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The name and address of the entity holding the lien is set forth to the left and the tax account number (s) of the property is (are): _____

Record and return to:

Principal Commercial Advisors, Inc.
11050 Roe Avenue, Suite 200
Overland Park, KS 66211

REC-2535
TRUST DEED, SECURITY AGREEMENT
AND ASSIGNMENT OF RENTS

THIS DEED OF TRUST, made as of August 1st, 1998, between A2C3 Partners, an Oregon general partnership, having a principal place of business and post office address at 122 South Fifth Street, Klamath Falls, Oregon 97601, as Grantor, First American Title Company, as Trustee, and PRINCIPAL COMMERCIAL ADVISORS, INC., an Iowa corporation, having its principal place of business and post office address at 11050 Roe Avenue, Suite 200, Overland Park, Kansas 66211, as Beneficiary,

WITNESSETH:

THAT Grantor is justly indebted to Beneficiary for money borrowed in the principal sum of One Million Seven Hundred Fifty Thousand Dollars (\$1,750,000), evidenced by Grantor's promissory note (herein called the Note) of even date herewith, made payable and delivered to Beneficiary, in which Note Grantor promises to pay to Beneficiary the said principal sum or so much thereof as may be advanced from time to time by Beneficiary, together with interest at the rate, at the times, and in installments as in the Note provided, until the entire principal and accrued interest have been paid, but in any event, the principal balance (if any) remaining due on the Note shall be due and payable on September 1, 2013 ("Maturity Date").

NOTICE TO THE BORROWER

DO NOT SIGN THIS LOAN AGREEMENT BEFORE YOU READ IT. THIS LOAN AGREEMENT PROVIDES FOR THE PAYMENT OF A PENALTY IF YOU WISH TO REPAY THE LOAN PRIOR TO THE DATE PROVIDED FOR REPAYMENT IN THE LOAN AGREEMENT AND AUTHORIZES THE LENDER TO REFUSE TO ACCEPT REPAYMENT OF THE LOAN PRIOR TO THE DATE PROVIDED FOR REPAYMENT IN THE LOAN AGREEMENT.

NOW, THEREFORE, to secure the payment of the said indebtedness in accordance with the terms and conditions hereof and of the Note, and all extensions, modifications, and renewals thereof

and the performance of the covenants and agreements contained herein, and also to secure the payment of any and all other indebtedness, direct or contingent, that may now or hereafter become owing from Grantor to Beneficiary, and in consideration of Ten Dollars in hand paid, receipt of which is hereby acknowledged, Grantor does by these presents convey unto Trustee, its successors and assigns forever, with the power of sale, that certain real estate and all of Grantor's estate, right, title and interest therein, located in the County of Klamath, State of Oregon, more particularly described in Exhibit A attached hereto and made a part hereof, which real estate, together with the following described property, rights and interests, is collectively referred to herein as the "Premises."

Together with Grantor's interest as lessor in and to all leases of the said Premises, or any part thereof, heretofore or hereafter made and entered into by Grantor during the life of this Deed of Trust or any extension or renewal hereof and all rents, income, issues, proceeds and profits accruing or to accrue from the Premises (which are pledged primarily and on a parity with the real estate and not secondarily).

Together with all and singular the tenements, hereditaments, easements, appurtenances, passages, waters, water courses, riparian rights, rights in trade names, other rights, liberties and privileges thereof or in any way now or hereafter appertaining, including homestead and any other claim at law or in equity as well as any after-acquired title, franchise or license and the reversion and reversions and remainder and remainders thereof.

Together with the right in case of foreclosure hereunder of the encumbered property for Beneficiary to take and use the name by which the buildings and all other improvements situated on the Premises are commonly known and the right to manage and operate the said buildings under any such name and variants thereof.

Together with all right, title and interest of Grantor in any and all buildings and improvements of every kind and description now or hereafter erected or placed on the said real estate and all materials intended for construction, reconstruction, alteration and repairs of such buildings and improvements now or hereafter erected thereon, all of which materials shall be deemed to be included within the Premises immediately upon the delivery thereof to the Premises, and all fixtures now or hereafter owned by Grantor and attached to or contained in and used in connection with the Premises including, but not limited to, all machinery, motors, elevators, fittings, radiators, awnings, shades, screens, and all plumbing, heating, lighting, ventilating, refrigerating, incinerating, air conditioning and sprinkler equipment and fixtures and appurtenances thereto; and all items of furniture, furnishings, equipment and personal property owned by Grantor used or useful in the operation of the Premises; and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are or shall be attached to said buildings or improvements in any manner; it being mutually agreed, intended and declared that all the aforesaid property owned by Grantor and placed by it on the real estate or used in connection with the operation or maintenance of the Premises shall, so far as permitted by law, be deemed to form a part and parcel of the real estate and for the purpose of this Deed of Trust to be real estate and covered by this Deed of Trust, and as to any of the property

aforesaid which does not form a part and parcel of the real estate and does not constitute a "fixture" (as such term is defined in the Uniform Commercial Code) this Deed of Trust is hereby deemed to be, as well, a Security Agreement under the Uniform Commercial Code for the purpose of creating hereby a security interest in such property which Grantor hereby grants to Beneficiary as Secured Party. Grantor agrees to execute any and all documents, including financing statements which may be required by Beneficiary to perfect the security interest granted hereby.

Together with all right, title and interest of Grantor, now or hereafter acquired, in and to any and all strips and gores of land adjacent to and used in connection with the Premises and all right, title and interest of Grantor, now owned or hereafter acquired, in, to, over and under the ways, streets, sidewalks and alleys adjoining the Premises.

Together with all funds now or hereafter held by Beneficiary under any escrow security agreement or under any of the terms hereof, including but not limited to funds held under the provisions of paragraph 4 hereof.

TO HAVE AND TO HOLD the same unto Trustee, Trustee's successors and assigns, upon the trusts, covenants and agreements herein expressed.

Grantor represents that it is the absolute owner in fee simple of the Premises described in Exhibit A, which Premises are free and clear of any liens or encumbrances except as set out in Exhibit B attached hereto, and except for taxes which are not yet due or delinquent. Grantor shall forever warrant and defend the title to the Premises against all claims and demands of all persons whomsoever and will on demand execute any additional instrument which may be required to give Trustee a valid first lien on all of the Premises, except as stated in Exhibit B.

Grantor further represents that: (i) the Premises is not subject to any casualty damage; (ii) except as disclosed in that Phase I Environmental Report conducted by Hahn and Associates, Inc. and dated June 29, 1998 (the "Report"), there is no Hazardous Material (as hereinafter defined) on the Premises, nor has any Hazardous Material been discharged from the Premises or penetrated any surface or subsurface rivers or streams crossing or adjoining the Premises or the aquifer underlying the Premises; and (iii) Grantor has complied and caused the Premises to comply with all Environmental Laws (as hereinafter defined) relating to the Premises. "Hazardous Material(s)" as used in this Deed of Trust means any hazardous or toxic material, substance, pollutant, contaminant, or waste or similar terms, defined by or regulated as such under any Environmental Laws, but shall not include (a) supplies for cleaning and maintenance in commercially reasonable amounts required for use in the ordinary course of business, provided such items are incidental to the use of the Premises and are stored and used in compliance with all Environmental Laws, (b) standard office supplies in commercially reasonable amounts required for use in the ordinary course of business, provided such items are incidental to the use of the Premises and are stored and used in compliance with all Environmental Laws, or (c) retail tenants' inventory generally held for resale in a typical shopping center, provided such inventory is stored and sold in compliance with Environmental Laws

(items referred to in clauses (a), (b) and (c) hereinafter sometimes referred to as "Excluded Hazardous Material"). "Environmental Law(s)" as used in this Deed of Trust means any federal, state or local law, whether common law, court or administrative decision, ordinance, regulation, rule, court order or decree, or administrative order or any administrative policy or guideline concerning action levels of a governmental authority relating to the environment, public health, any Hazardous Material or any Environmental Activity or Condition (as hereinafter defined) on, under or about the Premises, in effect from time to time, including, but not limited to (w) the Federal Water Pollution Control Act, as amended (33 U.S.C. §1251 et seq.); (x) the Resource Conservation and Recovery Act, as amended (42 U.S.C. §6901 et seq.); (y) the Comprehensive Environmental Response, Compensation and Liability Act, as amended (42 U.S.C. §9601 et seq.); or (z) the Federal Clean Air Act, as amended (42 U.S.C. §7401 et seq.). "Environmental Activity or Condition" as used in this Deed of Trust means the presence, use, generation, manufacture, production, processing, storage, release, threatened release, discharge, disposal, treatment or transportation of any Hazardous Material on, onto, in, under, over or from the Premises, or the violation of any Environmental Law because of the condition of, or activity on, the Premises.

GRANTOR COVENANTS AND AGREES AS FOLLOWS:

1. Grantor shall
 - (a) pay each item of indebtedness secured by this Deed of Trust when due according to the terms hereof and of the Note;
 - (b) pay a late charge equal to four percent (4%) of any payment of principal, interest or premium which is not paid within five (5) days following the due date thereof to cover the expense involved in handling such late payment;
 - (c) pay on or before the due date thereof any indebtedness which may be secured by a lien or charge on the Premises (except for mechanic's liens, which are prohibited under paragraph 1(f) hereof), and upon request of Beneficiary exhibit satisfactory evidence of the discharge thereof;
 - (d) complete within a reasonable time the construction of any building now or at any time in process of construction upon the real estate;
 - (e) make no material alteration to the Premises without the prior written consent of Beneficiary, except such as are required by law or ordinance;
 - (f) remove or demolish no building or other improvement at any time a part of the Premises, and shall keep the Premises, including the buildings and improvements, in

good condition and repair, without waste, and free from mechanics' liens or other liens or claims for liens and encumbrances;

- (g) comply, and shall cause each lessee or other user of the Premises to comply, with all requirements of law and ordinance, and with all rules and regulations, now or hereafter enacted, by authorities having jurisdiction of the Premises and the use thereof, all orders and directions of the National Fire Protection Association or similar body, and all covenants, conditions and restrictions of record pertaining to the Premises, including the building and improvements, and the use thereof;
- (h) cause or permit no change to be made in the general use of the Premises without Beneficiary's prior written consent;
- (i) initiate or acquiesce in no zoning reclassification or material change in zoning without Beneficiary's prior written consent;
- (j) make or permit no use of the Premises that could with the passage of time result in the creation of any right of use, or any claim of adverse possession or easement on, to or against any part of the Premises in favor of any person or the public;
- (k) subject to the provisions of paragraph 5(c) hereof, promptly repair, restore or rebuild any buildings or improvements now or hereafter a part of the Premises which may become damaged or be destroyed by any cause whatsoever, so that upon completion of the repair, restoration and rebuilding of the building and improvements, there will be no liens of any nature arising out of the construction and the Premises will be of substantially the same character and will have a commercial value at least as great as the commercial value thereof prior to the damage or destruction;
- (l) not, directly or indirectly, due to assignment of beneficial interest under a trust, partnership interest in a partnership, or otherwise, cause or permit any sale, transfer or conveyance of the Premises or create, suffer or permit any encumbrance or lien on the Premises other than the lien hereof, the leases of the Premises assigned to Beneficiary and other exceptions expressly referred to herein (except for mechanic's liens, which are prohibited under paragraph 1(f) hereof), it being understood and agreed that the indebtedness evidenced by the Note and its terms are personal to Grantor and in accepting the same Beneficiary has relied upon what it perceived as the willingness and ability of Grantor to perform its obligations hereunder, under the Note, and as lessor under leases of the Premises; Beneficiary may consent to a sale, transfer, conveyance or encumbrance and expressly waive this provision in writing to Grantor however any such consent and waiver shall not constitute any consent or waiver of this provision as to any sale, transfer, conveyance or encumbrance other than that for which the consent and waiver was expressly granted; Beneficiary's

ability to consent to any sale, transfer, conveyance or encumbrance and waive this provision implies no standard of reasonableness in determining whether or not such consent shall be granted and the same may be based upon what Beneficiary solely deems to be in its best interest; without limiting Beneficiary's right to withhold its consent and waiver entirely; such consent and waiver may be conditioned upon an increase in the rate of interest under the Note and the imposition of other terms and conditions thereunder or hereunder; any sale, transfer, conveyance or encumbrance made, created or permitted in violation of this provision shall be null and void and in addition to the other rights and remedies available to Beneficiary hereunder, Beneficiary shall have the option of declaring the unpaid principal balance of the Note, together with all accrued and unpaid interest, premium, if any and all other sums and charges evidenced thereby or owing hereunder, immediately due and payable;

Notwithstanding anything hereinabove to the contrary, Beneficiary does hereby consent to a one time sale, transfer or conveyance of the Premises and subsequent assumption of the obligations of the Guarantor's under this Deed of Trust and the Note secured hereby, subject to Beneficiaries' approval of the proposed purchaser which approval shall be conditioned upon but not limited to, the proposed purchaser's creditworthiness, financial strength and real estate management expertise and subject to the payment of an assumption fee in the amount of one percent (1%) of the then outstanding principal balance of the Note to Beneficiary. Guarantor shall pay to Beneficiary a reasonable fee for the handling of this transaction. Beneficiary further agrees that any sale or transfer of ownership of said collateral to a Family Partnership, Corporation or Living Trust for estate planning purposes shall not constitute a transfer of ownership nor trigger the provisions of the due on sale clause

- (m) not cause or permit any Hazardous Material to exist on or discharge from the Premises, and comply and cause the Premises to comply with all Environmental Laws, and promptly: (i) pay any claim against Grantor or the Premises due to an Environmental Activity or Condition, (ii) remove any charge or lien upon the Premises due to an Environmental Activity or Condition, and (iii) indemnify, defend and hold Beneficiary harmless from any and all claims, demands, loss or damage, resulting from any Environmental Activity or Condition; provided, however, that this indemnity does not apply to any future Environmental Activity or Condition resulting solely from any act or omission for which Grantor bears no responsibility and which occurs after Grantor or any person or entity in any way related to Grantor no longer holds title to or has any interest in the Premises;
- (n) not cause or permit any Hazardous Material to exist on or discharge from any property owned or used by Grantor which would result in any charge or lien upon the Premises;

- (o) notify Beneficiary of any Hazardous Material that exists on or is discharged from the Premises within ten (10) days after Grantor first has knowledge of such existence or discharge;
 - (p) if other than a natural person, to preserve and keep in full force and effect its existence, franchises, rights and privileges under the laws of the state of its formation and, if other than its state of formation, the state where the Premises is located;
 - (q) do all things necessary to preserve and keep in full force and effect Beneficiary's title insurance coverage insuring the lien of this Deed of Trust as a first and prior lien, subject only to the exceptions stated in Exhibit B and any other exceptions after the date of this Deed of Trust approved in writing by Beneficiary, including without limitation, delivering to Beneficiary not less than 30 days prior to the effective date of any rate adjustment, modification or extension of the Note or this Deed of Trust, any new policy or endorsement which may be required to assure Beneficiary of such continuing coverage;
 - (r) not, directly or indirectly, commit waste; and
 - (s) pay or cause any lessee to pay all utilities on the Premises prior to becoming delinquent.
2. (a) Grantor shall pay or cause to be paid when due and before any penalty attaches or interest accrues all general taxes, special taxes, assessments (including assessments for benefits from public works or improvements whenever begun or completed), water charges, sewer service charges, CAM charges, if any, vault or space charges and all other like charges against or affecting the Premises or against any property or equipment located on the Premises, or which might become a lien on the Premises, and shall, within 10 days following Beneficiary's request, furnish to Beneficiary a duplicate receipt of such payment. If any such tax, assessment or charge may legally be paid in installments, Grantor may, at its option, pay such tax, assessment or charge in installments.
- (b) To prevent default hereunder Grantor shall pay in full, under protest in the manner provided by law, any tax, assessment or charge which Grantor may desire to contest; provided, however, that
- (i) if contest of any tax, assessment or charge may be made without the payment thereof, and

- (ii) such contest shall have the effect of preventing the collection of the tax, assessment or charge so contested and the sale or forfeiture of the Premises or any part thereof or any interest therein to satisfy the same,

then Grantor may at its option and in its discretion and upon the giving of written notice to Beneficiary of its intended action and upon the furnishing to Beneficiary of such security or bond as Beneficiary may require, contest any such tax, assessment or charge in good faith and in the manner provided by law. All costs and expenses incidental to such contest shall be paid by Grantor. In the event of a ruling or adjudication adverse to Grantor, Grantor shall promptly pay such tax, assessment or charge. Grantor shall indemnify and save harmless the Beneficiary and the Premises from any loss or damage arising from any such contest and shall, if necessary to prevent sale, forfeiture or any other loss or damage to the Premises or the Beneficiary, pay such tax, assessment or charge or take whatever action is necessary to prevent any sale, forfeiture or loss.

- 3. (a) Grantor shall at all times keep in force (i) property insurance insuring all buildings and improvements which now are or hereafter become a part of the Premises for perils covered by an all-risk or a causes of loss-special form insurance policy with an ordinance or law coverage endorsement containing both replacement cost and agreed amount endorsements or options; (ii) commercial general liability insurance naming Trustee and Beneficiary as additional insureds protecting Grantor, Beneficiary and Trustee against liability for bodily injury or property damage occurring in, on or adjacent to the Premises in commercially reasonable amounts, with a combined single limit of not less than One Million Dollars (\$1,000,000.00) per occurrence with not less than a Two Million Dollar (\$2,000,000.00) aggregate limit; (iii) boiler and machinery insurance if the property has a boiler or is an office building; (iv) rental value insurance for the perils specified herein for one hundred percent (100%) of the rents (including operating expenses, real estate taxes, assessments and insurance costs which are lessee's liability) for a period of twelve (12) months; and (v) insurance against all other hazards as may be reasonably required by Beneficiary, including, without limitation, insurance against loss or damage by flood and earthquake.
- (b) All insurance shall be in form, content and amounts approved by Beneficiary and written by an insurance company or companies rated A-, class size VIII or better in the most current issue of Best's Insurance Reports and which is licensed to do business in the state in which the Premises are located and domiciled in the United States or a governmental agency or instrumentality approved by Beneficiary. The policies for such insurance shall have attached thereto standard mortgagee clauses in favor of and permitting Beneficiary to collect any and all proceeds payable thereunder and shall include a 30 day (except for nonpayment of premium, in which case, a 10 day) notice of cancellation clause in favor of Beneficiary. All policies or certificates

of insurance shall be delivered to and held by Beneficiary as further security for the payment of the Note and any other obligations arising under the Loan Documents, with evidence of renewal coverage delivered to Beneficiary at least 30 days before the expiration date of any policy. Not more frequently than once every three years, if Beneficiary has a reasonable belief that the replacement cost value is not correct, it shall notify Grantor and Grantor, at its expense, will furnish Beneficiary with an appraisal of the full insurable replacement cost value of the Premises, made by fire insurance appraisers satisfactory to Beneficiary and fire insurance companies generally. Grantor shall not carry separate insurance, concurrent in kind or form and contributing in the event of loss, with any insurance required herein.

4. (a) Upon request of Beneficiary, Grantor shall deposit with and pay to Beneficiary, on each payment date specified in the Note secured by this Deed of Trust, a sum equivalent to: (1) the taxes and assessments assessed or levied against and next due on the Premises divided by the number of payments that will become due and payable under the Note before the date when such taxes and assessments will become due and payable, plus (2) the premiums that will next become due and payable for insurance required by this Deed of Trust to be furnished by Grantor divided by the number of payments that will become due and payable under the Note before the date when such premiums will become due and payable. Beneficiary shall use such deposits to pay the taxes, assessments and premiums when the same become due. Beneficiary shall not be liable for interest on such deposits. Grantor shall procure and deliver to Beneficiary, in advance, statements for such charges. If the total payments made by Grantor under this paragraph exceed the amount of payments actually made by Beneficiary for taxes, assessments and insurance premiums, such excess shall be credited by Beneficiary on subsequent deposits to be made by Grantor. If, however, the deposits are insufficient to pay the taxes, assessments and insurance premiums when the same shall be due and payable, Grantor will pay to Beneficiary any amount necessary to make up the deficiency, five (5) business days before the date when payment of such taxes, assessments and insurance premiums shall be due. If at any time Grantor shall tender to Beneficiary, in accordance with the provisions of the Note secured by this Deed of Trust, full payment of the entire indebtedness represented thereby, Beneficiary shall, in computing the amount of such indebtedness, credit to the account of Grantor any balance remaining in the funds accumulated and held by Beneficiary under the provisions of this paragraph. If there is an Event of Default under any of the provisions of this Deed of Trust resulting in a public sale of the Premises, or if Beneficiary otherwise acquires the Premises after an Event of Default, Beneficiary shall apply, at the time of commencement of such proceedings, or at the time the Premises is otherwise acquired, the balance then remaining in the funds accumulated under this paragraph as a credit on the interest accrued and unpaid and the balance to the principal then remaining unpaid under the Note. The provisions of this paragraph shall not affect the enforceability of the

covenants relating to taxes, assessments and insurance premiums provided for in this Deed of Trust, except to the extent that obligations for the same have been actually met by compliance with this paragraph.

- (b) Any funds held under this paragraph shall not constitute any deposit or account of the Grantor or moneys to which the Grantor is entitled upon demand, or upon the mere passage of time, or sums to which Grantor is entitled to any interest or crediting of interest by virtue of Beneficiary's mere possession of such deposits. Beneficiary shall not be required to segregate such deposits or hold such deposits in any separate account for the benefit of Grantor. Beneficiary may hold such deposits in its general account or any other account and may commingle such deposits with any other moneys of Beneficiary or moneys which Beneficiary is holding on behalf of any other person or entity. Grantor hereby consents to the investment of such deposits by Beneficiary as outlined herein.
5. In the event of any damage to or destruction of the buildings or improvements which are a part of the Premises:
- (a) Grantor will immediately notify Beneficiary thereof in the manner provided in this Deed of Trust for the giving of notices. Beneficiary may in its discretion (and it is hereby authorized to) either settle and adjust any claim under such insurance policies, or allow Grantor to agree with the insurance company or companies on the amount to be paid upon the loss. In either case, the proceeds shall be paid to Beneficiary and Beneficiary is authorized to collect and to give receipts therefor. In the event Beneficiary elects to either settle or adjust any claim under such insurance policies, and provided there is no Event of Default or event which with the passage of time or notice or both would constitute an Event of Default which has occurred and is continuing, Grantor shall have the right to participate in said settlement or adjustment; provided, however, that any settlement or adjustment shall be subject to the written approval of Beneficiary.
 - (b) Such proceeds, after deducting therefrom any expenses incurred in the collection thereof, including reasonable attorneys' fees and costs, shall be applied at the option of Beneficiary either to the cost of rebuilding and restoring the buildings and improvements or in reduction of the indebtedness secured hereby whether or not then due and payable, provided however, that if no Event of Default has occurred and Beneficiary has not otherwise previously accelerated the whole or any part of the indebtedness secured hereby, such reduction shall be without Make Whole Premium. Any excess proceeds remaining after said indebtedness is fully paid shall be promptly remitted to Grantor.

- (c) Regardless of the cause of the damage or destruction or the availability or sufficiency of insurance proceeds until all indebtedness secured hereby shall be fully paid, Grantor shall be obligated to repair, restore and rebuild any buildings or improvements so damaged or destroyed, provided however, that if any insurance proceeds have been paid to Beneficiary under any insurance policies maintained by Grantor under the provisions of Paragraph 3, Grantor shall be so obligated only if Beneficiary elects to apply such proceeds to the cost of rebuilding and restoration. Repair and restoration of the buildings and improvements shall be commenced promptly after the occurrence of the loss and shall be prosecuted to completion diligently, and the buildings and improvements shall be so restored and rebuilt as to be of at least equal value and substantially the same character as prior to such damage and destruction. In the event the estimated costs of rebuilding and restoration exceed 25% of the indebtedness then remaining unpaid as secured hereby, the drawings and specifications pertaining to such rebuilding and restoration shall be subject to the prior written approval of Beneficiary.
- (d) In the event that Grantor is to be reimbursed out of the insurance proceeds, such proceeds shall be made available from time to time upon the furnishing to Beneficiary of satisfactory evidences of the estimated cost of completion thereof and such architect's certificates, waivers of lien, contractor's sworn statements, and other evidence of cost and of payment and of the continued priority of the lien hereof over any potential liens of mechanics and materialmen as Beneficiary may require and approve. No payment made by Beneficiary prior to the final completion of the work shall, together with all payments theretofore made, exceed 90% of the cost of the work performed to the time of payment, and at all times the undisbursed balance of said proceeds shall be at least sufficient to pay for the cost of completion of the work free and clear of liens. Any proceeds remaining after payment of the cost of rebuilding and restoration shall, at the option of Beneficiary, either be applied in reduction of the indebtedness secured hereby, provided, however, that if no Event of Default has occurred and Beneficiary has not otherwise previously accelerated the whole or any part of the indebtedness secured hereby, such reduction shall be without Make Whole Premium, or paid to Grantor.
- (e) Should such damage or destruction occur after foreclosure or sale proceedings have been instituted, the proceeds of any such insurance policy or policies, if not applied in rebuilding or restoration of the buildings or improvements, shall be used to pay the amount due in accordance with any decree of foreclosure or deficiency judgment that may be entered in connection with such proceedings, and the balance, if any, shall be paid to the owner of the equity of redemption if he shall then be entitled to the same, or otherwise as any court having jurisdiction may direct. Following any foreclosure sale, or other sale of the Premises by Beneficiary pursuant to the terms hereof, Beneficiary is authorized without the consent of Grantor to assign any and all

insurance policies to the purchaser at the sale and to take such other steps as Beneficiary may deem advisable to cause the interests of such purchaser to be protected by any of such insurance policies.

- (i) Notwithstanding the above, in the event of damage or destruction causing less than \$25,000 to repair, Grantor will not need to seek Beneficiary's approval prior to repairing the damage and any insurance proceeds paid to Beneficiary shall be endorsed over and paid to Grantor; provided, however, that in the Event of Default, Beneficiary shall not be bound by the provisions of this paragraph 5(f).
6. Grantor hereby assigns, transfers and sets over to Beneficiary the entire proceeds of any award or claim for damage to any of the Premises taken or damaged under the power of eminent domain or by condemnation. In the event of the commencement of any eminent domain or condemnation proceeding affecting the Premises:
- (a) Grantor shall notify Beneficiary thereof in the manner provided in this Deed of Trust for the giving of notices. Beneficiary may participate in such proceeding, and Grantor shall deliver to Beneficiary all documents requested by it to permit such participation.
 - (b) Beneficiary may elect to apply the proceeds of the award upon or in reduction of the indebtedness secured hereby, whether or not then due and payable, provided however, that if no Event of Default has occurred and Beneficiary has not otherwise previously accelerated the whole or any part of the indebtedness secured hereby, such reduction shall be without Make Whole Premium, or to require Grantor to restore or rebuild, in which event the proceeds shall be held by Beneficiary and used to reimburse Grantor for the cost of restoring and rebuilding all buildings and improvements in accordance with plans and specifications to be submitted to and approved by Beneficiary.
 - (c) In the event Beneficiary elects to reimburse Grantor for the costs of restoring and rebuilding the Premises, then the proceeds of the award shall be paid out in the same manner as provided in this Deed of Trust for the payment of insurance proceeds in reimbursement of the costs of rebuilding and restoration. If the amount of such award is insufficient to cover the cost of restoring and rebuilding, Grantor shall pay such cost in excess of the award before being entitled to reimbursement out of the award. Any proceeds remaining after payment of cost of restoring and rebuilding shall, at the option of Beneficiary, either be applied on account of the indebtedness secured hereby, provided, however, that if no Event of Default has occurred and Beneficiary has not otherwise previously accelerated the whole or any part of the indebtedness secured hereby, such reduction shall be without Make Whole Premium, or be paid to Grantor.

7. If by the laws of the United States of America or of any state or governmental subdivision having jurisdiction of Grantor or of the Premises or of the transaction evidenced by the Note and this Deed of Trust, any tax or fee is due or becomes due in respect of the issuance of the Note hereby secured or the making, recording and registration of this Deed of Trust, except for Beneficiary's income tax, Grantor covenants and agrees to pay such tax or fee in the manner required by such law, and to hold harmless and indemnify Trustee and Beneficiary, their successors and assigns, against any liability incurred by reason of the imposition of any such tax or fee.
8. In the event of the enactment after the date hereof of any applicable law deducting from the value of land for the purpose of taxation any lien thereon, or imposing upon Trustee or Beneficiary the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Grantor, or changing in any way the laws relating to the taxation of deeds of trust or debts secured by deeds of trust or the interest of Trustee or Beneficiary in the Premises, or the manner of collection of taxes, so as to affect this Deed of Trust or the debt secured hereby or the holder thereof, except for Beneficiary's income tax, then and in any such event Grantor shall, upon demand by Beneficiary, pay such taxes or assessments or reimburse Beneficiary therefor; provided, however, that, if in the opinion of counsel for Beneficiary (a) it might be unlawful to require Grantor to make such payment, or (b) the making of such payment might be construed as imposing a rate of interest beyond the maximum permitted by law, then and in such event Beneficiary may elect to declare all of the indebtedness secured hereby to be and become due and payable 60 days from the giving of written notice of such election to Grantor, provided, however, that if no Event of Default has occurred and Beneficiary has not otherwise previously accelerated the whole or any part of the indebtedness secured hereby, such payment shall be without Make Whole Premium.
9. (a) Upon the occurrence of any Event of Default under this Deed of Trust, Beneficiary may, but need not, make any payment or perform any act herein required of Grantor, in any form and manner deemed expedient and may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting said Premises, or contest any tax or assessment. All moneys paid for any of the purposes herein authorized and all reasonable expenses paid or incurred in connection therewith, including reasonable attorneys' fees and costs and reasonable attorneys' fees and costs on appeal, and any other money advanced by Beneficiary to protect the Premises and the lien hereof, shall be so much additional indebtedness secured hereby and shall become immediately due and payable without notice and with interest thereon at the Default Rate (as hereinafter defined) from the date of expenditure or advance until paid.

- (b) In making any payment hereby authorized relating to taxes or assessments or for the purchase, discharge, compromise or settlement of any prior lien, Beneficiary may make such payment according to any bill, statement or estimate secured from the appropriate public office without inquiry into the accuracy thereof or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof or without inquiry as to the validity or amount of any claim for lien which may be asserted.
10. If one or more of the following events (herein called "Events of Default") shall have occurred:
- (a) default shall be made in the payment of any principal, interest, premium, utilities, taxes or assessments referred to in this Deed of Trust or insurance premiums for the insurance required pursuant to this Deed of Trust when due under the Note or this Deed of Trust, and such default shall have continued for 10 days; or
 - (b) Grantor or any general partner of Grantor shall be dissolved, or a decree or order for relief shall be entered by a court having jurisdiction in respect of Grantor or any general partner of Grantor in a voluntary or involuntary case under the Federal Bankruptcy Code as now or hereafter constituted, or Grantor or any general partner of Grantor shall file a voluntary petition in bankruptcy or for reorganization or an arrangement or any composition, readjustment, liquidation, dissolution or similar relief pursuant to any similar present or future state or federal bankruptcy law, or shall be adjudicated a bankrupt or become insolvent, or shall commit any act of bankruptcy as defined in such law, or shall take any action in furtherance of the foregoing; or
 - (c) a petition or answer shall be filed proposing the adjudication of Grantor or any general partner of Grantor as a bankrupt or its reorganization or arrangement, or any composition, readjustment, liquidation, dissolution or similar relief with respect to it pursuant to any present or future federal or state bankruptcy or similar law, and Grantor or any general partner of Grantor shall consent to the filing thereof, or such petition or answer shall not be discharged within 60 days after the filing thereof; or
 - (d) by the order of a court of competent jurisdiction, a receiver, trustee, custodian or liquidator of the Premises or any part thereof or of Grantor or any general partner of Grantor or of substantially all of its assets shall be appointed and shall not be discharged or dismissed within 60 days after such appointment, or if Grantor or any general partner of Grantor shall consent to or acquiesce in such appointment; or
 - (e) with respect to the matters not described in the other subparagraphs of this paragraph 10, default shall be made in the due observance or performance of any covenant,

condition or agreement of the Grantor contained in this Deed of Trust, the Note and Assignment of Lease and Rents of even date herewith from Grantor to Beneficiary or in any other instrument or agreement by which the Note is secured (the "Loan Documents"), and such default shall have continued for 30 days after notice specifying such default is given by Beneficiary to Grantor; or

- (f) any representation or warranty made by Grantor herein or in the Loan Documents shall prove to be untrue or inaccurate in any material respect; or
- (g) the failure of Grantor to give notice to Beneficiary in the manner provided in this Deed of Trust for the giving of notices within 30 days after the death of any individual who is personally liable for the payment of the indebtedness secured hereby or any part thereof, as Grantor, indemnitor, or guarantor, whether or not such persons have executed the Note or this Deed of Trust. The term "Grantor" as used herein shall be as defined in this Deed of Trust; or
- (h) the death of both general partners, Bradford J. Aspell and John K. Aspell, who are personally liable for the payment of the indebtedness secured hereby or any part thereof whether such person is the Grantor or any indemnitor or guarantor and whether or not such person has executed the Note or this Deed of Trust;

then, in each and every such case, the whole of said principal sum hereby secured shall, at the option of the Beneficiary and without further notice to Grantor, become immediately due and payable together with accrued interest thereon and a Make Whole Premium calculated in accordance with the provisions hereof, and whether or not Beneficiary has exercised said option, interest shall accrue on the entire principal balance and any interest or premium then due, at the Default Rate until fully paid or if Beneficiary has not exercised said option, for the duration of any Event of Default.

If any default under "(e)" above shall be of such nature that it cannot be cured or remedied within 30 days, Grantor shall be entitled to a reasonable period of time to cure or remedy such Event of Default, provided Grantor commences the cure or remedy thereof within the 30-day period following the giving of notice and thereafter proceeds with diligence to complete such cure or remedy.

11. Grantor agrees that if Beneficiary accelerates the whole or any part of the principal sum hereby secured, or applies any proceeds as if such application had been made as a result of such acceleration, pursuant to the provisions hereof, Grantor waives any right to prepay the principal sum hereby secured in whole or in part without premium and agrees to pay, as yield maintenance protection and not as a penalty, a "Make Whole Premium," except as otherwise provided herein. The Make Whole Premium shall be the greater of one percent (1%) of the principal amount to be prepaid or a premium calculated as follows:

- (a) Determine the "Reinvestment Yield." The Reinvestment Yield will be equal to the yield on the 12%, August 2013 U.S. Treasury Issue ("primary issue")* published one week prior to the date of prepayment and converted to an equivalent monthly compounded nominal yield.

*In the event there is no market activity involving the primary issue at the time of prepayment, Beneficiary shall choose a comparable Treasury Bond, Note or Bill ("secondary issue") which Beneficiary deems to be similar to the primary issue's characteristics (i.e., rate, remaining time to maturity, yield).

- (b) Calculate the "Present Value of the Mortgage." The Present Value of the Mortgage is the present value of the payments to be made in accordance with the Note (all installment payments and any remaining payment due on the Maturity Date) discounted at the Reinvestment Yield for the number of months remaining from the date of prepayment to the Maturity Date. In the event of a partial prepayment as a result of the aforementioned application of proceeds, the Present Value of the Mortgage shall be calculated in accordance with the preceding sentence multiplied by the fraction which results from dividing the amount of the prepaid proceeds by the principal balance immediately prior to prepayment.
- (c) Subtract the amount of the prepaid proceeds from the Present Value of the Mortgage as of the date of prepayment. Any resulting positive differential shall be the premium.

12. Upon the occurrence of any Event of Default, Beneficiary shall have the following rights, which shall not be exclusive:

- (a) Beneficiary may declare the principal of said note and all of the sums hereby secured, including any prepayment premium or charge provided for herein or in said note, to be immediately due and payable, whereupon at all times thereafter interest shall accrue on all such sums until paid at the Default Rate.
- (b) With respect to all or any part of the Premises which constitute realty, the Trustee shall have the right to foreclose by notice and sale, and the Trustee or Beneficiary shall have the right to foreclosure by judicial foreclosure, in either case in accordance with applicable law.
- (c) With respect to all or any part of the Premises which constitutes personalty, Beneficiary shall have all of the rights and remedies of a secured party under the Uniform Commercial Code or may foreclose upon the personalty along with the realty in accordance with subsection (b) above.

13. At any nonjudicial sale, Trustee may sell all or such part of the Premises constituting realty and, at its election personally and in such order as it may elect. At any public sale, Beneficiary shall be entitled to bid and become a purchaser of all or any portion of the property.
14. This instrument shall constitute a security agreement under the Uniform Commercial Code with respect to any personal property included in the Premises. Grantor shall promptly execute any necessary financing statements in the form required by the Uniform Commercial Code of Oregon and any other jurisdiction in which a filing must be made, and shall file the statements at its expense in all public offices where filing is required to perfect the security interest of Beneficiary. Beneficiary may, at any time and at its option without further authorization from Grantor, file copies of this instrument as financing statements. Upon the occurrence of any Event of Default, Grantor shall, within three days after receipt of written demand from Beneficiary, assemble such personal property and make it available to Beneficiary at a place designated by Beneficiary. Beneficiary shall give Grantor reasonable notice of the time and place of any public sale of any personal property or of the time after which any private sale or other intended disposition of such property is to be made. Reasonable notice shall mean notice given at least ten days before the time of the sale or disposition. In construing this instrument the term "Trust Deed" shall encompass the term "security agreement" when the instrument is being construed with respect to any personal property.
15. During the continuance of any Event of Default, Grantor shall forthwith upon demand of Trustee or Beneficiary surrender to Beneficiary possession of the Premises, and Beneficiary shall be entitled to take actual possession of the Premises or any part thereof personally or by its agents or attorneys, and Beneficiary in its discretion may, with or without force and with or without process of law, enter upon and take and maintain possession of all or any part of the Premises together with all documents, books, records, papers and accounts of the Grantor or the then owner of the Premises relating thereto, and may exclude Grantor, its agents or assigns wholly therefrom, and may as attorney-in-fact or agent of the Grantor, or in its own name as Beneficiary and under the powers herein granted:
 - (a) hold, operate, manage or control the Premises and conduct the business, if any, thereof, either personally or by its agents, and with full power to use such measures, legal or equitable, as in its discretion it deems proper or necessary to enforce the payment or security of the income, rents, issues and profits of the Premises, including actions for the recovery of rent, actions in forcible detainer and actions in distress for rents, hereby granting full power and authority to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter, without notice to Grantor;

- (b) cancel or terminate any lease or sublease for any cause or on any ground which would entitle Grantor to cancel the same;
- (c) elect to cancel any lease or sublease made subsequent to this Deed of Trust or subordinated to the lien hereof unless this Deed of Trust has specifically been made subordinate to such lease or sublease;
- (d) extend or modify any then existing leases and make new leases, which extensions, modifications or new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the Note and the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Grantor and all persons whose interests in the Premises are subject to the lien hereof and shall be binding also upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the indebtedness secured hereby, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any purchaser; and/or
- (e) make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Premises as it may deem judicious, insure and reinsure the same and all risks incidental to Beneficiary's possession, operation and management thereof, and receive all income, rents, issues and profits.

Neither Trustee nor Beneficiary shall be obligated to perform or discharge, nor does either hereby undertake to perform or discharge, any obligation, duty or liability under any lease, and the Grantor shall and does hereby agree to indemnify and to hold Trustee and Beneficiary harmless of and from all liability, loss or damage which either might incur under said leases or under or by reason of the assignment thereof, and of and from any and all claims or demands whatsoever which may be asserted against either of them by reason of any alleged obligations or undertakings on the part of either of them to perform or discharge any of the terms, covenants or agreements contained in said leases. Should Trustee or Beneficiary incur any such liability, loss or damage under any of said leases, or under or by reason of the assignment thereof, or in the defense of any claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees and costs, including reasonable attorneys' fees and costs on appeal, shall be secured hereby and Grantor shall reimburse Trustee or Beneficiary therefor immediately upon demand, together with interest at the Default Rate from the date of payment by Trustee or Beneficiary to the date of reimbursement.

16. Trustee and Beneficiary in the exercise of the rights and powers conferred upon them shall have the full power to use and apply the avails, rents, issues and profits of the Premises to

the payment of or on account of the following, at the election of Beneficiary and in such order as Beneficiary may determine:

- (a) to the payment of the expenses of operating the Premises, including cost of management and leasing thereof (which shall include reasonable compensation to Trustee, Beneficiary and their respective agent or agents if management is delegated to an agent or agents, and shall also include lease commissions and other compensation and expenses of seeking and procuring tenants and entering into leases), established claims for damages, if any, and premiums on insurance as hereinabove authorized;
 - (b) to the payment of taxes and special assessments now due or which may hereafter become due on the Premises;
 - (c) to the payment of all repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements of the Premises and of placing the Premises in such condition as will in the judgment of Beneficiary make it readily rentable; and/or
 - (d) to the payment of any principal, interest or any other indebtedness secured hereby or any deficiency which may result from any foreclosure sale.
17. During the continuance of any Event of Default under this Deed of Trust, Beneficiary may apply to any court having jurisdiction for the appointment of a receiver of the Premises. Such appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency of Grantor at the time of application for such receiver and without regard to the then value of the Premises or the adequacy of Beneficiary's security. Beneficiary or any holder of the Note may be appointed as such receiver. The receiver shall have power to collect the rents, issues and profits of the Premises during the pendency of any foreclosure proceedings and, in case of a sale, during the full statutory period of any redemption period as well as during any further times when Grantor, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits. In addition, the receiver shall have all other powers which shall be necessary or are usual in such cases for the protection, possession, control, management and operation of the Premises during the whole of said period. The court from time to time may authorize the receiver to apply the net income in his hands at Beneficiary's election and in such order as Beneficiary may determine in payment in full or in part of:
- (a) principal, interest and all other indebtedness secured hereby or provided by any decree foreclosing this Deed of Trust, or any tax, special assessment or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to foreclosure sale; and

- (b) the deficiency in case of a sale and deficiency.
18. (a) Grantor agrees that all reasonable costs, charges and expenses, including reasonable attorneys' fees and costs, incurred or expended by Trustee or Beneficiary arising out of or in connection with any action, proceeding or hearing, legal, equitable or quasi-legal, including the preparation therefor and any appeal therefrom, in any way affecting or pertaining to this Deed of Trust, the Note, any other instrument or agreement securing the Note, or the Premises, shall be promptly paid by Grantor. All such sums not promptly paid by Grantor shall be added to the indebtedness secured hereby and shall bear interest at the Default Rate from the date of such advance and shall be due and payable on demand.
- (b) Grantor hereby agrees that upon the occurrence of an Event of Default and the acceleration of the principal sum secured hereby pursuant to this Deed of Trust, to the full extent that such rights can be lawfully waived, Grantor hereby waives and agrees not to insist upon, plead, or in any manner take advantage of, any notice of acceleration, any stay, extension, exemption, homestead, marshaling or moratorium law or any law providing for the valuation or appraisal of all or any part of the Premises prior to any sale or sales thereof under any provision of this Deed of Trust or before or after any decree, judgment or order of any court or confirmation thereof, or claim or exercise any right to redeem all or any part of the Premises so sold and hereby expressly waives to the full extent permitted by applicable law on behalf of itself and each and every person or entity acquiring any right, title or interest in or to all or any part of the Premises, all benefit and advantage of any such laws which would otherwise be available to Grantor or any such person or entity, and agrees that neither Grantor nor any such person or entity will invoke or utilize any such law to otherwise hinder, delay or impede the exercise of any remedy granted or delegated to Beneficiary herein but will permit the exercise of such remedy as though any such laws had not been enacted. Grantor hereby further expressly waives to the full extent permitted by applicable law on behalf of itself and each and every person or entity acquiring any right, title or interest in or to all or any part of the Premises any and all rights of redemption from any sale or any order or decree of foreclosure obtained pursuant to provisions of this Deed of Trust.
19. Grantor hereby assigns to Beneficiary directly and absolutely, and not merely collaterally, the rents, issues, profits, royalties, and payments payable under any lease of the Premises, or portion thereof, including any oil, gas or mineral lease, or any installments of money payable pursuant to any agreement for any sale of the Premises or any part thereof, subject only to a license, if any, granted by Beneficiary to Grantor with respect thereto prior to the occurrence of a default hereunder. Beneficiary, without regard to the adequacy of any security for the indebtedness hereby secured, shall be entitled to (a) collect such rents,

issues, profits, royalties, payments and installments of money and apply the same as more particularly set forth in this paragraph, all without taking possession of the Premises, or (b) enter and take possession of the Premises or any part thereof, in person, by agent, or by a receiver to be appointed by the court and to sue for or otherwise collect such rents, issues, profits, royalties, payment and installments of money. Beneficiary may apply any such rents, issues, profits, royalties, payments and installments of money so collected, less costs and expenses of operation and collection, including reasonable attorneys' fees and costs and reasonable attorneys' fees and costs on appeal, upon any principal, interest, and all other indebtedness secured hereby, at Beneficiary's option and in such order as Beneficiary may determine, and, if such costs and expenses and reasonable attorneys' fees and costs shall exceed the amount collected, the excess shall be immediately due and payable. The collection of such rents, issues, profits, royalties, payments and installments of money and the application thereof as aforesaid shall not cure or waive any Event of Default or notice of default hereunder or invalidate any act done pursuant to such notice, except to the extent any such Event of Default fully is cured. Failure or discontinuance of Beneficiary at any time, or from time to time, to collect any such moneys shall not impair in any manner the subsequent enforcement by Beneficiary of the right, power and authority herein conferred on Beneficiary. Nothing contained herein, including the exercise of any right, power or authority herein granted to Beneficiary, shall be, or be construed to be, an affirmation by Beneficiary of any tenancy, lease or option, or an assumption of liability under, or the subordination of the lien or charge of this Deed of Trust to any such tenancy, lease or option. Grantor hereby agrees that, in the event Beneficiary exercises its rights as in this paragraph provided, Grantor waives any right to compensation for the use of Grantor's furniture, furnishings or equipment in the Premises for the period such assignment of rents or receivership is in effect, it being understood that the rents, issues, profits, royalties, payments and installments of money derived from the use of any such items shall be applied to Grantor's obligations hereunder as above provided.

20. (a) Grantor has executed and delivered that certain Assignment of Leases and Rents of even date herewith assigning to Beneficiary, directly and absolutely, and not merely collaterally, the interest of Grantor as lessor under the existing leases of the Premises, as well as all other leases which may hereafter be made in respect of the Premises, and the rents and other income arising thereunder and from the use of the Premises. Said Assignment of Leases and Rents grants to Beneficiary specific rights and remedies in respect of said leases and governs the collection of rents and other income thereunder and from the use of the Premises, and such rights and remedies so granted shall be cumulative of those granted herein.
- (b) Grantor shall keep and perform all terms, conditions and covenants required to be performed by it as lessor under the aforesaid leases; shall promptly advise Beneficiary in writing of any claim of default by Grantor made by a lessee under any such lease or of any default thereunder by a lessee; and shall promptly provide Beneficiary with

a copy of any notice of default or other notice served upon Grantor by any such lessee. Grantor will not cancel, modify or alter, or accept the surrender of, any existing or future lease of the Premises or any part thereof without first obtaining written consent of Beneficiary unless otherwise specifically permitted in the Assignment of Leases and Rents of even date herewith.

21. (a) All rights and remedies granted to Trustee or Beneficiary in the Loan Documents shall be in addition to and not in limitation of any rights and remedies to which it is entitled in equity, at law or by statute, and the invalidity of any right or remedy herein provided by reason of its conflict with applicable law or statute shall not affect any other valid right or remedy afforded to Trustee or Beneficiary. No waiver of any Event of Default or of any default in the performance of any covenant contained in the Loan Documents shall at any time thereafter be held to be a waiver of any rights of the Trustee or Beneficiary hereunder, nor shall any waiver of a prior Event of Default or default operate to waive any subsequent Event of Default or default. All remedies provided for in the Loan Documents are cumulative and may, at the election of Beneficiary, be exercised alternatively, successively, or concurrently. No act of Trustee or Beneficiary shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision or to proceed against one portion of the Premises to the exclusion of any other portion.
- (b) This Deed of Trust is subject to any existing statutory condition and upon the further condition that all covenants and agreements of Grantor herein shall be fully or timely performed, time being of the essence under this Deed of Trust. No breach of any such condition or agreement shall be permitted and in the event of any such breach, Beneficiary shall have any statutory power of sale, and this Deed of Trust shall be subject to foreclosure as provided by law.
22. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums or installments so secured or to declare a default for failure to pay such other sums or installments.
23. Notwithstanding anything herein or in the Note to the contrary, no provision contained herein or in the Note which purports to obligate Grantor to pay any amount of interest or any fees, costs or expenses which are in excess of the maximum permitted by applicable law, shall be effective to the extent that it calls for the payment of any interest or other sums in excess of such maximum. All agreements between Grantor and Beneficiary, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand for payment of or acceleration of the maturity of any of the indebtedness secured hereby or otherwise, shall the interest contracted for, charged or received by Beneficiary exceed the maximum amount permissible under applicable law. If, from any circumstance whatsoever, interest would

otherwise be payable to Beneficiary in excess of the maximum lawful amount, the interest payable to Beneficiary shall be reduced to the maximum amount permitted under applicable law; and if from any circumstance Beneficiary shall ever receive anything of value deemed interest by applicable law in excess of the maximum lawful amount, an amount equal to any excessive interest shall at Beneficiary's option, be refunded to Grantor or be applied to the reduction of the principal balance of the indebtedness secured hereby and not to the payment of interest or, if such excessive interest exceeds the unpaid balance of principal of the indebtedness secured hereby, such excess shall be refunded to Grantor. This paragraph shall control all agreements between Grantor and Beneficiary.

24. In the event one or more provisions of the Loan Documents shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Deed of Trust shall be construed as if any such provision had never been contained herein.
25. If the payment of the indebtedness secured hereby or of any part thereof shall be extended or varied, or if any part of the security be released, all persons now or at any time hereafter liable therefor, or interested in said Premises, shall be held to assent to such extension, variation or release, and their liability and the lien and all provisions hereof shall continue in full force, the right of recourse against all such persons being expressly reserved by Beneficiary notwithstanding such variation or release.
26. Upon payment in full of the indebtedness secured hereby and the performance by Grantor of all of the obligations imposed on Grantor in the Loan Documents, these presents shall be null and void, and Trustee shall release this Deed of Trust and the lien hereof by proper instrument executed in recordable form.
27. The Grantor shall have the privilege of making prepayments on the principal of the Note (in addition to the required payments) if and only to the extent and upon the terms and conditions, if any, expressly set forth in the Note. If not expressly set forth, the Note is not subject to such prepayment.
28. (a) Grantor hereby grants to Beneficiary and its respective agents, attorneys, employees, consultants, contractors and assigns an irrevocable license and authorization to enter upon and inspect the Premises and all facilities located thereon at reasonable times.
(b) In connection with any sale or conveyance of this Deed of Trust, Grantor grants to Beneficiary and its respective agents, attorneys, employees, consultants, contractors and assigns an irrevocable license and authorization to conduct, at Beneficiary's expense, a Phase I environmental audit of the Premises.

- (c) In the event there has been an Event of Default or in the event Beneficiary has formed a reasonable belief, based on its inspection of the Premises or other factors known to it, that Hazardous Materials may be present on the Premises, then Grantor grants to Beneficiary and its respective agents, attorneys, employees, consultants, contractors and assigns an irrevocable license and authorization to conduct, at Grantor's expense, environmental tests of the Premises, including without limitation, a Phase I environmental audit, subsurface testing, soil and ground water testing, and other tests which may physically invade the Premises or facilities (the "Tests"). The scope of the Tests shall be such as Beneficiary, in its sole discretion, determines is necessary to (i) investigate the condition of the Premises, (ii) protect the security interests created under this Deed of Trust, or (iii) determine compliance with Environmental Laws, the provisions of this Deed of Trust and other matters relating thereto.
- (d) The foregoing licenses and authorizations are intended to be a means of protection of Beneficiary's security interest in the Premises and not as participation in the management of the Premises.
29. Within 15 days after any written request by Beneficiary, Grantor shall certify, by a written statement duly acknowledged, the amount of principal and interest then owing on the Note and whether any offsets or defenses exist against the indebtedness secured hereby.
30. (a) Grantor shall furnish to Beneficiary within 90 days after the end of each fiscal year of Grantor a detailed and analytical financial report prepared in accordance with generally accepted accounting principles consistently applied, certified in a manner and otherwise in form and substance acceptable to Beneficiary covering the full and complete operation of the Premises, including without limitation: (i) income and expense statements and budget, and (ii) a report of the leasing status of the Premises as of the end of such year, identifying the lessee, square footage leased, rental amount, base rental increases, rental concessions and/or rental deferments, if any, and commencement and expiration dates under each lease of the Premises. Such reports shall be prepared by an accountant who may be an employee of Grantor, or of an affiliate of Grantor, acceptable to Beneficiary. In addition to the reports referred to herein, Grantor shall promptly supply any additional information or records relating to the Premises or its operation as Beneficiary may from time to time request. In the event that Trustor fails to deliver on a timely basis any or all of the financial information required by this Paragraph 30, Trustor shall pay to Beneficiary upon demand, and without limiting any other provision of or any of Beneficiary's rights or remedies under this Deed of Trust, a fee of \$1,000.00, as agreed-upon reasonable compensation to Beneficiary for damages and administrative expenses incurred due to Trustor's failure to comply with the requirements of this Paragraph 30.

- (b) Grantor shall furnish to Beneficiary within 30 days after filing copies of personal federal income tax returns as well as their most recently completed personal balance sheets and income statements. Said balance sheets and income statements shall be subject to Beneficiary's review.
31. Any notice which any party hereto may desire or be required to give to the other shall be deemed to be an adequate and sufficient notice if given in writing and service is made by either (i) registered or certified mail, postage prepaid, in which case notice shall be deemed to have been received three (3) business days following deposit to U.S. mail; or (ii) nationally recognized overnight air courier, next day delivery, prepaid, in which case such notice shall be deemed to have been received one (1) business day following delivery to such nationally recognized overnight air courier. All notices shall be addressed to Grantor at its address given on the first page hereof, or to Beneficiary at 11050 Roe Avenue, Suite 200, Overland Park, Kansas 66211, or to such other place as any party may by notice in writing to the other parties designate as a place for service of notice.
32. Beneficiary, from time to time, may substitute another Trustee in place of the Trustee named herein, to execute the trusts hereby created; and upon such appointment, and without conveyance to the successor trustee, the successor trustee shall be vested with all the title, interest, powers, duties and trusts in the Premises hereby vested in or conferred upon Trustee herein named. Each such appointment and substitution shall be made by written instrument executed by the Beneficiary containing reference to this Deed of Trust sufficient to identify it, which instrument, when recorded in the office of the County Recorder of the county or counties in which the Premises is situated, shall be conclusive proof of proper appointment of the successor trustee. The recital or statement, in any instrument executed by Trustee in pursuance of any of said trusts, of the due authorization of any agent of the Trustee executing the same shall for all purposes be conclusive proof of such authorization.
33. Trustee at any time, at Trustee's option, may commence and maintain suit in any court of competent jurisdiction and obtain the aid and direction of said court in the execution by Trustee of the trusts or any of them, herein expressed or contained, and, in such suit, may obtain the orders or decrees, interlocutory or final of said court directing the execution of said trusts, and confirming and approving Trustee's acts, or any of them, or any sales or conveyances made by Trustee, and adjudging the validity thereof, and directing that the purchasers of the property sold and conveyed be let into immediate possession thereof, and providing for orders of court or other process requiring the Sheriff of the county in which said property is situated to place and maintain said purchasers in quiet and peaceable possession of the property so purchased by them, and the whole thereof.

34. Grantor has had the opportunity to fully negotiate the terms hereof and modify the draftsmanship of this Deed of Trust. Therefore, the terms of this Deed of Trust shall be construed and interpreted without any presumption, inference, or rule requiring construction or interpretation of any provision of this Deed of Trust against the interest of the party causing this Deed of Trust or any portion of it to be drafted. Grantor is entering into this Deed of Trust freely and voluntarily without any duress, economic or otherwise.
35. Grantor, forthwith upon request, at any and all times hereafter, at the expense of Grantor, will cause to be made, executed, acknowledged and delivered to Trustee, any and every deed or assurance in law which Trustee or counsel of Trustee shall reasonably advise or require for the more sure, effectual and satisfactory granting and confirming of said Premises unto Trustee.
36. Trustee shall not be liable or responsible for its acts or omissions hereunder, except for Trustee's own gross negligence or willful default, or be liable or responsible for any acts or omissions of any agent, attorneys or employee by him employed hereunder, if selected with reasonable care.
37. Trustee accepts this trust when this Deed of Trust executed and acknowledged is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Grantor, Beneficiary, or Trustee shall be a party unless brought by Trustee.
38. This is not a purchase money deed of trust, where a seller is providing financing to a buyer for the payment of all or any portion of the purchase price.
39. This Deed of Trust and all provisions hereof shall extend to and be binding upon Grantor and all persons claiming by, under and through Grantor, and the word "Grantor" when used herein shall include all such persons and all persons liable for the payment of the indebtedness secured hereby or any part thereof, whether or not such parties shall have executed the Note or this Deed of Trust. The word "Beneficiary" when used herein shall include the successors and assigns of the Beneficiary named herein, and the holder or holders from time to time of the Note secured hereby.
40. This Deed of Trust shall be governed by, and construed in accordance with, the laws of the State of Oregon.
41. As used herein, the term "Default Rate" means a rate equal to the lesser of (i) four percent (4%) per annum above the then applicable interest rate payable under the Note or (ii) the maximum rate allowed by applicable law.

42. Notwithstanding any provision of this Deed of Trust, the Note or any other instruments evidencing or securing the loan evidenced by the Note which might be construed to the contrary, the assignment of rents and other amounts provided for herein is an absolute assignment and not merely a collateral assignment or a security interest, and is effective whether or not a default occurs hereunder, subject only to a license, if any, granted by Beneficiary to Grantor with respect thereto prior to the occurrence of a default hereunder, the extent of which may be more fully described in the Assignment of Leases and Rents. It is the intention of Beneficiary and Grantor that the assignment effectuated by this Deed of Trust with respect to such rents and other amounts payable under the leases shall be a direct and currently effective assignment and shall not constitute merely the granting of a lien, security interest or pledge for the purpose of securing the indebtedness secured hereby. In the event that a court of competent jurisdiction determines that, notwithstanding such expressed intent of the parties, Beneficiary's interest in the rents and other amounts payable under the leases constitutes a lien on or security interest in or pledge thereof, it is agreed and understood that the forwarding of a notice to Grantor after the occurrence of a default, advising Grantor of the revocation of any license then in favor of Grantor to collect such rents or other amounts payable under the leases, or of the existence of a default, shall be sufficient action by Beneficiary to (i) perfect such lien on or security interest in or pledge of the rents and other amounts payable under the leases, (ii) take possession thereof, and (iii) entitle Beneficiary to immediate and direct payment of the rents and other amounts payable under the leases, for application as provided in this Deed of Trust, all without the necessity of any further action by Beneficiary, including, without limitation, any action to obtain possession of the land, improvements or any other portion of the premises. Notwithstanding the direct and absolute assignment of the rents and other amounts payable under the leases as herein described, there shall be no pro tanto reduction in any portion of the indebtedness secured by this Deed of Trust except with respect to rents and other amounts payable under the leases actually received by Beneficiary and applied by Beneficiary toward payment of the indebtedness. Beneficiary may, upon written notice to Grantor, elect to (i) exclude from the assignment provided in this Deed of Trust any of the leases as specified in such notice so that the interest under such indicated lease is not assigned to Beneficiary, and (ii) subordinate the lien and other terms and provisions of this Deed of Trust to any of the leases as indicated in said notice to Grantor.
43. Grantor knowingly, voluntarily and intentionally waives, to the extent permitted by law, trial by jury in any actions brought by Grantor, Trustee or Beneficiary in connection with this Deed of Trust, any of the Loan Documents, the indebtedness secured hereby, or any other statements or actions of Beneficiary.
44. Trustor is personally liable for the payment of principal, interest and premium due under the Note and the liabilities and obligations under this Deed of Trust and all other instruments and agreements by which the Note is secured, and Beneficiary shall have full recourse thereon against Trustor.

45. This Deed of Trust and the indebtedness secured hereby is for the sole purpose of conducting or acquiring a lawful business, professional or commercial activity or for the acquisition or management of real or personal property as a commercial investment, and all proceeds of such indebtedness shall be used for said business or commercial investment purpose. Such proceeds will not be used for the purchase of any security within the meaning of the Securities Exchange Act of 1934, as amended, or any regulation issued pursuant thereto, including without limitation, Regulations G, T and X of the Board of Governors of the Federal Reserve System. This is not a purchase money mortgage and the Premises secured hereby is not a residence or homestead or used for mining, grazing, agriculture, timber or farming purposes.
46. Unless Beneficiary shall otherwise direct in writing, Grantor shall appear in and defend all actions or proceedings purporting to affect the security hereunder, or any right or power of the Beneficiary. The Beneficiary shall have the right to appear in such actions or proceedings. Grantor shall save Beneficiary harmless from all costs and expenses, including reasonable attorneys' fees and costs of a title search, continuation of abstract and preparation of survey, incurred by reason of any action, suit, proceeding, hearing, motion or application before any court or administrative body in and to which Beneficiary may be or become a party by reason hereof. Such proceedings shall include but not be limited to condemnation, bankruptcy, probate and administration proceedings, as well as any other action, suit, proceeding, right, motion or application wherein proof of claim is by law required to be filed or in which it becomes necessary to defend or uphold the terms of this Deed of Trust or otherwise purporting to affect the security hereof or the rights or powers of Beneficiary. All money paid or expended by Beneficiary in that regard, together with interest thereon from date of such payment at the Default Rate shall be additional indebtedness secured hereby and shall be immediately due and payable by Grantor without notice.
47. During the occurrence of an Event of Default, all rents, issues and profits collected or received by Grantor shall be accepted and held for Beneficiary in trust and shall not be commingled with the funds and property of Grantor, but shall be promptly paid over to Beneficiary.

IN WITNESS WHEREOF, Grantor has caused this Deed of Trust to be duly executed and delivered as of the date first hereinabove written.

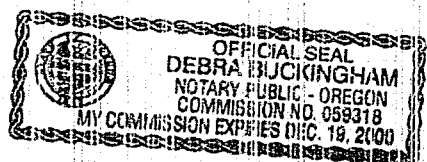
Under Oregon law, most agreements, promises and commitments made by us after October 3, 1989, concerning loans and other credit extensions which are not for personal, family or household purposes or secured solely by the borrower's residence must be in writing, express consideration and be signed by us to be enforceable.

A2C3 PARTNERS

By Bradford J. Aspell
 Name: _____
 Title: Co-Partner
 By John K. Aspell
 Name: _____
 Title: Co-Partner

State of Oregon
 County of Klamath

This instrument was acknowledged before me on July 13, 1998 (date) by Bradford J. Aspell (name(s) of person(s)), as Co-Partner (type of authority, e.g., officer, trustee, etc.) of A2C3 PARTNERS (name of party on behalf of whom instrument was executed).



Debra Buckingham
 (Signature of Notarial Officer)
 (Seal, if any)

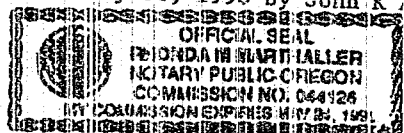
ESCROW OFFICER
 Title (and Rank)

My commission expires: 12-19-2000

State of Oregon
 County of Deschutes

This instrument was acknowledged before me on July 16, 1998 by John K Aspell, as Co-Partner of A2C3 Partners.

Kendall Marshall
 My commission expires 5-24-99



29178

EXHIBIT "A"

PARCEL 1:

Lots 3, 4, 5, 6 and a portion of Lot 2, Block 2, Tract 1163, CAMPUS VIEW, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, more particularly described as follows:

Beginning at the intersection of the centerline of Dahlia Street and Clover Street in the City of Klamath Falls in the State of Oregon; thence along the centerline of Clover Street North 54°54'38" East 30.00 feet to the Northerly right of way line of Dahlia Street; thence continuing along the Northerly right of way line of Dahlia Street North 37°10'59" West 50.49 feet to the true point of beginning; thence continuing along the Northerly right of way line of Dahlia Street along a curve to the left having a radius of 427.57 feet; a central angle of 52°02'34", an arc length of 388.37 feet, a long chord of 375.16 feet and a long chord bearing of North 63°12'16" West; thence North 00°46'26" East 359.39 feet; thence South 89°13'34" East 272.76 feet; thence South 00°46'26" West 57.00 feet, more or less; thence South 87°22'21" East 198.16 feet more or less to the Westerly right of way line of Clover Street; thence along the Westerly right of way line of Clover Street South 02°37'39" West 263.86 feet more or less; thence continuing along the Westerly right of way line of Clover Street along a curve to the right having a radius of 273.64 feet, a central angle of 47°49'42", an arc length of 228.42 feet, a long chord of 221.85 feet and a long chord bearing of South 26°32'30" West; thence along a curve to the right having a radius of 20.00 feet, a central angle of 92°21'39", an arc length of 32.28 feet, a long chord of 28.86 feet and a long chord bearing of North 83°21'49" West to the Northerly right of way line of Dahlia Street and the point of beginning.

29179

Exhibit "D"

NONE

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of First American Title the 7th day
of August A.D., 19 98 at 3:32 o'clock P. M., and duly recorded in Vol. 198
of Mortgages on Page 29149

FEE \$160.00

By Bernetha G. Letsch, County Clerk
Kathleen Ross