.03 Replacement of Fixtures and Personality. Grantor will not, without the prior written consent of Beneficiary, permit any of the Fixtures or Personality (other than the sale of inventory in the ordinary course of business) to be removed at any time from the Land or Buildings unless the removed item is removed temporarily for maintenance and repair or, if removed permanently, is replaced by an article of equal suitability and value, owned by Grantor, free and clear of any Lien or security interest.

Section 5.04 No Further Encumbrances. Grantor will not, without the prior written consent of Beneficiary, create, place or permit to be created or placed, or through any act or failure to act, acquiesce in the placing of, or allow to remain, any mortgage, pledge, Lien (statutory, constitutional or contractual), security interest, encumbrance or charge on, or conditional sale or other title retention agreement, regardless of whether same are expressly subordinate to the Liens and security interests of this Deed of Trust, with respect to the Mortgaged Property, other than the Permitted Encumbrances.

ARTICLE 6

DEFAULT AND REMEDIES

Section 6.01 Event of Default. An "Event of Default" under the Credit Agreement shall be an Event of Default under this Deed of Trust.

Section 6.02 Acceleration. Upon the occurrence of any Event of Default, in addition to any other rights, powers or remedies conferred herein or by operation of law, Beneficiary may declare the then unpaid principal balance of the Notes (the "Principal Balance"), the accrued interest and any other accrued, but unpaid portion of the Indebtedness to be, and they shall thereupon forthwith become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by Grantor.

Section 6.03 Foreclosure and Sale. If an Event of Default shall occur and be continuing, Beneficiary shall have the right and option to proceed with foreclosure under the power of sale granted by this Deed of Trust. For any sale under the power of sale granted by this Deed of Trust, the Beneficiary or the Trustee shall record and give all notices required by law and then, upon the expiration of such time as is required by law, the Trustee may sell the Mortgaged Property upon any terms and conditions specified by the Beneficiary and permitted by applicable law. The Trustee may postpone any sale by public announcement at the time and place noticed for the sale. If the Mortgaged Property consists of several lots, parcels or items of property, the Beneficiary may, in its sole discretion: (i) designate the order in which such lots, parcels or items shall be offered for sale or sold, or (ii) elect to sell such lots, parcels or items through a single sale, or through two or more successive sales, or in any other manner the Beneficiary deems in its best interest. Any person, including the Grantor, the Trustee or the Beneficiary, may purchase at any sale hereunder, and the Beneficiary shall have the right to purchase at any sale hereunder by crediting upon the bid price the amount of all or any part of the Indebtedness hereby secured. Should the Beneficiary desire that more than one sale or other disposition of the Mortgaged Property be conducted, the Beneficiary may, at its option, cause the same to be conducted simultaneously, or successively, on the same day, or at such different days or times and in such order as the Beneficiary may deem to be in its best interests, and no such sale shall terminate or otherwise affect the Lien of this Deed of Trust on any part of the Mortgaged Property not sold until all Indebtedness secured hereby has been fully paid. Where the Mortgaged Property consists of personal property located on or within the real property, Beneficiary may elect in its discretion to sell both the real and personal property together in one sale pursuant to real property law as permitted by Section 9501(4) of the Oregon Uniform Commercial Code. In the event the Beneficiary elects to dispose of the Mortgaged Property through more than one sale, the Grantor agrees to pay the costs and expenses of each such sale and of any judicial proceedings wherein the same may be made, including reasonable compensation to the Trustee and the Beneficiary, their agents and counsel, and to pay all expenses, liabilities and advances made or incurred by the Trustee with such sale or sales, together with interest on all such advances made by the Trustee at the lower of the Post-Default Rate or the maximum rate permitted by law to be charged by the Trustee. Upon any sale hereunder, the Trustee shall execute and deliver to the purchaser or purchasers a deed or deeds conveying the property so sold, but without any covenant or warranty whatsoever, express or implied, whereupon such purchaser or purchasers shall be let into

immediate possession; and the recitals in any such deed or deeds of fact, such as default, the giving of notice of default and notice of sale, and other facts affecting the regularity or validity of such sale or disposition, shall be conclusive proof of the truth of such facts and any such deed or deeds shall be conclusive against all persons as to such facts recited therein.

Section 6.04 Substitute Trustees and Agents. The Trustee or his successor or substitute may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Trustee, including the posting of notices and the conduct of sale, but in the name and on behalf of Trustee, his successor or substitute. If Trustee or his successor or substitute shall have given notice of sale hereunder, any successor or substitute trustee thereafter appointed may complete the sale and the conveyance of the property pursuant thereto as if such notice had been given by the successor or substitute trustee conducting the sale.

Section 6.05 Judicial Foreclosure; Receivership. If any of the Indebtedness shall become due and payable and shall not be promptly paid, the Trustee or Beneficiary shall have the right and power to proceed by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure hereunder or for the sale of the Mortgaged Property under the judgment or decree of any court or courts of competent jurisdiction, or for the appointment of a receiver pending any foreclosure hereunder or the sale of the Mortgaged Property under the order of a court or courts of competent jurisdiction or under executory or other legal process, or for the enforcement of any other appropriate legal or equitable remedy. Any money advanced by the Trustee and/or Beneficiary in connection with any such receivership shall be a demand obligation (which obligation Grantor hereby expressly promises to pay) owing by Grantor to the Trustee and/or Beneficiary and shall bear interest from the date of making such advance by the Trustee and/or Beneficiary until paid at the Post Default Rate.

Section 6.06 Foreclosure for Installments. To the extent allowed by applicable law, Beneficiary shall also have the option to proceed with foreclosure in satisfaction of any installments of the Indebtedness which have not been paid when due either through the courts, by directing the Trustee or his successors in trust to proceed with foreclosure or otherwise by non-judicial power of sale in satisfaction of the matured but unpaid portion of the Indebtedness as if under a full foreclosure, conducting the sale as herein provided and without declaring the entire principal balance and accrued interest due; such sale may be made subject to the unmatured portion of the Indebtedness, and any such sale shall not in any manner affect the unmatured portion of the Indebtedness, but as to such unmatured portion of the Indebtedness this Deed of Trust shall remain in full force and effect just as though no sale had been made hereunder. It is further agreed that several sales may be made hereunder without exhausting the right of sale for any unmatured part of the Indebtedness, it being the purpose hereof to provide for a foreclosure and sale of the security for any matured portion of the Indebtedness without exhausting the power to foreclose and sell the Mortgaged Property for any subsequently maturing portion of the Indebtedness.

Section 6.07 Separate Sales. To the extent allowed by applicable law, the Mortgaged Property may be sold in one or more parcels and in such manner and order as Beneficiary, in its sole

discretion, may elect, it being expressly understood and agreed that the right of sale arising out of any Event of Default shall not be exhausted by any one or more sales.

Section 6.08 Possession of Mortgaged Property. Grantor agrees to the full extent that it lawfully may, that, in case one or more of the Events of Default shall have occurred and shall not have been remedied, then, and in every such case, the Trustee or Beneficiary shall have the right and power to enter into and upon and take possession of all or any part of the Mortgaged Property in the possession of Grantor, its successors or assigns, or its or their agents or servants, and may exclude Grantor, its successors or assigns, and all persons claiming under Grantor, and its or their agents or servants wholly or partly therefrom; and, holding the same, the Trustee may use, administer, manage, operate and control the Mortgaged Property and conduct the business thereof to the same extent as Grantor, its successors or assigns, might at the time do and may exercise all rights and powers of Grantor, in the name, place and stead of Grantor, or otherwise as the Trustee shall deem best. All costs, expenses and liabilities of every character incurred by the Trustee and/or Beneficiary in administering, managing, operating, and controlling the Mortgaged Property shall constitute a demand obligation (which obligation Grantor hereby expressly promises to pay) owing by Grantor to the Trustee and/or Beneficiary and shall bear interest from date of expenditure until paid at the Post Default Rate, all of which shall constitute a portion of the Indebtedness and shall be secured by this Deed of Trust and all other Security Instruments. Grantor hereby irrevocably constitutes and appoints Beneficiary as Grantor's attorney-in-fact to perform such acts and execute such documents as Beneficiary in its sole discretion may consider to be appropriate in connection with taking these measures, including endorsement of Grantor's name on any instruments. Regardless of any provision of this Deed of Trust or the Credit Agreement, Beneficiary shall not be considered to have accepted any property other than cash or immediately available funds in satisfaction of any obligation of Grantor to Beneficiary, unless Beneficiary has given express written notice of Beneficiary's election of that remedy in accordance with Oregon Uniform Commercial Code Section 9505, as it may be amended or recodified from time to time.

Section 6.09 Occupancy After Foreclosure. In the event there is a foreclosure sale hereunder and at the time of such sale Grantor or Grantor's representatives, successors or assigns or any other person claiming any interest in the Mortgaged Property by, through or under Grantor, are occupying or using the Mortgaged Property or any part thereof, each and all shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either the landlord or tenant, or at a reasonable rental per day based upon the value of the property occupied, such rental to be due daily to the purchaser; to the extent permitted by applicable law, the purchaser at such sale shall, notwithstanding any language herein apparently to the contrary, have the sole option to demand immediate possession following the sale or to permit the occupants to remain as tenants at will. In the event the tenant fails to surrender possession of said property upon demand, the purchaser shall be entitled to institute and maintain a summary action for possession of the Mortgaged Property (such as an action for forcible entry and detainer) in any court having jurisdiction.

Section 6.10 Remedies Cumulative, Concurrent and Nonexclusive. Every right, power and remedy herein given to the Trustee or Beneficiary shall be cumulative and in addition to every other right, power and remedy herein specifically given or now or hereafter existing in equity, at law or

by statute (including specifically those granted by the Applicable UCC) each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and so often and in such order as may be deemed expedient by the Trustee or Beneficiary, and the exercise, or the beginning of the exercise, of any such right, power or remedy shall not be deemed a waiver of the right to exercise, at the same time or thereafter any other right, power or remedy. No delay or omission by the Trustee or Beneficiary in the exercise of any right, power or remedy shall impair any such right, power or remedy or operate as a waiver thereof or of any other right, power or remedy then or thereafter existing.

Section 6.11 No Release of Obligations. Neither Grantor, any guarantor nor any other person hereafter obligated for payment of all or any part of the Indebtedness shall be relieved of such obligation by reason of (a) the failure of Trustee or Beneficiary to comply with any request of Grantor, or any guarantor or any other person so obligated to foreclose the Lien of this Deed of Trust or to enforce any provision hereunder or under the Credit Agreement; (b) the release, regardless of consideration, of the Mortgaged Property or any portion thereof or interest therein or the addition of any other property to the Mortgaged Property; (c) any agreement or stipulation between any subsequent owner of the Mortgaged Property and Trustee or Beneficiary extending, renewing, rearranging or in any other way modifying the terms of this Deed of Trust without first having obtained the consent of, given notice to or paid any consideration to Grantor, any guarantor or such other person, and in such event Grantor, guarantor and all such other 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; or (d) by any other act or occurrence save and except the complete payment of the Indebtedness and the complete fulfillment of all obligations hereunder or under the Credit Agreement.

Section 6.12 Release of and Resort to Collateral. Beneficiary and/or Trustee may release, regardless of consideration, any part of the Mortgaged Property without, as to the remainder, in any way impairing, affecting, subordinating or releasing the Lien or security interest created in or evidenced by this Deed of Trust or its stature as a first and prior Lien and security interest in and to the Mortgaged Property, and without in any way releasing or diminishing the liability of any person or entity liable for the repayment of the Indebtedness. For payment of the Indebtedness, Beneficiary may resort to any other security therefor held by Beneficiary or Trustee in such order and manner as Beneficiary may elect.

Section 6.13 Waiver of Redemption, Notice and Marshalling of Assets, Etc. To the fullest extent permitted by law, Grantor hereby irrevocably and unconditionally waives and releases (a) all benefits that might accrue to Grantor by virtue of any present or future moratorium law or other law exempting the Mortgaged Property from attachment, levy or sale on execution or providing for any appraisal, valuation, stay of execution, exemption from civil process, redemption or extension of time for payment; (b) all notices of any Event of Default or of Beneficiary's intention to accelerate maturity of the Indebtedness or of Trustee's election to exercise or his actual exercise of any right, remedy or recourse provided for hereunder or under the Credit Agreement; and (c) any right to a marshalling of assets or a sale in inverse order of alienation. If any law referred to in this Deed of Trust and now in force, of which Grantor or its successor or successors might take advantage despite the provisions hereof, shall hereafter be repealed or cease to be in force, such law shall thereafter be

deemed not to constitute any part of the contract herein contained or to preclude the operation or application of the provisions hereof.

Section 6.14 Discontinuance of Proceedings. In case Beneficiary shall have proceeded to invoke any right, remedy or recourse permitted hereunder or under the Credit Agreement or any other Loan Document and shall thereafter elect to discontinue or abandon same for any reason, Beneficiary shall have the unqualified right so to do and, in such an event, Grantor and Beneficiary shall be restored to their former positions with respect to the Indebtedness, this Deed of Trust, the Credit Agreement, the other Loan Documents, the Mortgaged Property and otherwise, and the rights, remedies, recourses and powers of Beneficiary shall continue as if same had never been invoked.

Section 6.15 Application of Proceeds. After an occurrence of an Event of Default, the proceeds of any sale of and any other amounts generated by the holding, leasing, operating or other use of the Mortgaged Property shall be applied by Trustee or Beneficiary (or the receiver, if one is appointed) to the extent that funds are so available therefrom in the following orders of priority, except to the extent otherwise required by applicable law:

- (a) first, to the payment of the reasonable and necessary costs and expenses of taking possession of the Mortgaged Property and of holding, using, leasing, repairing, improving the same, including reasonable (i) trustees' and receivers' fees, (ii) court costs, (iii) attorneys' and accountants' fees, (iv) costs of advertisement and title search fees and (v) the payment of any and all Impositions, Liens, security interests or other rights, titles or interests equal or superior to the Lien and security interest of this Deed of Trust (except those to which the Mortgaged Property has been sold subject to and without in any way implying Beneficiary's prior consent to the creation thereof);
- (b) second, to the payment of all amounts other than the Principal Balance and accrued but unpaid interest which may be due to Beneficiary hereunder, together with interest thereon as provided herein;
- (c) third, to the payment of all accrued but unpaid interest due on the Term Notes and the Revolving Credit Notes in such order as Beneficiary determines in its sole discretion;
- (d) fourth, to the payment of the Principal Balance (on the Term Notes and the Revolving Credit Notes in such order as Beneficiary determines in its sole discretion);
- (e) fifth, to Grantor or as otherwise required by Governmental Requirement.

Section 6.16 Uniform Commercial Code Remedies. Beneficiary and/or Trustee shall have all the rights, remedies and recourses with respect to the Personality and Fixtures afforded to it by the Applicable UCC in addition to, and not in limitation of, the other rights, remedies and recourses afforded by this Deed of Trust and the other Security Instruments.

Section 6.17 INDEMNITY. IN CONNECTION WITH ANY ACTION TAKEN BY THE TRUSTEE AND/OR BENEFICIARY PURSUANT TO THIS DEED OF TRUST, THE TRUSTEE AND/OR BENEFICIARY

AND THEIR OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES, AGENTS, ATTORNEYS, ACCOUNTANTS AND EXPERTS ("INDEMNIFIED PARTIES") SHALL NOT BE LIABLE FOR ANY LOSS SUSTAINED BY GRANTOR RESULTING FROM ANY ACT OR OMISSION OF ANY INDEMNIFIED PARTY IN ADMINISTERING, MANAGING, OPERATING OR CONTROLLING THE MORTGAGED PROPERTY INCLUDING SUCH LOSS WHICH MAY RESULT FROM THE ORDINARY NEGLIGENCE OF AN INDEMNIFIED PARTY UNLESS SUCH LOSS IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF AN INDEMNIFIED PARTY, NOR SHALL THE TRUSTEE AND/OR BENEFICIARY BE OBLIGATED TO PERFORM OR DISCHARGE ANY OBLIGATION, DUTY OR LIABILITY OF GRANTOR. GRANTOR SHALL AND DOES HEREBY AGREE TO INDEMNIFY EACH INDEMNIFIED PARTY FOR, AND TO HOLD EACH INDEMNIFIED PARTY HARMLESS FROM, ANY AND ALL LIABILITY, LOSS OR DAMAGE WHICH MAY OR MIGHT BE INCURRED BY ANY INDEMNIFIED PARTY BY REASON OF THIS DEED OF TRUST OR THE EXERCISE OF RIGHTS OR REMEDIES HEREUNDER EXCLUDING ANY LIABILITY, LOSS OR DAMAGE TO THE EXTENT IT RESULTS FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PARTY; SHOULD THE TRUSTEE AND/OR BENEFICIARY MAKE ANY EXPENDITURE ON ACCOUNT OF ANY SUCH LIABILITY, LOSS OR DAMAGE, THE AMOUNT THEREOF, INCLUDING COSTS, EXPENSES AND REASONABLE ATTORNEYS' FEES, SHALL BE A DEMAND OBLIGATION (WHICH OBLIGATION GRANTOR HEREBY EXPRESSLY PROMISES TO PAY) OWING BY GRANTOR TO THE TRUSTEE AND/OR BENEFICIARY AND SHALL BEAR INTEREST FROM THE DATE EXPENDED UNTIL PAID AT THE POST-DEFAULT RATE, SHALL BE A PART OF THE INDEBTEDNESS AND SHALL BE SECURED BY THIS DEED OF TRUST AND ANY OTHER SECURITY INSTRUMENT. GRANTOR HEREBY ASSENTS TO, RATIFIES AND CONFIRMS ANY AND ALL ACTIONS OF THE TRUSTEE AND/OR BENEFICIARY WITH RESPECT TO THE MORTGAGED PROPERTY TAKEN UNDER THIS DEED OF TRUST. THE LIABILITIES OF THE GRANTOR AS SET FORTH IN THIS SECTION 6.17 SHALL SURVIVE THE TERMINATION OF THIS DEED OF TRUST.

ARTICLE 7

CONDEMNATION

Section 7.01 General. Immediately upon its obtaining knowledge of the institution or the threatened institution of any proceeding for the condemnation of the Mortgaged Property, Grantor shall notify Trustee and Beneficiary of such fact. Grantor shall then, if requested by Beneficiary, file or defend its claim thereunder and prosecute same with due diligence to its final disposition and shall cause any awards or settlements to be paid over to Beneficiary for disposition pursuant to the terms of this Deed of Trust. Grantor may be the nominal party in such proceeding but Beneficiary shall be entitled to participate in and to control same and to be represented therein by counsel of its own choice, and Grantor will deliver or cause to be delivered to Beneficiary such instruments as may be requested by it from time to time to permit such participation. If the Mortgaged Property is taken or diminished in value, or if a consent settlement is entered, by or under threat of such proceeding, the award or settlement payable to Grantor by virtue of its interest in the Mortgaged Property shall be, and by these presents is, assigned, transferred and set over unto Beneficiary to be held by it, subject to the Lien and security interest of this Deed of Trust, and disbursed as follows:

(a) if (i) all of the Mortgaged Property is taken, (ii) so much of the Mortgaged Property is taken or the Mortgaged Property is so diminished in value that the remainder thereof cannot (in Beneficiary's reasonable judgment) continue to be operated profitably for the purpose it was being used immediately prior to such taking or diminution or (iii) an Event of Default shall have occurred, then in any such event the entirety of the sums so paid to Beneficiary shall be applied by it in the order recited in Section 7.02.

(b) if (i) only a portion of the Mortgaged Property is taken and the portion remaining can be (in Beneficiary's reasonable judgment), with rebuilding, restoration or repair, profitably operated for the purpose referred to in Section 7.01(a)(ii), (ii) none of the other facts recited in Section 7.01(a) exists, (iii) Grantor shall deliver to Beneficiary plans and specifications for such rebuilding, restoration or repair acceptable to Beneficiary, which acceptance shall be evidenced by Beneficiary's written consent (which consent shall not be unreasonably withheld) thereto and (iv) Grantor shall thereafter commence the rebuilding, restoration or repair and complete same, all in accordance with the plans and specifications, then such sums received by Beneficiary shall be paid to Grantor for the rebuilding, restoration or repair; otherwise same shall be applied by Beneficiary in the order recited in Section 7.02.

Section 7.02 Application of Condemnation Proceeds. All proceeds received by Beneficiary with respect to a taking or a diminution in value of the Mortgaged Property shall be applied in the order of priority recited in Section 6.15; except to the extent that such proceeds are required under Section 7.01(b) to be applied to the rebuilding, restoration or repair of the Mortgaged Property. Grantor hereby specifically, unconditionally and irrevocably waives all rights of a property owner granted under Oregon law, which provides for allocation of condemnation proceeds between a property owner and a lienholder, and any other law or successor statute of similar import.

ARTICLE 8

CONCERNING THE TRUSTEE

Section 8.01 No Required Action. Trustee shall not be required to take any action toward the execution and enforcement of the trust hereby created or to institute, appear in or defend any action, suit or other proceeding in connection therewith where in his opinion such action will be likely to involve him in expense or liability, unless requested so to do by a written instrument signed by Beneficiary and, if Trustee so requests, unless Trustee is tendered security and indemnity satisfactory to him against any and all costs, expense and liabilities arising therefrom. Trustee shall not be responsible for the execution, acknowledgment or validity of this Deed of Trust or any other Security Instrument, or for the proper authorization thereof, or for the sufficiency of the Lien and security interest purported to be created hereby, and makes no representation in respect thereof or in respect of the rights, remedies and recourses of Beneficiary. The necessity of the Trustee herein named, or any successor in trust, making oath or giving bond is expressly waived.

Section 8.02 Certain Rights. With the approval of Beneficiary, Trustee shall have the right to take any and all of the following actions. (a) to select, employ and advise with counsel (who may

be, but need not be, counsel for Beneficiary) upon any matters arising hereunder, including the preparation, execution and interpretation of this Deed of Trust or any other Security Instrument, and shall be fully protected in relying as to legal matters on the advice of counsel; (b) to execute any of the trusts and powers hereof and to perform any duty hereunder either directly or through his agents or attorneys; (c) to select and employ, in and about the execution of his duties hereunder, suitable accountants, engineers and other experts, agents and attorneys-in-fact, either corporate or individual, not regularly in the employ of Trustee, and Trustee shall not be answerable for any act, default or misconduct of any such accountant, engineer or other expert, agent or attorney-in-fact, if selected with reasonable care, or for any error of judgment or act done by Trustee in good faith, or be otherwise responsible or accountable under any circumstances whatsoever, except for Trustee's gross negligence or bad faith; and (d) to take any and all other lawful action as Beneficiary may instruct Trustee to take to protect or enforce Beneficiary's rights hereunder. Trustee shall not be personally liable in case of entry by him, or anyone entering by virtue of the powers herein granted him, upon the Mortgaged Property for debts contracted or liability or damages incurred in the management or operation of the Mortgaged Property. Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by him hereunder, believed by him in good faith to be genuine. Trustee shall be entitled to reimbursement for expenses incurred by him in the performance of his duties hereunder and to reasonable compensation for such of his services hereunder as shall be rendered. Grantor will, from time to time, pay the compensation due to Trustee hereunder and reimburse Trustee for, and save him harmless against, any and all liability and expenses which may be incurred by him in the performance of his duties.

Section 8.03 Retention of Moneys. All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by law) and Trustee shall be under no liability for interest on any moneys received by him hereunder.

Section 8.04 Successor Trustees. Trustee may resign by the giving of notice of such resignation in writing to Beneficiary. If Trustee shall die, resign or become disqualified from acting in the execution of this trust, or shall fail or refuse to execute the same when requested by Beneficiary so to do, or if, for any reason, Beneficiary shall prefer to appoint a substitute trustee to act instead of the aforementioned Trustee, Beneficiary shall have full power to appoint a substitute trustee and, if preferred, several substitute trustees in succession who shall succeed to all the estates, properties, rights, powers and duties of the aforementioned Trustee and, if required by applicable law, as evidenced in writing, duly acknowledged and when such writing shall have been duly recorded, the substitute trustee named therein shall thereupon be vested with all right, title and power of Trustee. Such appointment may be executed by any authorized agent of Beneficiary, and if such Beneficiary be a corporation and such appointment be executed in its behalf by any officer of such corporation, such appointment shall be conclusively presumed to be executed with authority and shall be valid and sufficient without proof of any action by the Board of Directors or any superior officer of the corporation. Grantor hereby ratifies and confirms any and all acts which the aforementioned Trustee, or his successor or successors in this trust, shall do lawfully by virtue hereof.

Section 8.05 Perfection of Appointment. Should any deed, conveyance or instrument of any nature be required from Grantor by any successor Trustee to more fully and certainly vest in and confirm to such new Trustee such estates, rights, powers and duties, then, upon request by such Trustee, any and all such deeds, conveyances and instruments shall be made, executed, acknowledged and delivered and shall be caused to be recorded and/or filed by Grantor.

Section 8.06 Succession Instruments. Any new Trustee appointed pursuant to any of the provisions hereof shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of its or his predecessor in the rights hereunder with like effect as if originally named as Trustee herein; but nevertheless, upon the written request of Beneficiary or of the successor Trustee, the Trustee ceasing to act shall execute and deliver an instrument transferring to such successor Trustee, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver any of the property and moneys held by such Trustee to the successor Trustee so appointed in its or his place.

Section 8.07 No Representation by Trustee. By accepting or approving anything required to be observed, performed or fulfilled or to be given to Trustee or Beneficiary pursuant to the Loan Documents, including any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal or insurance policy, neither Trustee nor Beneficiary shall be deemed to have warranted, consented to, or affirmed 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, consent or affirmation with respect thereto by Trustee or Beneficiary.

ARTICLE 9

MISCELLANEOUS

Section 9.01 Performance at Grantor's Expense. The cost and expense of performing or complying with any and all of the Obligations shall be borne solely by Grantor, and no portion of such cost and expense shall be, in any way or to any extent, credited against any installment on or portion of the Indebtedness.

Section 9.02 Survival of Obligations. Each and all of the Obligations shall survive the execution and delivery of this Deed of Trust and shall continue in full force and effect until the Indebtedness shall have been paid in full.

Section 9.03 Further Assurances. Grantor, upon the request of Trustee or Beneficiary, will execute, acknowledge, deliver and record and/or file such further instruments, including financing statements, and do such further acts as may be necessary, desirable or proper to carry out more effectively the purpose of this Deed of Trust and to subject to the Liens and security interests thereof any property intended by the terms hereof to be covered hereby, including any renewals, additions, substitutions, replacements, betterments or appurtenances to the then Mortgaged Property.

Section 9.04 Notices. All notices or other communications required or permitted to be given pursuant to this Deed of Trust shall be in writing and shall be considered as properly given if mailed by first-class United States mail, postage prepaid, registered or certified with return receipt requested, or by delivering same in person to the intended addressee or by prepaid telegram. Notice so mailed shall be effective upon its deposit. Notice given in any other manner shall be effective only if and when received by the addressee. For purposes of notice, the addresses of Beneficiary, Trustee and Grantor shall be as set forth for each party on the signature page hereof; provided, however, that any party shall have the right to change its address for notice hereunder to any other location within the continental United States by the giving of thirty (30) days' notice to the other party in the manner set forth above.

Section 9.05 No Waiver. Any failure by Trustee or Beneficiary to insist, or any election by Trustee or Beneficiary not to insist, upon strict performance by Grantor of any of the terms, provisions or conditions of this Deed of Trust shall not be deemed to be a waiver of same or of any other terms, provision or condition hereof and Trustee or Beneficiary shall have the right at any time or times thereafter to insist upon strict performance by Grantor of any and all of such terms, provisions and conditions.

Section 9.06 Beneficiary's Right to Perform the Obligations. If Grantor shall fail, refuse or neglect to make any payment or perform any act required by this Deed of Trust, then at any time thereafter, and without notice to or demand upon Grantor and without waiving or releasing any other right, remedy or recourse Beneficiary may have because of same, Beneficiary may (but shall not be obligated to) make such payment or perform such act for the account of and at the expense of Grantor, and shall have the right to enter upon or in the Land and Buildings for such purpose and to take all such action thereon and with respect to the Mortgaged Property as it may deem necessary or appropriate. If Beneficiary shall elect to pay any imposition or other sums due with reference to the Mortgaged Property, Beneficiary may do so in reliance on any bill, statement or assessment procured from the appropriate Governmental Authority or other issuer thereof without inquiring into the accuracy or validity thereof. Similarly, in making any payments to protect the security intended to be created by this Deed of Trust, Beneficiary shall not be bound to inquire into the validity of any apparent or threatened adverse title, Lien, encumbrance, claim or charge before making an advance for the purpose of preventing or removing the same.

Section 9.07 Covenants Running with the Land. All Obligations contained herein are intended by the parties to be, and shall be construed as, covenants running with the Land.

Section 9.08 Successors and Assigns. All of the terms hereof shall apply to, be binding upon and inure to the benefit of the parties hereto, their successors, assigns, heirs and legal representatives, and all other persons claiming by, through or under them.

Section 9.09 Severability. This Deed of Trust is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws and regulations of applicable Governmental Authorities and the provisions hereof are intended to be limited to the extent necessary that they will not render this Deed of Trust invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law. If any provision hereof or

the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, neither the remainder of this Deed of Trust nor the application of such provision to other persons or circumstances shall be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

Section 9.10 Entire Agreement and Modification. This Deed of Trust may not be amended, revised, waived, discharged, released or terminated orally, but only by a written instrument or instruments executed by the party against which enforcement of the amendment, revision, waiver, discharge, release or termination is asserted. Any alleged amendment, revision, waiver, discharge, release or termination which is not so documented shall not be effective as to any party.

Section 9.11 Counterparts. This Deed of Trust may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute but one instrument.

Section 9.12 APPLICABLE LAW. THIS DEED OF TRUST SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS WITHOUT GIVING EFFECT TO ITS LAWS RELATING TO CONFLICTS OF LAWS, EXCEPT TO THE EXTENT THAT THE LAWS OF ANY OTHER JURISDICTION MANDATORILY GOVERN THE ATTACHMENT, CREATION VALIDITY, PRIORITY, PERFECTION OR MANNER OR PROCEDURE FOR ENFORCEMENT OF THE LIENS OR SECURITY INTERESTS CREATED BY THIS DEED OF TRUST; PROVIDED, HOWEVER, ANY REMEDIES PROVIDED IN THIS DEED OF TRUST WHICH ARE VALID UNDER THE LAWS OF THE JURISDICTION WHERE PROCEEDINGS FOR THE ENFORCEMENT OF THIS DEED OF TRUST ARE TAKEN SHALL NOT BE AFFECTED BY ANY INVALIDITY UNDER THE LAWS OF THE STATE OF TEXAS.

Section 9.13 Subrogation. If any or all of the proceeds of the Loans have been used to extinguish, extend or renew any indebtedness heretofore existing against the Mortgaged Property, then, to the extent of such funds so used, the Indebtedness and this Deed of Trust shall be subrogated to all of the rights, claims, Liens, titles and interests (herein collectively referred to as the "Prior Liens") heretofore existing against the Mortgaged Property to secure the indebtedness so extinguished, extended or renewed and the Prior Liens, if any, are not waived, but rather are continued in full force and effect in favor of Beneficiary and are merged with the Lien and security interest created herein as cumulative security for the repayment of the Indebtedness and the satisfaction of the Obligations. Foreclosure of the Liens created by this Deed of Trust shall also constitute foreclosure of the Prior Liens; provided, however, if, as a matter of law, foreclosure under this Deed of Trust may not also constitute the foreclosure of the Prior Liens, then notwithstanding a foreclosure under this Deed of Trust, Beneficiary and Trustee shall have, and they hereby reserve, all rights with respect to the Prior Liens, including the right after foreclosure under this Deed of Trust to seek a judicial foreclosure of any of the Prior Liens.

Section 9.14 No Partnership. Nothing contained herein is intended to, or shall be construed as, creating to any extent and in any manner whatsoever, any partnership, joint venture, or association between Grantor, Trustee and Beneficiary, or in any way make Beneficiary or Trustee co-principals with Grantor with reference to the Mortgaged Property, and any inferences to the contrary are hereby expressly negated.

Section 9.15 Headings. The Article, Section and Subsection entitlements hereof are inserted for convenience of reference only and shall in no way alter, modify or define, or be used in construing, the text of such Articles, Sections or Subsections.

Section 9.16: EXCULPATION PROVISIONS. EACH OF THE PARTIES HERETO SPECIFICALLY AGREES THAT IT HAS A DUTY TO READ THIS DEED OF TRUST; AND AGREES THAT IT IS CHARGED WITH NOTICE AND KNOWLEDGE OF THE TERMS OF THIS DEED OF TRUST; THAT IT HAS IN FACT READ THIS DEED OF TRUST AND IS FULLY INFORMED AND HAS FULL NOTICE AND KNOWLEDGE OF THE TERMS, CONDITIONS AND EFFECTS OF THIS DEED OF TRUST; THAT IT HAS BEEN REPRESENTED BY INDEPENDENT LEGAL COUNSEL OF ITS CHOICE THROUGHOUT THE NEGOTIATIONS PRECEDING ITS EXECUTION OF THIS DEED OF TRUST; AND HAS RECEIVED THE ADVICE OF ITS ATTORNEY IN ENTERING INTO THIS DEED OF TRUST; AND THAT IT RECOGNIZES THAT CERTAIN OF THE TERMS OF THIS DEED OF TRUST RESULT IN ONE PARTY ASSUMING THE LIABILITY INHERENT IN SOME ASPECTS OF THE TRANSACTION AND RELIEVING THE OTHER PARTY OF ITS RESPONSIBILITY FOR SUCH LIABILITY. EACH PARTY HERETO AGREES AND COVENANTS THAT IT WILL NOT CONTEST THE VALIDITY OR ENFORCEABILITY OF ANY EXCULPATORY PROVISION OF THIS DEED OF TRUST ON THE BASIS THAT THE PARTY HAD NO NOTICE OR KNOWLEDGE OF SUCH PROVISION OR THAT THE PROVISION IS NOT "CONSPICUOUS."

Section 9.17 Leasehold Provisions.

(a) Grantor has entered into that certain lease agreement covering the Mortgaged Property as described on Exhibit C attached hereto (together with any and all amendments and renewals thereof, the "Lease"). Grantor will at all times fully perform and comply with all agreements, covenants, terms and conditions imposed upon or assumed by it as lessee under the Lease, and if Grantor shall fail so to do Beneficiary may (but shall not be obligated to) take any action Beneficiary deems reasonably necessary or desirable to prevent or to cure any material default by Grantor in the performance of or compliance with any of Grantor's covenants or obligations under the Lease. Grantor hereby expressly grants to Beneficiary, and agrees that Beneficiary shall have, the absolute and immediate right to enter in and upon the real property described herein or any part thereof to such extent and as often as Beneficiary in its sole discretion deems necessary or desirable in order to prevent or to cure any such default by Grantor. Beneficiary may pay and expend such sums of money as Beneficiary in its sole discretion deems necessary for any such purpose, and Grantor hereby agrees to pay to Beneficiary, immediately and without demand, all such sums so paid and expended by Beneficiary, together with interest thereon from the date of each such payment at the Post-Default Rate. All sums so paid and expended by Beneficiary and the interest thereon shall be added to and be secured by the Lien of this Deed of Trust.

(b) Grantor will not surrender the leasehold estate and interest hereinabove described, nor terminate, cancel, modify, change, supplement, alter or amend the Lease, either orally or in writing, without the express written consent of Beneficiary (which consent shall not be unreasonably withheld or delayed).

- (c) No release or forbearance of any of Grantor's obligations under the Lease, pursuant to the Lease or otherwise, shall release Grantor from any of Grantor's obligations under this Deed of Trust, including Grantor's obligations with respect to the payment of rent as provided for in the Lease and the performance of all of the terms, provisions, covenants, conditions and agreements contained in the Lease, to be kept, performed and complied with by the tenant therein.
- (d) Beneficiary, by accepting this Deed of Trust, consents to the terms and provisions of the Lease, and the rights, titles and interests created in favor of the lessor thereunder shall not constitute a default under any provisions of this Deed of Trust.
- (e) This Deed of Trust is executed subject to the terms and provisions of the Lease and to all valid restrictions and covenants of record in the jurisdiction where such premises are located.
- (f) Unless Beneficiary shall otherwise expressly consent in writing, the fee title to the property demised by the Lease and the leasehold estate therein contained shall not merge but shall always remain separate and distinct, notwithstanding the union of the fee title and the leasehold estate by purchase or otherwise, in Landlord or Tenant thereunder, or in any other party. In the event Grantor acquires the fee title or any other estate, title or interest in the property demised under the Lease or any part thereof, the lien of this Deed of Trust, without further act, deed, conveyance or deed of trust on behalf of Grantor shall attach to, cover and be a lien upon such acquired estate, title or interest and such interest shall thereupon be and become a part of the security encumbered by this Deed of Trust with the same force and effect as if specifically encumbered in this Deed of Trust and in the event thereof, upon request of Beneficiary without cost or expense to Beneficiary, Grantor will execute, acknowledge and deliver all such further acts, conveyances, deeds, deeds of trust, and assurances as Beneficiary shall reasonably require to ratify and confirm Beneficiary's lien on the acquired estate, title or interest.
- (g) Grantor shall advise Beneficiary in writing of the giving of any notice to Grantor by Landlord under the Lease of any default by Grantor as Tenant thereunder in the performance or observance of any of the terms, conditions and covenants to be performed or observed by the Tenant thereunder and to deliver to Beneficiary a true copy of each such notice.
- (h) If the Lease is cancelled or terminated, and Beneficiary or its nominee shall acquire an interest in any new lease of the property demised thereby, Grantor shall have no right, title or interest in or to the new lease or to the leasehold estate created by such new lease.
- (i) Grantor will use its best efforts to obtain and deliver to Beneficiary within twenty (20) days after written request by Beneficiary, an estoppel certificate from Landlord under the Lease setting forth (i) the name of the Tenant thereunder, (ii) that the Lease has not been modified or, if it has been modified, the date of each modification (together with copies of each such modification), (iii) the rent payable under the Lease, (iv) the date to which all rental charges have been paid by Tenant under the Lease, (v) whether there are any alleged

defaults by Tenant under the Lease and, if so, setting forth the nature thereof in reasonable detail, and (vi) as to such other matters as Beneficiary may reasonably request.

(j) Grantor represents and warrants to Beneficiary that as of the date hereof, no default under the Lease has occurred and is continuing and that the Lease is valid and subsisting for the term set forth therein.

(k) Notwithstanding anything to the contrary contained herein, this Deed of Trust shall not constitute an assignment of the Lease and Beneficiary shall have no liability or obligation thereunder by reason of its acceptance of this Deed of Trust.

[SIGNATURES BEGIN NEXT PAGE]

WITNESS THE EXECUTION HEREOF this 5th day of August, 1997, effective, however,
as of August 6, 1997.

Grantor:

PACPIZZA, LLC

By: 

Name: James D. Gressett

Title: Manager

Address of Grantor/Debtor:

PacPizza, LLC

2000 Crow Canyon Plaza, Suite 260

San Ramon, California 94583

Attn: Michael D. Long

Address of Beneficiary/Secured Party:

Texas Commerce Bank National Association, as Agent

712 Main Street

Houston, Texas 77002

Attn: Franchise and Trademark Group

Address of Trustee:

Ticor Title Insurance Company

131 N. Third Street

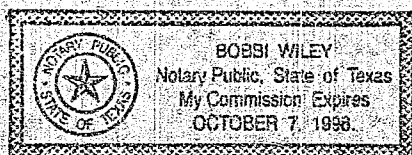
Coos Bay, Oregon 97420

27832

THE STATE OF TEXAS §

COUNTY OF DALLAS §

This instrument was acknowledged before me on this 5th day of August, 1997, by James D. Gressett, Manager of PacPizza, LLC, a Delaware limited liability company, on behalf of said company.



Robert Wiley
Notary Public in and for the
State of Texas

#102022

#102022, 3650 South 6th Street, Klamath Falls, Klamath County, Oregon, which is more legally described as:

Approximately 4,833 square feet of leased area located in the Town and Country Shopping Center, Klamath Falls, Oregon, which shopping center is more fully described in Exhibit "A-1" hereto. Situated in Section 3, Township 39 South, Range 9 East Willamette Meridian, Klamath County, Oregon, and more particularly located at (unspecified) South Sixth Street, Klamath Falls, Oregon, designated as space D-1A on Exhibit "A-1" hereto.

Pursuant to Chicago Title Insurance Company's Commitment No. 39211 for Title Insurance dated August 27, 1996, the property may be legally described as follows:

A portion of the NE 1/4 SE 1/4 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 pin on the South right-of-way line of South Sixth Street as presently located and constructed, which bears South 0 degrees 22' 15" East a distance of 48.5 feet from the Northwest corner of said NE 1/4 SE 1/4; thence Easterly, along said right-of-way line a distance of 142.5 feet to a point; thence South at right angles to said right-of-way line a distance of 460.0 feet to a point; thence West, parallel to said right-of-way line a distance of 142.5 feet, more or less, to the West line of said NE 1/4 SE 1/4; thence North along said West line a distance of 460.0 feet to the point of beginning.

PARCEL 2

A tract of land situated in the NE 1/4 SE 1/4 of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a 1/2 inch iron pin which bears South 89 degrees 52' West a distance of 745.73 feet and South 0 degrees 20'55" East a distance of 220.16 feet from the brass cap monument marking the East quarter corner of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, said beginning point also being on the South line of tract described as Parcel #1 in Deed from Klamath County School District to Klamath County,

recorded in Volume 295 at page 135, Deed Records of Klamath County, Oregon; thence continuing from said beginning point South 0 degrees 20'55" East along a line parallel to and 4.0 feet distant Easterly, when measured at right angles to, from the existing Easterly wall of the Payless Drug Store Building as the same is presently located and constructed a distance of 402.04 feet to a 1/2 inch iron pipe; thence South 53 degrees 42' 15" West a distance of 304.44 feet, more or less, to a 1/2 inch iron pipe on the Northeasterly boundary of the O. C. & E. Railroad right-of-way as the same is presently located and constructed, and from which point the aforesaid monument marking the East quarter corner of said Section 3 bears North 50 degrees 50'20" East a distance of 1273.34 feet; thence Northwesterly along said Northeasterly boundary of the O. C. & East Railroad right-of-way a distance of 299.5 feet, more or less to the West line of said NE 1/4 SE 1/4; thence North along said West line a distance of 186.5 feet, more or less, to a point on said West line which bears South 0 degrees 22'15" East a distance of 460.0 feet from the Southerly boundary line of the relocated right-of-way of the Klamath Falls-Lakeview Highway; thence easterly, parallel with said highway right-of-way line a distance of 142.5 feet to a point; thence North, parallel with the West line of said NE 1/4 SE 1/4, a distance of 460.0 feet, more or less, to the Southerly boundary of said relocated highway right-of-way; thence Easterly along said relocated right-of-way line a distance of 387.7 feet, more or less, to a point which bears North 0 degrees 20'55" West from the point of beginning; thence South 0 degrees 20' 55" East a distance of 174.66 feet, more or less, to the point of beginning

A parcel of land lying in the NE 1/4 SE 1/4 of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a point which bears South 01 degrees 14' East a distance of 55.03 feet and South 89 degrees 14' West a distance of 580.0 feet from the quarter section corner common to Sections 2 and 3, said Township and Range, said point being on the South right-of-way line of South Sixth Street as presently located and constructed; thence continuing South 89 degrees 14' West along said South right-of-way line a distance of 129.4 feet to the Northwest corner of this description; thence South 0 degrees 18' East a distance of 137.0 feet to an iron pin; thence North 89 degrees 14' East a distance of 131.9 feet to an iron pin; thence North 01 degrees 14' West a distance of 137.0 feet, more or less, to the point of beginning, EXCEPTING a strip of land 8 feet wide running North and South on the West side of said parcel reserved for sidewalk purposes.

Subject to easements and restrictions of record.

27895

EXHIBIT B

PERMITTED ENCUMBRANCES

[None]

EXHIBIT C

Leases - Klamath County, Oregon

#102022:

Lease dated January 1, 1989 by and between Waggoner Plaza, a Limited Partnership, as Landlord and Cascade Pizza Development Corp, as Tenant, as assigned to PacPizza, LLC, as amended, supplemented, modified, extended or renewed. The property covered by such lease being more particularly described on Exhibit A hereto, as #102022.

PARM1034PACPIZZA1SEDESCPKLAMA_ORLSE

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Vinson & Elkins L.L.P. the 26th day
 of August A.D., 19 97 at 10:27 o'clock A. M., and duly recorded in Vol. M97
 of Mortgages on Page 27864

FEE

\$175.00

By

Bernetha G. Letsch, County Clerk

Bernetha G. Letsch