

AFTER RECORDING RETURN TO:  
Lew Tedaldi  
P.O. Box 10  
Washingtonville, New York 10992

UNTIL A CHANGE IS REQUESTED,  
 SEND TAX STATEMENTS TO:

Chris A. Welsh  
2130 Santiago Drive  
Newport Beach, California 92660

TRUE CONSIDERATION IS:  
\$1,000,000.00

MTC 41756  
**DEED OF TRUST**

THIS TRUST DEED, Made the 28 day of September, 1998, by CDF II LLC, a California Limited Liability Company (Guarantor) as Grantor, Carlton D. Warren as Trustee and Lew Tedaldi (Lender), as Beneficiary.

WITNESSETH: That the said Grantor, in consideration of the sum of One Million (\$ 1,000,000.00) Dollars, the receipt of which is acknowledged; and for the purpose of securing the repayment of the said sum with interest, and the performance of the covenants hereinafter contained, does hereby irrevocably grant, bargain, sell, convey and warrant unto the said Trustee, in trust, with power of sale, the lands, premises and property situated in the County of Klamath and State of Oregon, described as follows, to-wit:

See Exhibit A attached hereto.

PROPERTY STREET ADDRESS: 1775-91 Avalon Street;  
 TAX ACCOUNT NO. \_\_\_\_\_

together with the tenements, hereditaments, rights, privileges and appurtenances, now or hereafter belonging to or used in connection with the above described premises including all water rights, landscape, all buildings and improvements thereon (or that may hereafter be erected thereon), together with reversions, remainders and with all rental deposits, leases, issues, profits, rebates, utility rebate accounts, tax and insurance rebates, refunds from applicable governmental agencies, and insurance carriers and the proceeds of any and all insured casualties and/or losses, condemnations and takings similar to condemnation and together with the following property which is and shall be deemed to be fixtures and a part of the real property; all plumbing, heating, cooking, cooling, ventilating, watering, irrigating apparatus, window shades, venetian blinds, screens and storm windows and doors, shutters and awnings, floor coverings, machinery or any other fixtures and replacements thereof now or hereafter during the term of this Trust Deed belonging to or used in connection with the above described premises all of which are a part of the security for the indebtedness herein mentioned.

In addition thereto, the following described furniture, appliances and equipment or other fixtures and any replacements thereof, which are and shall be deemed to be fixtures and a part of the realty, are included as security for the indebtedness herein mentioned, to wit:

See Exhibit B attached

TO HAVE AND TO HOLD the granted premises and property and the aforesaid rents, deposits, issues, profits, refunds, rebates and the like thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply any part or all of such property, including such rents, issues and profits.

And the Grantor hereby covenants with the said Beneficiary as follows:

FIRST: The Grantor shall pay to the order of the Beneficiary at such place as may be designated in said order the sum above designated as consideration for this Trust Deed together with interest thereon, said sum to be paid in accordance with the terms of a certain promissory note or notes dated \_\_\_\_\_, 19\_\_\_\_, executed by the Grantor to the Beneficiary which said note or notes have a final maturity of Jan. 5, 1999.

SECOND: The security of this Trust Deed shall also extend to and cover any additional loan or loans or advances made by the Beneficiary to the Grantor or any of his successors in ownership of the real estate and property hereby conveyed; provided that the maturity of such additional debt shall not be later than the time specified for the payment of the original debt secured hereby. This paragraph shall not, however, restrict or affect other advances, including any advances for taxes, insurance or other Lender advances as provided for elsewhere herein.

THIRD: The Grantor is lawfully seized of the above described premises and property in fee simple, and is the sole and exclusive owner thereof and has the right to execute this Trust Deed and will forever warrant and defend the title thereto against the lawful claims of all persons whomsoever. Grantor warrants the said premises, property and property rights are free of all encumbrances and liens excepting only as stated above in or adjacent to the legal description.

FOURTH: During the entire life of this Trust Deed and until Beneficiary has been paid in full, the buildings and improvements erected and to be erected upon said premises, and the personal property described herein, if any, shall be kept insured by the Grantor against loss or damage by fire and such other hazards in such amounts, for such periods and under such form and type of policy as shall be satisfactory to the Beneficiary. All the insurance written on the subject premises and property shall be made payable in the event of loss, to the Beneficiary and the Beneficiary shall be entitled to the possession of all such insurance policies during the life of this Trust Deed. Grantor agrees to deliver to the Beneficiary the renewals of the insurance policies not less than ten calendar days before the expiration of the policy or policies to be renewed and replaced. The cash value or the surrender value or the unearned premium of all such insurance policies is hereby assigned to the Beneficiary as additional security for the loan and in the event of sale by the Trustee or other transfer of title to the subject property in extinguishment of part or all of the debt secured hereby, all right, title and interest of the Grantor in and to any such insurance policies then in force shall pass to the Beneficiary. The Grantor will pay the premiums for said insurance as the same shall become due and furnish immediate written proof of payment thereof to beneficiary in a form acceptable to Beneficiary. The Beneficiary shall not be responsible for any failure to place or maintain such insurance, or for loss or damage growing out of a defect or non-payment of loss in or under any such policy of insurance. If the premises or property covered hereby, or any part thereof, shall be damaged by fire or other hazards against which insurance is held, the amounts paid by any insurance company

98 SEP 28 P1:23

pursuant to the contract of insurance, shall be paid to the Beneficiary and the amounts so received may be applied by the Beneficiary, at its option, either upon any sum or sums secured by this Trust Deed whether or not the same are due, or released by the Beneficiary, at its sole option for the repairing, replacing and rebuilding of the premises and property or for other purposes; said repairing, replacing and rebuilding to be done and made subject to the approval of the Beneficiary and in a manner satisfactory to the Beneficiary.

**WARNING:**

IT IS YOUR DUTY AS BORROWER OR GRANTOR HEREIN TO MAINTAIN FIRE AND CASUALTY INSURANCE ON THE PROPERTY AND TO PROVIDE US AS LENDER/BENEFICIARY WITH A FIRST LOSS PAYABLE ENDORSEMENT TOGETHER WITH A COPY OF THE POLICY. IT IS ALSO YOUR DUTY TO PAY FOR THE INSURANCE UNLESS A RESERVE ACCOUNT OR IMPOUND ACCOUNT IS PAID INTO US AND MAINTAINED BY US FOR THE PURCHASE OF INSURANCE. THE FOLLOWING PROVISIONS OF THIS SECTION FORTH ARE REQUIRED PURSUANT TO OREGON LAW:

UNLESS YOU PROVIDE US WITH EVIDENCE OF THE INSURANCE COVERAGE AS REQUIRED BY OUR CONTRACT OR LOAN AGREEMENT, WE MAY PURCHASE INSURANCE AT YOUR EXPENSE TO PROTECT OUR INTEREST. THIS INSURANCE COVERAGE MAY, BUT NEED NOT, ALSO PROTECT YOUR INTEREST. IF THE COLLATERAL BECOMES DAMAGED, THE COVERAGE WE PURCHASE MAY NOT PAY ANY CLAIM YOU MAKE OR ANY CLAIM MADE AGAINST YOU. YOU MAY LATER CANCEL THIS COVERAGE BY PROVIDING EVIDENCE THAT YOU HAVE OBTAINED PROPERTY COVERAGE ELSEWHERE.

YOU ARE RESPONSIBLE FOR THE COST OF ANY INSURANCE PURCHASED BY US. THE COST OF THIS INSURANCE MAY BE ADDED TO YOUR CONTRACT OR LOAN BALANCE. IF THE COST IS ADDED TO YOUR CONTRACT OR LOAN BALANCE, THE INTEREST RATE ON THE UNDERLYING CONTRACT OR LOAN WILL APPLY TO THIS ADDED AMOUNT. THE EFFECTIVE DATE OF COVERAGE MAY BE THE DATE YOUR PRIOR COVERAGE LAPSED OR THE DATE YOU FAILED TO PROVIDE PROOF OF COVERAGE.

THE COVERAGE WE PURCHASE MAY BE CONSIDERABLY MORE EXPENSIVE THAN INSURANCE YOU CAN OBTAIN ON YOUR OWN AND MAY NOT SATISFY ANY NEED FOR PROPERTY DAMAGE COVERAGE OR ANY MANDATORY LIABILITY INSURANCE REQUIREMENTS IMPOSED BY APPLICABLE LAW.

**FIFTH:** This instrument shall constitute a security agreement with respect to any personal property or fixtures or both included within the description of the property.

At the request of Beneficiary, Grantor shall join with the Beneficiary in executing one or more financing statements pursuant to the Uniform Commercial Code in a form satisfactory to the Beneficiary and will pay for filing the same in the proper public office or offices as well as the cost of such lien searches made by filing officers or searching agencies as may be deemed desirable by the Beneficiary. Grantor shall, at Beneficiary's request, execute renewals of all financing statements. Grantor herewith appoints the Trustee as Grantor's attorney-in-fact for such purposes.

**SIXTH:** The Grantor will pay before delinquency, and before any penalties, interest or other charges accrue or are added thereto, any and all taxes, assessments, liens, charges for the use of water on said premises, and any other charges or assessments which may become liens thereon, including any and all charges, liens, assessments, costs or expenses directly or indirectly related to the aforesaid property, and/or any condition thereof as may be ordered or required by any governmental agency, whether the same are or are not prior to the lien of this Trust Deed; Grantor shall likewise keep said property free and clear of any and all liens for labor and material or any lien whatsoever that may become prior to the lien of this Trust Deed and save Beneficiary harmless therefrom. Grantor shall pay all costs, fees and expenses of Beneficiary relating directly or indirectly relating to the protection of Beneficiary's rights in this Deed of Trust. Grantor shall timely and immediately furnish to Beneficiary written proof of compliance with all the terms hereof in a form acceptable to Beneficiary.

**SEVENTH:** Together with and in addition to the monthly payments of principal and interest payable under the terms of the note or notes secured hereby the Grantor, at Beneficiary's option, shall pay to the Beneficiary until the said note or notes are fully paid, the following: A sum equal to the annual premiums that will next become payable on policies of fire and other hazard and liability insurance covering the subject property, plus a sum equal to the annual taxes and assessments next due on the subject property (all as estimated by the Beneficiary, and of which the Grantor is notified), less all sums paid and received by Beneficiary therefor, divided by the number of months to elapse before one month prior to the date when the annual amount of such insurance premiums, taxes and assessments will become payable. Such sums shall be held by Beneficiary to pay such insurance premiums, taxes and assessments prior to the renewal date relating to insurance, prior to the date after which full discounts will not be allowed as to taxes, but not later than the first billing date for the whole of said annual taxes, and prior to the time any assessment will bear interest.

The undisbursed balance of all of the aforesaid sums held for payment of the said taxes, insurance and assessments are hereinafter referred to as Impound Reserves. The total of the monthly payments of interest, principal and Impound Reserves, if any, is hereinafter referred to as the Aggregate Monthly Payment.

Any deficiency in the amount of the Impound Reserves shall be paid to Beneficiary not later than ten (10) days after written notice requesting payment has been given to Grantor by or on behalf of Beneficiary.

If this Trust Deed and the note secured hereby are not in default, and if after the annual taxes are fully paid there is a surplus in the Impound Reserves, then, upon written request of the Grantor, the Beneficiary shall return such surplus to the Grantor within a reasonable time. No interest, premium or other compensation shall be paid to Grantor directly or indirectly relating to the Impound Reserve account.

If there shall be a default under any of the provisions of this Trust Deed and the note or notes thereby secured and thereafter there is a sale of the premises by the Trustee in accordance with the provisions hereof, or if the Beneficiary otherwise acquires the property after default, Beneficiary shall apply, at the time of commencement of such proceedings or at the time Beneficiary otherwise acquires the property as Beneficiary may elect in its sole discretion, the balance then remaining, if any, in the Impound Reserves to apply as a credit against the amount of principal then remaining unpaid under said note or notes secured hereby.

**EIGHTH:** The Grantor will comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the above described property and will use the above described premises only for lawful purposes. The Grantor shall at all times bring, keep and maintain the premises, including its landscape, lands, waters and all appurtenances and improvements thereon in full, complete and literal compliance with each existing and future law, ordinance, statute, rule and regulation of any and all applicable governmental and private agencies having jurisdiction over the property or any condition thereof. Grantor shall save beneficiary harmless of and from any and all laws, statutes, ordinances, regulations, covenants, conditions and restrictions affecting the said property and property rights, including cost of defense and attorney's fees. Grantor warrants the entire property, premises, improvements and all rights attributable thereto are on the date of execution hereof in full and complete compliance with all of the aforesaid laws, statutes, ordinances, regulations, covenants, conditions and restrictions, directly or indirectly affecting such property. Grantor shall not commit or suffer, strip or waste upon said premises and will not do or suffer to be done any act or thing which may in any way impair the security of this Trust Deed. The above described premises and any and all improvements, including landscape thereon shall at all times be kept in a sound state of preservation, clean, free of all trash, vermin, dangerous substances and in first class repair, and in any event, in at least as good condition as the same are in on the date of this Trust Deed or in such better condition as the same may be put during the term of the loan secured by this Trust Deed; the character and usage of the above described property shall not be changed, and alterations in the above described property or additions thereto shall not be made without the written consent of the Beneficiary. In the event of an actual or threatened destruction or removal of the improvements or property on the above described premises, the Beneficiary may, at its option, declare the entire debt hereby secured due and payable.

If the loan secured hereby or any part thereof is being obtained for the purposes of constructing improvements on the above described property, any default under the construction loan agreement shall also be a default hereunder.

The Trustee upon presentation to it of a statement signed by the Beneficiary, setting forth facts showing a default by Grantor under this numbered paragraph, is authorized to accept as true and conclusive all facts and statements therein; and to act thereon hereunder.

**NINTH:** In the event that any portion or all of said property shall be taken under the right of eminent domain or condemnation, Beneficiary shall have the right, if it so elects, to require that all or any portion of the monies payable as compensation for such taking which are in excess of the amount required to pay reasonable costs, expenses and attorney's fees necessarily paid or incurred by Grantor in such proceedings, be paid to Beneficiary and applied by it first upon any reasonable costs and expenses and attorney's fees reasonably paid or incurred by Beneficiary in such proceedings, and the balance applied upon

35452

the indebtedness secured hereby; the Grantor agrees, at its own expense to take such actions and execute such instruments as shall be necessary in obtaining such compensation, promptly upon Beneficiary's request.

**TENTH:** At any time and from time to time upon written request of Beneficiary at its sole discretion, payment of the Trustee's fees and presentation of this Deed and the note for endorsement or in case of full reconveyance, for cancellation, without affecting the liability of any person for the payment of the indebtedness, Trustee may (a) consent to the making of any map or plat of said property; (b) join in granting any easement or creating any restriction thereof; (c) join in any subdivision or other agreement affecting this Deed or the lien or charge thereof; (d) convey, without warranty, all or any part of the property. The Grantee in any reconveyance may be described as the "person or persons legally entitled thereto", and the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof. Trustee's fees for any of the services mentioned in this paragraph shall be reasonable but not less than \$45.00.

**ELEVENTH:** This Trust Deed and the note or notes hereby secured may be extended or modified by the Beneficiary at any time, without notice, and Beneficiary may release and/or substitute collateral, release or discharge any person or entity then or who may be personally obligated hereunder or on the note or under or pursuant to any guarantee relating to the obligations secured by this Trust Deed and neither the Grantor nor any Grantor's successor, guarantor or predecessor shall be released from any liability hereunder or under said note or notes or under any guarantee relating thereto and all such acts of Beneficiary shall not impair, alter or affect the obligation of any such person, entity, predecessor successor or guarantor, nor shall any such act of Beneficiary alter or affect the Beneficiary's rights under any loan document and/or hereunder and/or the lien of this Trust Deed in any way. Each of the covenants and agreements herein shall be binding upon all successors in interest of each Grantor and shall inure to the benefit of any successor in interest of the Beneficiary. It is agreed that if any note or notes secured hereby be assigned and transferred by the Beneficiary to any one or more parties without the assignment of this Trust Deed, then the Trustee shall hold this Trust Deed in trust for the benefit of such assignee or assignees, and may foreclose such Trust Deed for the benefit of such assignee or assignees to the same extent as though such notes had not been assigned.

**TWELFTH:** All management records, rental agreements and records, insurance policies; keys, deposit agreements, and all rents, issues, income, deposits and profits derived from the said premises and property are hereby assigned to the Beneficiary as additional security. In the event of default of the Grantor in any respect under this Trust Deed, the Beneficiary shall have the right to take possession of all the security property and to collect and retain the said papers, keys, rents, issues, deposits, income and profits derived from the above described premises and property, including those past due and unpaid. Said rents, issues, income and profits shall be applied by the Beneficiary, at its option, in payment of operating costs and reasonable expenses in connection with the operation and management of the above described premises, in payment of customary costs and charges for collection and management, or upon any indebtedness due or which may become due upon said note or notes, or upon or under this Trust Deed. No action taken by beneficiary hereunder, nor shall any failure to act by Beneficiary hereunder waive any right of Beneficiary nor shall any payment or application of payment hereunder serve to cure any default existing. All Beneficiary's rights hereunder and under the terms of this Trust Deed are deemed cumulative.

**THIRTEENTH:** The entering upon and taking possession of the above described premises and property, the collection of such rents, issues and profits, or the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

**FOURTEENTH:** In the event it becomes necessary in the judgment of the Beneficiary so to do, the Beneficiary, without notice and without regard to the value of the said premises or to the adequacy of the security for the debt, shall have the right to apply to any Court having jurisdiction for the appointment of a Receiver and to have appointed a Receiver to manage and control the above described premises and property. In the event the Beneficiary or any Receiver enters into possession of the above described premises and property, the Grantor shall deliver to the beneficiary or receiver all deposits, rental agreements, rental records, utility records and deposits and all other papers, keys, documents and records which the beneficiary or the receiver deems necessary or desirable in their sole discretion. Grantor shall additionally deliver to the Beneficiary or the Receiver all personal property owned by the Grantor and remaining in or about the above described premises or which is utilized by Grantor or Grantor's agents in the operation of the premises and in no event, shall Beneficiary or Receiver be held liable or responsible in any manner for injuries, loss, destruction or damage to such property or any portion thereof.

**FIFTEENTH:** The Grantor agrees to indemnify Beneficiary and the Trustee and to pay all costs, fees and expenses of the Beneficiary and the Trustee relating directly or indirectly to this Trust Deed, including the cost of title search, receivership and all other costs and expenses of the Beneficiary and the Trustee incurred by them in connection with protecting the lien hereof or enforcing the obligations secured by this Trust Deed in any nonjudicial or judicial proceeding, including in any bankruptcy case in which the property or the rights of Beneficiary shall be directly or indirectly considered, including Trustee's and attorney's fees actually incurred by the Trustee or the Beneficiary, in any trial and appellate court.

The Grantor shall hold Beneficiary and Trustee harmless of all claims, actions and demands, including attorney's fees and shall appear in and defend any action or proceeding purporting to affect the security hereof or the rights of powers of the Beneficiary or Trustee: Grantor shall pay all costs and expenses, including the costs of title search and of attorney's fees incurred by Grantor, the Beneficiary and the Trustee in any such action or proceeding in which Beneficiary or Trustee may appear, and in any action brought by Beneficiary and Trustee to foreclose or enforce Beneficiary and Trustee's rights hereunder.

**SIXTEENTH:** Should the Grantor be or become in default in any of the covenants or agreements contained herein, then the Beneficiary at its option may perform the same and all expenditures made by the Beneficiary in so doing, or under any of the covenants or agreements herein, shall bear the rate of interest as is provided in the note or notes secured by this Trust Deed and all such expenditures by Beneficiary shall be forthwith paid by Grantor to Beneficiary without demand together with interest and all Beneficiary's costs relating thereto. All Beneficiary's advances, costs and attorney's fees incurred under or pursuant to this Deed of Trust in any proceeding shall be additionally secured by the lien of this Trust Deed.

**SEVENTEENTH:** In the event the Grantor or any one of them sells, contracts to sell or leases (coupled or accompanied by an option to purchase) any part or all of the above described property or any interest therein or in the event Grantor or any one of Grantor's interests in the aforesaid property is terminated by judicial action or otherwise, without the express prior written consent of the Beneficiary being first obtained, the Beneficiary may, at its option, declare the entire balance of the loan evidenced by the aforesaid note or notes secured by this Trust Deed to be immediately due and payable. Grantor shall make prior written application to Beneficiary for Beneficiary's consent to any sale, lease or transfer of any part or all of Grantor's interest in the above described premises and property. Beneficiary may require from any proposed transferee such information as would normally be required by national banks or savings and loan associations if the transferee were a new loan applicant. Beneficiary may require any additional information and documentation which Beneficiary deems pertinent. As a condition of consent to any sale, transfer or lease, the Beneficiary may impose a service charge, increase the interest rate of the indebtedness secured by this Trust Deed, and accelerate the maturity date of such indebtedness in such manner as Beneficiary deems appropriate in its sole discretion.

**EIGHTEENTH:** Upon default by Grantor under the note or notes secured hereby, in payment of any indebtedness or advances secured hereby or in the performance of any covenant or agreement herein, and/or under or pursuant to the terms of any construction loan agreement or under the terms of any other note, notes, construction loan agreement, mortgage or trust deed in which Grantor herein is the borrower or obligated party, the Beneficiary may immediately and without notice declare all sums secured hereby fully and immediately due and payable. Beneficiary may personally or require the Trustee to execute and record a written notice of default and election to sell the property which is security under the terms of this Trust Deed and/or under the terms of any other security agreement, mortgage or deed of trust. Beneficiary may, personally or by agent or through the Trustee, cause a nonjudicial foreclosure or a judicial foreclosure to be instituted in the manner provided by law. Beneficiary, in its sole direction, may direct the method, manner and the order and sequence by which the security for this Trust Deed shall be foreclosed and sold and Beneficiary may, at any time, amend, modify or change such method or manner by which foreclosure shall be accomplished. If Beneficiary directs foreclosure by nonjudicial sale, Beneficiary shall so notify the Trustee and the Trustee shall thereupon prepare and serve such notices as shall be required and conduct the nonjudicial sale as required by applicable law. Beneficiary shall have the right to require the Trustee to modify the time and place of sale and shall, at all times, have the right to appoint a successor trustee.

**NINETEENTH:** If after defaults and prior to the time and date set by the Trustee for the Trustee's sale, the Grantor or other person so privileged by statutory law pays the entire amount then due under the terms of the Trust Deed and the obligation secured thereby, the Grantor or other person making such payment shall also pay to the Trustee and to the Beneficiary and their respective attorneys all the Beneficiary's and the Trustee's costs and expenses incurred in enforcing the terms of the note or notes secured by this Trust Deed, and in enforcing Beneficiary's rights provided herein, including Trustee's and Beneficiary's attorney's fees to the extent actually incurred.

**TWENTIETH:** Neither the acceptance of any late payment, other late performance nor the waiver of any provision or duty provided in the note, any construction loan agreement and this Trust Deed by Beneficiary shall constitute a waiver of any other then known default on the part of Grantor, nor a subsequent waiver of a similar or of any other duty or provision required of the Grantor, nor of the provision itself.

**TWENTY-FIRST:** If the Trustee conducts a nonjudicial sale pursuant to applicable law, the Trustee shall apply the proceeds of sale first to the payment of (1) the expenses of the sale including the Trustee's charges, expenses and attorney's fees, (2) to the obligation secured by this Trust Deed, including

all additions and costs and expenses of title search, all Beneficiary costs, advances and all Beneficiary's attorney's fees, (3) to any person or entity having a recorded lien subsequent to the interests of the Beneficiary in this Trust Deed as their interest may appear and in the order of their priority, and (4) the surplus, if any, to the Grantor or to Grantor's successors in interest entitled to such surplus.

**TWENTY-SECOND: Reconveyance.** Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty to the person or persons legally entitled thereto. Such person or persons shall pay all costs and expenses relating to the said request for reconveyance, Trustee's reasonable fees (but not less than \$45.00) and recording, if any.

**TWENTY-THIRD: Substitute Trustee.** In accordance with applicable law, Beneficiary may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

**TWENTY-FOURTH: Use of Property.** The Property is not currently used for agricultural, timber or grazing purposes. The property and the loan evidenced by said Note or Notes is not for any personal, family or household use; specifically the loan and property are for the operation as a commercial shopping center and mall utilizing goods and services for sale to the public.

**TWENTY-FIFTH:** Time, place, method and manner of performance is absolutely and strictly of the essence.

**TWENTY-SIXTH:** ~~The Note has an extension provision pursuant to the terms of which the Maker may elect (on payment by accrual to the Note of a fee of 4% for each extension, together with a notice of election as provided in the Note), to extend payment for three successive and consecutive extension terms of three months each. The parties have entered into simultaneous options pursuant to the terms of which the Beneficiary shall have the right to acquire 100% of the real and personal property which is the security described in the Deed of Trust and to receive the interest of CDF II LLC, a California limited liability company, for a term of 100 years for all the foregoing interests in the security property. The Grantor shall assume performance under the terms and conditions of the aforesaid options relative to 100% of the security property.~~

**TWENTY-SEVENTH:** Grantors covenant that Grantors will timely pay all charges, interest, taxes, assessments, and other expenses related to the security property and that Grantors will further pay and otherwise perform all of the terms and conditions required of the obligor party under the provisions of any other lien, charge or encumbrance, relating to the property and save Beneficiaries harmless therefrom.

Grantor has granted this Deed of Trust as an accommodation and security interest and IN WITNESS WHEREOF, Grantor has executed this Deed of Trust. is not obligated under the note.

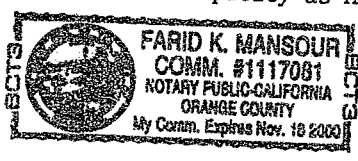
CDF II LLC

By Chris A. Welsh  
Chris A. Welsh  
Manager 9-26-98

State of California )

County of Orange ) Christopher Welsh

Personally appeared before me, Chris A. Welsh, and acknowledged that instrument to be his voluntary act and deed in his capacity as Manager of CDF II LLC, a California limited liability company



Before me: FARID K. MANSOUR  
[Signature]  
Notary Public For California  
My Commission Expires: NOV. 18, 2000

Personally appeared \_\_\_\_\_ who, being duly sworn, did say that \_\_\_\_\_ is the \_\_\_\_\_ of \_\_\_\_\_, and that the foregoing was signed on behalf of \_\_\_\_\_ and acknowledged that instrument to be its voluntary act and deed.

Before me:

\_\_\_\_\_  
Notary Public For California  
My Commission Expires: \_\_\_\_\_

Personally appeared \_\_\_\_\_ who, being duly sworn, did say that \_\_\_\_\_ is the \_\_\_\_\_ of \_\_\_\_\_, and that the foregoing was signed on behalf of \_\_\_\_\_ and acknowledged that instrument to be its voluntary act and deed.

Before me:

\_\_\_\_\_  
Notary Public For California  
My Commission Expires: \_\_\_\_\_



REQUEST FOR FULL RECONVEYANCE

35454

Do not record. To be used only when note has been paid.

To: Trustee.

The undersigned is the legal owner and holder of the note and all other indebtedness secured by the within Deed of Trust. Said note, together with all other indebtedness secured by said Deed of Trust, has been fully paid and satisfied; and you are hereby requested and directed on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you thereunder.

Dated \_\_\_\_\_, 19 \_\_\_\_\_

BY: \_\_\_\_\_

Mail reconveyance to \_\_\_\_\_

**EXHIBIT "A"**  
**LEGAL DESCRIPTION**

**35455**

**PARCEL 1:** All that portion of Tracts 32, 33A and 36, ENTERPRISE TRACTS, situated in the NW1/4 of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

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

**PARCEL 2:** A parcel of land situated in the NW1/4 of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

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

PAGE 4 OF REPORT NO. 41756

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Amerititle the 28th day of September A.D., 19 98 at 1:23 o'clock P. M., and duly recorded in Vol. M98 of Mortgages on Page 35450

FEE \$35.00

By Bernetha G. Letsch, County Clerk  
Kathleen Ross