

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

K-53608

U.S. BANK NATIONAL ASSOCIATION
1420 Fifth Avenue, 10th Floor
Post Office Box 720
Seattle, Washington 98111-0720
Attention: Carlos Guangorena

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

(COLLATERAL IS OR INCLUDES FIXTURES)
COLUMBUS PROPERTIES L.L.C.
a Washington limited liability company,
Grantor

OREGON TITLE INSURANCE COMPANY
Trustee

U.S. BANK NATIONAL ASSOCIATION
Beneficiary

The maximum principal amount to be advanced pursuant to the credit agreement secured by this deed of trust is \$63,135,000.

The maturity date of the promissory note secured by this deed of trust, exclusive of any option to renew or extend such maturity date, is April 30, 2006.

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

This deed of trust, assignment of leases and rents, security agreement, and fixture filing (hereinafter called "Deed of Trust") is made on this March 31, 1999, among COLUMBUS PROPERTIES L.L.C., a limited liability company, whose address is Columbus Properties LLC, 7515 Terminal St. SW, Tumwater, WA 98501, attention Gerald L. Whitcomb (hereinafter called "Grantor"); OREGON TITLE INSURANCE COMPANY, whose address is 1515 S W Fifth Avenue, Portland, Oregon 97201 (hereinafter called "Trustee"); and U.S. BANK NATIONAL ASSOCIATION, whose address is 1420 Fifth Avenue, 10th Floor, Post Office Box 720, Seattle, Washington 98111-0720 (hereinafter called "Beneficiary").

WITNESSETH:

That Grantor does hereby irrevocably TRANSFER, ASSIGN, GRANT, BARGAIN, SELL, WARRANT and CONVEY TO TRUSTEE IN TRUST, WITH POWER OF SALE, the real property in the state of Oregon described in Exhibit A attached hereto and by this reference incorporated herein, together with any and all buildings and improvements now or hereafter erected thereon, including, but not limited to, the fixtures, attachments, appliances, equipment, machinery, and other articles attached to such buildings and improvements, which are herein collectively called the "Property";

TOGETHER WITH all interests, estate or other claims, both in law and in equity, which Grantor now has or may hereafter acquire in the Property;

TOGETHER WITH all easements, rights-of-way and rights used in connection therewith or as a means of access to the Property, and all tenements, hereditaments and appurtenances of and to the Property, and all water rights and shares of stock evidencing the same;

TOGETHER WITH all right, title and interest of Grantor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Property; and any and all sidewalks, alleys, and strips and gores of land adjacent to or used in connection with the Property;

TOGETHER WITH all right, title and interest of Grantor in and to all tangible personal property (the "Personal Property") now or hereafter owned by Grantor and now or at any time hereafter located on or at the Property or used in connection therewith, including, but not limited to, all furnishings, lobby and all other indoor and outdoor furniture, apparatus, goods, machinery, tools, insurance proceeds, equipment (including all office equipment, office air conditioning, heating, refrigerating, electronic monitoring, window or structural cleaning rigs, maintenance, and all other equipment of every kind), motors, boilers, buildings, materials, appliances, fire prevention and extinguishing apparatus (including, but not limited to, fire sprinklers and alarm systems), security and access control apparatus, trash receptacles, bath tubs, water heaters, water closets, sinks, dishwashers, disposals, washers, dryers, elevators, fittings, radiators, ranges, refrigerators, rugs, carpets, and other floor coverings, all inventory related to the operation of the Property and any business operated thereon by Grantor, draperies, drapery rods and brackets, awnings, storm windows, storm doors, window shades, screens, venetian blinds, curtains and curtain rods, mirrors, cabiners, paneling, pictures, antennas, trees, plants, carpeting, beds, bedsprings, mattresses, bureaus, chiffoniers, chairs, chests, desks, bookcases, tables, hangings, decorations, divans, couches, glassware, silverware, tableware, linens, towels, bedding, blankets, china, dishware, ornaments, bric a brac, kitchen equipment, utensils, bars, bar fixtures, uniforms, safes, cash registers, accounting and duplicating machines, communications equipment, vaults, radios, iceboxes, statuary, lamps, all plumbing, lighting, cooking, laundry, incinerating, trash compacting, telephone systems, televisions and television systems, computer systems, reservation systems and fixtures and appurtenances thereto and all renewals or replacements thereof or articles in substitution thereof whether or not the same are or shall be attached to the Property in any manner, lamps, chandeliers and other lighting fixtures, and office maintenance and other supplies and all proceeds and products of any of the foregoing.

TOGETHER WITH all right, title, and interest of Grantor in any funds deposited pursuant to Section 1.6 or Section 1.7;

TOGETHER WITH all the estate, interest, right, title, other claim or demand, including claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Grantor now has or may hereafter acquire in the Property, and any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of the Property, including, without limitation, any awards resulting from a change of grade of streets and awards for severance damages.

TOGETHER WITH any and all existing and future leases (including subleases thereof), whether written or oral, rental agreements, and all future agreements for use

and occupancy, and any and all extensions, renewals and replacements thereof, upon all or relating to any part of the Property, including without limitation equipment leases, rental agreements, sales contracts, management contracts, franchise and related agreements, construction contracts, architects' contracts, technical services agreements, licenses and permits (hereinafter collectively referred to as the "Leases").

TOGETHER WITH any and all guaranties of tenant's performance under any and all of the Leases;

TOGETHER WITH any and all present and future accounts, general intangibles, instruments, documents and chattel paper now or hereafter affecting or relating to the Trust Estate (as defined below) or any part thereof, and all proceeds or products thereof, including without limitation, (i) all leases (including equipment leases), rental agreements, sales contracts, management contracts, franchise and related agreements, construction contracts, architects' contracts, technical services agreements, licenses and permits, (ii) all receivables, customer obligations, installment payment obligations and other obligations now existing or hereafter arising or created out of the sale or lease of property or rendering of services by Grantor in its business of ownership and operation of the Trust Estate or acquired from others including, without limiting the generality of the foregoing, from rental of rooms, halls, stores, offices, exhibit or sales space of every kind, license, lease and concession fees and rentals, health club membership fees, food and beverage, whole and retail sales of merchandise, service charges, and proceeds, if any, from business interruption or other loss of income insurance, (iii) all rights to payment from any consumer credit charge card organization or entity (including, but not limited to, the organizations or entities which sponsor and administer the American Express Card, the Carte Blanche Card, the Discover Card, the Master Card, the Visa Card and the Diners Club Card), (iv) all checks and consumer credit/charge card slips and receipts, and (v) all the Grantor's right, title and interest in all royalties, license fees and other income or proceeds derived from trademarks, trademark applications, the registration therefor, the good will of the business symbolized by the same, now or hereafter filed, owned or acquired (all monies, rights and claims described in this paragraph and the following paragraph being hereinafter called "Cash Collateral"), excepting therefrom, any sums which by the express provisions of any of the Leases are payable directly to any governmental authority or to any other person, firm or corporation other than the landlord under the Leases;

TOGETHER WITH the immediate and continuing right to collect and receive all of the rents, income, receipts, revenues, issues, profits and other income of any nature now due or which may become due or to which Grantor may now or shall hereafter (including any income of any nature coming due during any redemption

period) become entitled to or may make demand or claim for, arising or issuing from or out of the Leases or from or out of the Property or any part thereof, including but not limited to, minimum rents, additional rents, percentage rents, parking or common area maintenance contributions, tax and insurance contributions, deficiency rents and liquidated damages following default in any Lease, all accounts receivable, instruments, and general intangibles related to the operation of the Property and any business operated thereon by Grantor and all proceeds thereof, and all proceeds payable under any policy of insurance covering loss of rents resulting from untenability caused by destruction or damage to the Property, together with any and all rights and claims of any kind which Grantor may have against any tenant under the Leases or any subtenants or occupants of the Property (all such monies, rights and claims described in this paragraph and the foregoing paragraph being hereinafter called "Cash Collateral"), excepting therefrom, any sums which by the express provisions of any of the Leases are payable directly to any governmental authority or to any other person, firm or corporation other than the landlord under the Leases:

TOGETHER WITH all additions, accessions, replacements, substitutions, proceeds and products of the property described herein

SUBJECT, HOWEVER, to a license hereby granted by Beneficiary to Grantor, but limited as hereinafter provided, to collect and receive all of the Cash Collateral

The entire estate, property, and interest hereby conveyed to Trustee may hereafter be referred to as the "Trust Estate."

FOR THE PURPOSE OF SECURING:

1. Payment of indebtedness in the principal amount of \$63,135,000 with interest thereon, evidenced by that certain promissory note of even date herewith (the "Note") with a maturity date of April 30, 2006 executed by Grantor, which has been delivered to, and is payable to, the order of Beneficiary and which, by this reference, is made a part hereof, and any and all modifications, extensions and renewals thereof. The interest rate, payment terms, or the balance due on the Note and the indebtedness evidenced thereby may be indexed, adjusted, renewed, or renegotiated without affecting the priority of this Deed of Trust

2. Payment and performance of all obligations of Grantor under this Deed of Trust, including without limitation, payment of all sums which may become due from Grantor or advances by Beneficiary or its successor, with interest thereon at the rate set forth herein, which include but are not limited to, fire and other hazard

insurance and taxes upon the real property herein described, according to the terms of this Deed of Trust; payment by Grantor of all reasonable attorneys' fees and costs incurred by Trustee or Beneficiary in foreclosing this Deed of Trust or realizing upon any of the collateral for the obligations which this Deed of Trust secures; payment by Grantor of all reasonable attorneys' fees and costs incurred by Trustee or Beneficiary in defending the priority or validity of this Deed of Trust or the title to the Property; payment by Grantor of all sums advanced by Beneficiary to or on behalf of Grantor for the purpose of clearing encumbrances or defects from the title to the Property described in this Deed of Trust where Beneficiary, reasonably and in good faith, believes such encumbrances to be superior to the lien of the Deed of Trust, including without limitation, payment of ad valorem taxes and mechanics' or materialmen's liens which may have gained priority over the lien of this Deed of Trust; payment by Grantor of all reasonable attorneys' fees and costs incurred by Trustee or Beneficiary in any bankruptcy proceedings or any reorganization or arrangement proceeding under the United States Bankruptcy Code affecting Grantor or this Deed of Trust; and payment of all other sums advanced by Beneficiary to protect the Trust Estate, with interest thereon at the rate set forth herein.

3. Payment of all other sums, with interest thereon, which may hereafter be loaned to Grantor, its successors, or assigns, by Beneficiary, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust

4. Payment and performance of all of the obligations of Grantor under the credit agreement between Grantor and Beneficiary of even date herewith (together with all modifications, amendments, supplements, and exhibits thereto, the "Credit Agreement") and all other Loan Documents (as defined below), including all modifications, extensions, and renewals thereof.

This Deed of Trust, the Note, the Credit Agreement, and any other instrument given to evidence or further secure the payment and performance of any obligation secured hereby may hereafter be referred to as the "Loan Documents." Notwithstanding the foregoing, this Deed of Trust does not secure and shall not be construed as securing any obligation of Grantor under (a) the Certificate and Indemnity Regarding Hazardous Substances of even date herewith made by Borrower or (b) the Certificate of Compliance and Indemnification Agreement of even date herewith made by Borrower. It is the express intention of Grantor and Beneficiary that such obligations and liabilities be unsecured.

ARTICLE I. COVENANTS AND AGREEMENTS OF GRANTOR

Grantor hereby covenants and agrees:

1.1 Maintenance of the Property

The Trust Estate shall be maintained in good condition at all times. Grantor shall promptly make all necessary repairs, replacements, and renewals so that the value of the Trust Estate shall be maintained. Grantor shall not commit or permit any waste on the Property. Grantor shall comply with all laws, ordinances, regulations, and private restrictions affecting the Trust Estate. To the extent that the Trust Estate constitutes commercial property, Grantor shall operate the Property in such manner as to prevent deterioration of the land and improvements including fences, except for reasonable wear and tear from proper use. Grantor shall not demolish or remove any improvements from the Trust Estate without the written consent of Beneficiary.

1.2 Required Insurance

Grantor shall at all times provide, maintain, and keep in force, or cause to be provided, maintained, and kept in force, the following policies of insurance:

(a) Insurance against loss or damage to the building and improvements situated on the Property (the "Improvements") by fire and any of the risks covered by insurance of the type now known as "broad form of extended coverage," in an amount not less than the greater of (i) 100 percent of the full replacement cost of the Improvements (exclusive of the cost of excavations, foundations, and footings below the lowest basement floor), or (ii) an amount sufficient to prevent Grantor and/or Beneficiary from becoming a co-insurer within the terms of the applicable policies, and with not more than \$10,000.00 deductible from the loss payable for any casualty. The policies of insurance carried in accordance with this subparagraph a. shall contain the "Replacement Cost Endorsement";

(b) Insurance against loss or damage to the Personal Property by fire and other risks covered by insurance of the type now known as "broad form of extended coverage";

(c) Such other insurance and in such amounts as may, from time to time, be reasonably required by Beneficiary against the same or other hazards, including, without limitation, business interruption insurance or insurance covering loss of rents and flood insurance where applicable; and

(d) All policies of insurance required by the terms of this Deed of Trust shall contain an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act or negligence of Grantor which might otherwise result in forfeiture of said insurance and

the further agreement of the insurer waiving all rights of set-off, counterclaim, or deductions against Grantor (Non-Contributory Standard Mortgage Clause and Lender's Loss Payable Endorsement--Form 438 BFU NS or CP 12- or their equivalent).

1.3 Delivery of Policies; Payment of Premiums Proceeds.

(a) All policies of insurance shall be issued by companies and in amounts in each company reasonably satisfactory to Beneficiary. All policies of insurance shall have attached thereto a lender's loss payable endorsement for the benefit of Beneficiary in form satisfactory to Beneficiary. Grantor shall furnish Beneficiary with an original policy of all policies of required insurance. If Beneficiary consents to Grantor providing any of the required insurance through blanket policies carried by Grantor and covering more than one location, then Grantor shall furnish Beneficiary with a certificate of insurance for each such policy setting forth the coverage, the limits of liability, the name of the carrier, the policy number, and the expiration date.

(b) At least 30 days prior to the expiration of each such policy, Grantor shall furnish Beneficiary with evidence satisfactory to Beneficiary of the payment of premium and the reissuance of a policy continuing insurance in force as required by this Deed of Trust. All such policies shall contain a provision that such policies will not be canceled or materially amended, which term shall include any reduction in the scope or limits of coverage without at least 30 days' prior written notice to Beneficiary. In the event Grantor fails to provide, maintain, keep in force or to deliver and furnish to Beneficiary the policies of insurance required by this section, Beneficiary may procure such insurance or single-interest insurance for such risks covering Beneficiary's interest, and Grantor will pay all premiums thereon promptly upon demand by Beneficiary and, until such payment is made by Grantor, the amount of all such premiums shall be secured by this Deed of Trust.

(c) In the event of loss Grantor shall immediately notify Beneficiary, who may make proof of loss if it is not made promptly by Grantor. Proceeds shall be paid directly to Beneficiary who, if Grantor fails to diligently prosecute its claim may compromise with any insurance company and make a final settlement which shall be binding upon Grantor. Beneficiary may, at its election, apply the proceeds to the reduction of the indebtedness secured hereby or to the restoration or repair of the Trust Estate; provided, however, that (i) if the proceeds are \$25,000 or less and no Event of Default then exists, Beneficiary shall promptly make the proceeds available to Grantor to repair, replace or restore the damaged Property and (ii) if the proceeds are more than \$25,000, then Section 1.3(d) below shall apply.

(d) In the event the insurance proceeds are more than \$25,000, then if, in any instance, each and all of the following conditions are satisfied in Beneficiary's reasonable judgment, Beneficiary shall permit Grantor to use the amount of any insurance and condemnation proceeds ("Net Claims Proceeds") to pay costs of repairing or reconstructing the Property in the manner described below: (i) the plans and specifications, cost breakdown, construction contract, construction schedule, contractor and payment, and performance bond for the work of repair or reconstruction must all be reasonably acceptable to Beneficiary to the extent that any such item is reasonably applicable to a particular repair or reconstruction; (ii) Beneficiary must receive evidence reasonably satisfactory to it that after repair or reconstruction, the Property will be at least as valuable as it was immediately before the damage or condemnation occurred; (iii) the Net Claims Proceeds must be sufficient in Beneficiary's reasonable determination to pay for the total cost of repair or reconstruction, including all associated development costs and interest projected to be payable until the repair or reconstruction is complete; or Grantor must provide its own funds in an amount equal to the difference between the Net Claims Proceeds and a reasonable estimate, made by Grantor and found acceptable by Beneficiary, of the total cost of repair or reconstruction; (iv) Beneficiary has received evidence satisfactory to it, that reconstruction and/or repair can be completed at least three months prior to the date the Loan is due and payable, and (v) no Default or Event of Default shall have occurred and be continuing. If the foregoing conditions are met to Beneficiary's reasonable satisfaction, Beneficiary shall hold the Net Claims Proceeds and any funds which Grantor is required to provide and shall disburse them to Grantor from time to time upon Grantor's request, but no more than once per month, to pay costs of repair or reconstruction upon presentation of evidence reasonably satisfactory to Beneficiary that repair or reconstruction has been completed satisfactorily and lien-free. However, if Beneficiary determines in its reasonable discretion that one or more of the conditions are not satisfied, it may apply the Net Claims Proceeds to pay or prepay some or all of the Loan. No prepayment premium or penalty shall be due and payable with respect to any Net Claims Proceeds which Beneficiary elects to apply to the principal amount of the Loan.

(e) The following notice is made pursuant to ORS 746.201:

UNLESS GRANTOR PROVIDES BENEFICIARY WITH EVIDENCE OF THE INSURANCE COVERAGE AS REQUIRED BY THIS DEED OF TRUST OR ANY LOAN OR CREDIT AGREEMENT BETWEEN GRANTOR AND BENEFICIARY, BENEFICIARY MAY PURCHASE INSURANCE AT GRANTOR'S EXPENSE TO PROTECT BENEFICIARY'S INTEREST. THIS INSURANCE MAY, BUT NEED

NOT, ALSO PROTECT GRANTOR'S INTEREST. IF THE COLLATERAL BECOMES DAMAGED, THE COVERAGE BENEFICIARY PURCHASES MAY NOT PAY ANY CLAIM GRANTOR MAKES OR ANY CLAIM MADE AGAINST GRANTOR. GRANTOR MAY LATER CANCEL THIS COVERAGE BY PROVIDING EVIDENCE THAT GRANTOR HAS OBTAINED PROPERTY COVERAGE ELSEWHERE.

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

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

1.4 Assignment of Policies Upon Foreclosure

In the event of foreclosure of this Deed of Trust or other transfer of title or assignment of the Trust Estate in extinguishment, in whole or in part, of the debt secured hereby, all right, title, and interest of Grantor in and to all policies of insurance required by Section 1.2 shall inure to the benefit of and pass to the successor in interest to Grantor or the purchaser or grantee of the Trust Estate

1.5 Indemnification; Subrogation; Waiver of Offset

(a) If Beneficiary is made a party defendant to any litigation concerning this Deed of Trust or the Trust Estate or any part thereof or interest therein, or the occupancy thereof by Grantor, then Grantor shall indemnify, defend, and hold Beneficiary harmless from all liability, loss, cost, or damage, by reason of said litigation, including reasonable attorneys' fees (See Section 4.6) and expenses incurred by Beneficiary in any such litigation, whether or not any such litigation is prosecuted to judgment.

(b) Grantor waives any and all right to claim or recover against Beneficiary, its officers, employees, agents, and representatives, for loss of or damage to Grantor, the Trust Estate, Grantor's property, or the property of others under Grantor's control from any cause insured against or required to be insured against by the provisions of this Deed of Trust.

(c) All sums payable by Grantor hereunder shall be paid without notice, demand, counterclaim, setoff, deduction, or defense and without abatement, suspension, deferment, diminution, or reduction, and the obligations and liabilities of Grantor hereunder shall in no way be released, discharged, or otherwise affected (except as expressly provided herein) by reason of (i) any damage to or destruction of or any condemnation or similar taking of the Trust Estate or any part thereof, (ii) any restriction or prevention of or interference with any use of the Trust Estate or any part thereof, (iii) any title defect or encumbrance or any eviction from the Property or the Improvements or any part thereof by title paramount or otherwise, (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation, or other like proceeding relating to Beneficiary, or any action taken with respect to this Deed of Trust by any trustee or receiver of Beneficiary, or by any court, in any such proceeding; (v) any claim which Grantor has or might have against Beneficiary; (vi) any default or failure on the part of Beneficiary to perform or comply with any of the terms hereof or of any other agreement with Grantor, or (vii) any other occurrence whatsoever, whether similar or dissimilar to the foregoing and whether or not Grantor shall have notice or knowledge of any of the foregoing. Except as expressly provided herein, Grantor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution, or reduction of any sum secured hereby and payable by Grantor.

1.6 Taxes and Liens

Grantor shall pay before they become delinquent all taxes and assessments levied against or on account of the Trust Estate and shall pay as due all claims for work done on or for services rendered or material furnished to the Property. Special assessments shall be paid currently, without deferral, unless the lien for deferred assessments is subordinate to the interest of Beneficiary under this Deed of Trust, or Beneficiary gives its prior written consent to the deferral. Grantor shall maintain the Trust Estate free of any liens having priority over or equal to the interest of Beneficiary under this Deed of Trust except for "Permitted Encumbrances" as defined in Section 1.10, the lien of taxes and assessments not delinquent, and except as hereinafter otherwise provided. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Beneficiary's interest in the Trust Estate is not jeopardized. If a lien

arises or is filed as a result of nonpayment, Grantor shall within 15 days after the lien arises or, if a lien is filed, within 15 days after Grantor has notice of the filing, secure the discharge of the lien or deposit with Beneficiary cash or a sufficient corporate surety bond or other security satisfactory to Beneficiary in an amount sufficient to discharge the lien plus any costs, attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In the event Grantor deposits cash with Beneficiary to secure discharge of such lien, such cash shall be deposited in an interest bearing account for the benefit of Grantor. The assessor or tax collector of the county in which the Property is located is authorized to deliver to Beneficiary a written statement of the property taxes assessed or owing at any time

1.7 Reserves

If Grantor and Beneficiary do not otherwise expressly agree in writing, Beneficiary may require Grantor to maintain reserves for payment of taxes (including special assessments and other charges against the Trust Estate by governmental or quasi-governmental bodies) or premiums on property insurance or both. The reserves shall be created by payment each month to Beneficiary of an amount reasonably determined by Beneficiary to be sufficient to produce by the date they are due amounts equal to the estimated taxes and insurance premiums to be paid. If at the time that payments are to be made the reserve for either taxes or insurance premiums is insufficient, Grantor shall upon demand pay such additional sum as Beneficiary shall determine to be necessary to cover the required payment. If Grantor desires to carry a package plan of insurance that includes coverage in addition to that required under this Deed of Trust, Beneficiary, if allowed by law, may at its option establish and administer a reserve for that purpose. In such event the premium attributable to the required insurance coverage shall be quoted separately, and Beneficiary may permit Grantor to furnish a certificate of insurance rather than deposit the policy as required above. If at any time Beneficiary holds an insufficient amount in the insurance reserve to cover the premium for the entire package policy, Beneficiary may, at its discretion, pay only that portion of the premium attributable to the required insurance coverage. If the blanket policy does not permit such partial payment, Beneficiary may use the reserve funds for the premium on a new, separate policy providing the required insurance coverage and allow the package policy to lapse. Beneficiary shall not charge a service charge for collecting reserves and paying taxes and insurance premiums. The reserves shall not constitute a trust. Grantor agrees that Beneficiary may commingle reserve funds with other funds of Beneficiary. The reserve funds shall be maintained in an interest bearing account at Beneficiary for the benefit of Grantor.

1.8 Expenditures by Beneficiary

If Default or an Event of Default has occurred and is continuing, Beneficiary may at its option after notice to Grantor, on Grantor's behalf take the required action and any amount that it reasonably expends in so doing shall be added to the indebtedness secured hereby. Amounts so added shall be payable on demand with interest at the rate specified in the Note, or if more than one interest rate is applicable, to portions of the unpaid balance at the highest rate applicable to any portion of the principal balance of the Note (the "Note Rate") from the date of expenditure. The rights provided for in this section shall be in addition to any other rights or any remedies to which Beneficiary may be entitled on account of a Default or an Event of Default and Beneficiary shall not by taking the required action cure the Default or the Event of Default so as to bar it from any remedy that it otherwise would have had.

1.9 Utilities

Grantor shall pay or cause to be paid when due all utility charges which are incurred by Grantor for the benefit of the Trust Estate or which may become a charge or lien against the Trust Estate for gas, electricity, water or sewer services furnished to the Trust Estate and all other assessments or charges of a similar nature, whether public or private, affecting the Trust Estate or any portion thereof, whether or not such assessments or charges are liens thereon.

1.10 Warranty; Defense of Title

Grantor warrants that Grantor holds merchantable title to the Property in fee simple, free of all encumbrances other than the encumbrances described in the title policies insuring the lien of this Deed of Trust delivered to and accepted by Beneficiary upon closing of the Loans (hereinafter referred to as "Permitted Encumbrances"). Grantor warrants and will forever defend the title against the claims, other than Permitted Encumbrances, of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Beneficiary under this Deed of Trust, Grantor shall defend the action at Grantor's expense. If any Permitted Encumbrance is a lien, Grantor shall pay any sums and do any other acts necessary to prevent a default or prevent any action or condition which with the lapse of time, the giving of notice, or any other action of a creditor, would be a default or enable any creditor to declare a default or foreclose any Permitted Encumbrance which is a lien.

1.11 Condemnation

If all or any part of the Trust Estate is condemned, the net proceeds of the award may, at Beneficiary's election, be paid directly to Beneficiary and be applied on the indebtedness secured hereby. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees necessarily paid or incurred by Grantor and Beneficiary in connection with the condemnation. If any proceeding in condemnation is filed, Grantor shall promptly take such steps as may be reasonably necessary to defend the action and obtain the award. Grantor hereby assigns to Beneficiary the net proceeds of any condemnation award.

1.12 Imposition of Tax

The following shall constitute taxes to which this paragraph applies:

- (a) A specific tax upon deeds of trust or upon all or any part of the indebtedness secured by a deed of trust.
- (b) A specific tax on the owner of property covered by a deed of trust which the taxpayer is authorized or required to deduct from payments on the deed of trust.
- (c) A tax on premises covered by a deed of trust chargeable against Beneficiary under the deed of trust or the holder of the note secured thereby.
- (d) A specific tax on all or any portion of the indebtedness secured hereby or on payments of principal and interest made by a Grantor under a deed of trust.

If any federal, state, or local tax to which this paragraph applies is enacted subsequent to the date of this Deed of Trust, this shall have the same effect as an Event of Default and Beneficiary may exercise any or all of the remedies available to it upon the occurrence and during the continuance of an Event of Default unless the following conditions are met:

- (a) Grantor may lawfully pay the tax or charge imposed; and
- (b) Grantor pays the tax or charge within 30 days after notice from Beneficiary that the tax law has been enacted.

1.13 No Waiver

By accepting payment of any obligation herein mentioned after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other obligations herein mentioned or to declare a Default for failure so to pay

1.14 Accounting

Grantor will keep and maintain or will cause to be kept and maintained in accordance with sound accounting practice accurate and proper books of record and account relating to the Property. Grantor shall permit Beneficiary to examine the books of account and other records of Grantor, to discuss the affairs, finances and accounts of Grantor and to be informed as to the same by Grantor, all at such reasonable times and intervals as Beneficiary may request. Grantor shall, at its own cost and expense, furnish to Beneficiary the financial statements required under the Credit Agreement. In the event Grantor fails to furnish any of the financial statements hereinabove required, Beneficiary may upon reasonable notice to Grantor cause an audit to be made of Grantor's books and records, at Grantor's sole cost and expense.

1.15 Repayment of Advances

Upon receipt of notice, Grantor shall repay promptly all sums expended or advanced hereunder by or on behalf of Beneficiary or Trustee to protect the lien, security and collateral hereunder, with interest from the date of such advance or expenditure at the Note Rate, and the repayment thereof shall be secured hereby. Failure to repay such expenditure or advance and interest thereon within the grace period set forth in the Credit Agreement will, at Beneficiary's option, constitute an Event of Default hereunder; or Beneficiary may, at its option, commence an action against Grantor for the recovery of such expenditure or advance and interest thereon, and in such event Grantor agrees to pay, in addition to the amount of such expenditure or advance, all reasonable costs and expenses incurred in such action, together with reasonable attorneys' fees at trial and on appeal.

1.16 Nonresidential Use

Grantor warrants that this Deed of Trust is not and will at all times continue not to be a residential trust deed (as that term is defined in ORS 86 705(3)).

ARTICLE II. SECURITY AGREEMENT; FIXTURE FILING**2.1 Creation of Security Interest**

Grantor hereby grants to Beneficiary a security interest in (a) the Personal Property attached to or located on or at the Property, including without limitation any and all property of similar type or kind hereafter located on or at the Property, (b) the Cash Collateral, and (c) all other property in which a security interest may be granted under the Uniform Commercial Code of Oregon (collectively, the "Secured Property"), for the purpose of securing all obligations of Grantor contained in any of the Loan Documents.

2.2 Warranties, Representations, and Covenants of Grantor

Grantor hereby warrants, represents and covenants as follows:

(a) Except for the security interest granted hereby, Grantor is, and as to portions of the Secured Property to be acquired after the date hereof will be, the sole owner of the Secured Property, free from any adverse lien, security interest, encumbrance or adverse claims thereon of any kind whatsoever, except for Permitted Encumbrances. Grantor will notify Beneficiary of, and will defend the Secured Property against, all claims and demands of all persons at any time claiming the same or any interest therein.

(b) Grantor will not lease, sell, convey or in any manner transfer the Secured Property without the prior written consent of Beneficiary, except for Secured Property that is worn out or obsolete in the ordinary course of Grantor's business.

(c) The Secured Property is not used or bought for personal, family or household purposes.

(d) The Personal Property will be kept on or at the Property and Grantor will not remove the Personal Property from the Property without the prior written consent of Beneficiary, which consent shall not be unreasonably withheld or delayed, except such portions or items of Personal Property which are consumed or worn out in ordinary usage, all of which shall be promptly replaced by Grantor with an article of equal suitability owned by Grantor free and clear of any lien or security interest except such as may be approved in writing by Beneficiary.

(e) Grantor maintains a place of business in the State of Oregon, and Grantor will immediately notify Beneficiary in writing of any change in its place of business.

(f) At the request of Beneficiary, Grantor will join Beneficiary in executing one or more financing statements and renewals and amendments thereof pursuant to the Uniform Commercial Code of Oregon in form satisfactory to Beneficiary, and will pay the cost of filing the same in all public offices wherever filing is deemed by Beneficiary to be necessary or desirable.

(g) All covenants and obligations of Grantor contained herein relating to the Trust Estate shall be deemed to apply to the Secured Property whether or not expressly referred to herein.

(h) This Deed of Trust constitutes a security agreement as that term is used in the Uniform Commercial Code of Oregon.

2.3 Fixture Filing

This Deed of Trust constitutes a financing statement filed as a fixture filing in the Official Records of the County in which the Property is located under the Uniform Commercial Code as adopted in the state of Oregon with respect to any and all fixtures included within the term "Trust Estate" as used herein and with respect to any goods or other personal property that may now or hereafter become such fixtures. The mailing address of the Grantor and the address of the Beneficiary from which information may be obtained are set forth on the first page of this Deed of Trust.

2.4 Real Property

Grantor and Beneficiary agree that the filing of a financing statement in the records normally having to do with personal property shall never be construed as in any wise derogating from or impairing, this declaration and hereby stated intention of the parties hereto, that everything used in connection with the production of income from the Trust Estate and/or adapted for use therein and/or which is described or reflected in this Deed of Trust is, and at all times and for all purposes and in all proceedings, both legal or equitable, shall be, regarded as part of the real estate irrespective of (i) any such item physically attached to the improvements, (ii) serial numbers used for better identification of certain equipment items capable of being thus identified in a recital contained in this Deed of Trust or in any list filed with Beneficiary, (iii) any such item referred to or reflected in any such financing statement so filed at any time

2.5 Attorney-in-Fact

Beneficiary shall have all of the rights and remedies of a secured party under the Oregon Uniform Commercial Code, as applicable, as well as all other rights and

remedies available at law or in equity. Grantor hereby agrees to execute and deliver on demand and hereby irrevocably constitutes and appoints Beneficiary the attorney-in-fact of Grantor, upon the occurrence and during the continuance of an Event of Default, to execute and deliver and, if appropriate, to file with the appropriate filing officer or office such security agreements, financing statements, continuation statements or other instruments as Beneficiary reasonably may request or as are required in order to impose, perfect or continue the perfection of, the lien or security interest created hereby. Upon the occurrence and during the continuance of an Event of Default Beneficiary shall have the right to cause any of the Secured Property to be sold at any one or more public or private sales as permitted by applicable law, and Beneficiary shall further have all other rights and remedies, whether at law, in equity or by statute, as are available to secured creditors under applicable law. Any such disposition may be conducted by an employee or agent of Beneficiary or Trustee. Any person, including both Grantor and Beneficiary, shall be eligible to purchase any part of all of such property at any such disposition.

2.6 Use

None of the Secured Property shall be used for any unlawful purpose, for hire or in any way which would limit or void any insurance required to be maintained under this Deed of Trust.

2.7 Presentments

Except as otherwise expressly provided in the Loan Documents, Beneficiary shall have no duty or obligation whatsoever to make or give any presentments, demands for performance, notices of nonperformance, notices of protest or notices of dishonor in connection with any of the Secured Property or to take any other action to preserve, protect or defend any right, title or interest of Grantor or Beneficiary with respect to any of the Secured Property or to preserve any value or utility of any of the Secured Property.

ARTICLE III. ASSIGNMENT OF LEASES AND RENTS

3.1 Assignment

Grantor hereby assigns to Beneficiary and grants to Beneficiary a security interest in all Leases as security for performance of all obligations secured by this Deed of Trust.

3.2 Representations and Warranties

Grantor represents and warrants as follows

(a) Grantor has good right, title and interest in and to the Leases and Cash Collateral and good right to assign the same, and no other person has any right, title or interest therein.

(b) Grantor has substantially, materially, duly and punctually performed all and singular the terms, covenants, conditions and warranties of the Leases on Grantor's part to be kept, observed and performed.

(c) The existing Leases, if any, are valid and unmodified and are in full force and effect.

(d) Grantor has not previously sold, assigned, transferred, mortgaged, pledged or granted a security interest in the Cash Collateral, whether now due or hereafter to become due.

(e) None of the Cash Collateral due and issuing from the Trust Estate or from any part thereof has been collected for any period in excess of one month from the date hereof, and payment of any of same has not otherwise been anticipated, waived, released, discounted, set off or otherwise discharged or compromised.

(f) Grantor has not received any funds or deposits from any tenant for which credit has not already been made on account of accrued Cash Collateral.

(g) None of the tenants under any existing Leases is in material default of any of the terms thereof.

3.3 Covenants of Performance

Grantor covenants and agrees as follows.

(a) Grantor shall observe, perform, and discharge, duly and punctually, all of the material obligations of the Leases on the part of Grantor to be kept, observed, and performed, and shall give prompt notice to Beneficiary of any failure on the part of Grantor to observe, perform, and discharge same.

(b) Grantor shall enforce the performance of each and every material obligation, term, covenant, condition, and agreement in the Leases by any tenant to be

performed, and shall notify Beneficiary of the occurrence of any material default under the Leases.

(c) Grantor shall appear in and defend any action or proceeding arising under, occurring out of, or in any manner connected with the Leases or the obligations, duties, or liabilities of Grantor or any tenant thereunder at the expense of Grantor.

3.4 Prior Approval for Actions Affecting Leases

Grantor, without the prior written consent of Beneficiary which shall not be unreasonably withheld or delayed, further covenants and agrees as follows:

(a) Grantor shall not receive or collect any Cash Collateral from any present or future tenant of the Property or any part thereof for a period of more than one month in advance (whether in cash or by promissory note) nor pledge, transfer, mortgage, grant a security interest in, or otherwise encumber or assign future payments of Cash Collateral. For purposes of this Section 3.4, a "tenant" shall not include any motel guests in the ordinary course of business.

(b) Grantor shall not waive, forgive, excuse, condone, discount, set off, compromise, or in any manner release or discharge any tenant under any Leases having a term in excess of one year or from any material obligations, covenants, conditions, and agreements by such tenant to be kept, observed, and performed, including the obligation to pay the Cash Collateral thereunder in the manner and at the place and time specified therein.

(c) Grantor shall not cancel, terminate, or consent to any surrender of any of the Leases having a term in excess of one year, nor commence any action of ejectment or any summary proceedings for dispossession of the tenant under any such Leases, nor exercise any right of recapture of the Property provided in any such Leases, nor modify or in any way alter the terms thereof.

(d) Grantor shall not lease any part of the Property for a term in excess of one year, except as otherwise previously approved by Beneficiary, nor renew or extend the term of any Leases of the Property other than month-to-month rental agreements unless an option therefor was originally so reserved by tenants in the Leases.

(e) Grantor shall not relocate any commercial tenant within the Property nor consent to any modification of the express purposes for which the Property has been leased, nor consent to any subletting of the Property or any part thereof, or to any

assignment of the Leases by any commercial tenant thereunder or to any assignment or further subletting of any sublease.

3.5 Rejection of Leases

Grantor further covenants and agrees as follows:

(a) In the event any tenant under the Leases should become the subject of any proceeding under the United States Bankruptcy Code or any other federal, state or local statute which provides for the possible termination or rejection of the Leases assigned hereby, Grantor covenants and agrees that in the event any of the Leases are so rejected, no damage settlement shall be made without the prior written consent of Beneficiary, which consent shall not be unreasonably withheld or delayed.

(b) Grantor will request that any check in payment of damages for rejection or termination of any such Lease will be made payable both to Grantor and Beneficiary.

(c) Grantor hereby assigns any such payment to Beneficiary and further covenants and agrees that upon request of Beneficiary, it will duly endorse to the order of Beneficiary any such check, the proceeds of which will be applied to any portion of the indebtedness secured by this Deed of Trust in such manner as Beneficiary may reasonably elect.

3.6 License to Collect Cash Collateral

As long as there shall exist and be continuing no Event of Default, Grantor shall have the right under a license granted hereby (but limited as provided herein) to collect all of the Cash Collateral arising from or out of said Leases or any renewals, extensions and replacements thereof, or from or out of the Property or any part thereof. Grantor shall receive such Cash Collateral and hold the Cash Collateral, together with the right and license herein granted as a trust fund to be applied, and Grantor hereby covenants to so apply them, as required by Beneficiary, firstly to the payment of taxes and assessments upon the Property before penalty or interest is due thereon and the payment of Management Fees under the Management Agreement (as defined in the Credit Agreement); secondly to the costs of insurance, maintenance and repairs required by the terms of this Deed of Trust, thirdly to satisfaction of all obligations under the Leases; and fourthly to the payment of interest, principal and any other sums becoming due under the Note and Deed of Trust, before using any part of the same for any other purposes. Upon the conveyance by Grantor and its successors and assigns of Grantor's interest in the Property, all right, title, interest and

powers granted under the license aforesaid shall automatically pass to and may be exercised by each subsequent owner.

ARTICLE IV. REMEDIES UPON DEFAULT

4.1 Events of Default

The occurrence of an "Event of Default" under the Credit Agreement shall constitute an Event of Default under this Deed of Trust. The term "Default" shall have the same meaning given to it in the Credit Agreement.

4.2 Rights and Remedies on Default

Upon the occurrence of and during the continuance of an Event of Default, Beneficiary may exercise any one or more of the following rights and remedies:

- (a) The right at its option by notice to Grantor to declare the entire indebtedness secured hereby immediately due and payable.
- (b) With respect to all or any part of the Property, the right to foreclose by judicial foreclosure in accordance with applicable law.
- (c) The right to have Trustee sell the Trust Estate in accordance with the Deed of Trust Act of Oregon and the Uniform Commercial Code of Oregon where applicable, at public auction to the highest bidder. Any person except Trustee may bid at the Trustee's sale. The power of sale conferred by this Deed of Trust and the law is not an exclusive remedy and when not exercised, Beneficiary may foreclose this Deed of Trust as a mortgage. Trustee is not obligated to notify any party hereto of a pending sale under any other deed of trust or of any action or proceeding in which Grantor, Trustee, or Beneficiary shall be a party, unless such action or proceeding is brought by Trustee.
- (d) With respect to all or any part of the Trust Estate that constitutes personalty, the rights and remedies of a secured party under the Uniform Commercial Code of Oregon.
- (e) The right, without notice to Grantor, to terminate the license granted to Grantor to collect the Cash Collateral without taking possession, and to demand, collect, receive, sue for, attach and levy against the Cash Collateral in Beneficiary's name, to give proper receipts, releases and acquittances therefor, and after deducting all necessary and proper costs and expenses of operation and collection as determined by Beneficiary, including reasonable attorneys' fees, to apply the net proceeds thereof.

together with any funds of Grantor deposited with Beneficiary, upon any indebtedness secured hereby and in such order as Beneficiary may determine. In furtherance of this right, Beneficiary may require any tenant or other user to make payments of rent or use fees directly to Beneficiary, and payments by such tenant or user to Beneficiary in response to its demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed.

(f) The right to have a receiver who is reasonably qualified to manage properties similar to the Property appointed by a court of appropriate jurisdiction to take possession of any or all of the Trust Estate, with the power to protect and preserve the Trust Estate and to operate the Trust Estate preceding foreclosure or sale and apply the proceeds, over and above cost of the receivership, against the indebtedness secured hereby. The receiver may serve without bond if permitted by law. Beneficiary's right to the appointment of a receiver shall exist whether or not apparent value of the Trust Estate exceeds the indebtedness by a substantial amount. Grantor hereby irrevocably consents to the appointment of a receiver on the terms set forth herein. Upon taking possession of all or any part of the Trust Estate, the receiver may:

(1) Use, operate, manage, control, and conduct business on the Trust Estate;

(2) Make expenditure for all maintenance, renewals, replacements, alterations, additions, and improvements to the Trust Estate as in its reasonable judgment are proper;

(3) Insure and reinsure the Trust Estate against all risks incidental to the possession, operation, and management of the Trust Estate;

(4) Collect the Cash Collateral and any other revenues and income from the Trust Estate and apply such sums to the expenses of use, operation, and management in such priority as the receiver deems appropriate. Grantor shall promptly turn over to the receiver all documents, books, records, papers, and accounts, together with the amount of any deposits, rentals, and use fees from any tenant or other user. The receiver may appear in any proceeding or bring suit on Grantor's behalf, as necessary to enforce obligations of any tenant or other user, including actions for the recovery of rent and actions in forcible detainer;

(5) Cancel or terminate any Lease or agreement for any cause for which Grantor would be entitled to cancel or terminate the same;

(6) Extend or modify any Lease and make any new Lease on any portion of the Trust Estate. Any such instruments shall be binding upon Grantor and all persons whose interests in the Trust Estate are subordinate to this Deed of Trust, and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge, or indebtedness, satisfaction of the foreclosure decree or issuance of any certificate of sale or deed to any purchaser.

(7) Complete any construction in progress on the Property, and in that connection, pay bills, borrow funds, employ contractors, and make any changes in plans or specifications as the receiver deems reasonably appropriate and as the appointing judge may allow for the purposes stated in this paragraph; or

(8) If the revenues and income are insufficient to pay expenses, the receiver may borrow such sums as the receiver deems reasonably necessary and as the appointing judge may allow for the purposes stated in this paragraph. The amounts borrowed shall bear interest from the date of expenditure until repaid at the same rate per annum as is accruing on the Note. Such sums shall become a part of the balance secured by this Deed of Trust and shall be payable by Grantor on demand.

(g) The right to obtain a deficiency judgment (i) after the Trustee's sale to the full extent permitted by applicable law and (ii) after foreclosure of this Deed of Trust as a mortgage to the full extent permitted by applicable law.

(h) Grantor warrants that in as much as this Deed of Trust functions as a mortgage that it is not and will at all times continue not to be a purchase money mortgage (as that term is defined in ORS 88.075).

(i) Any other right or remedy provided in this Deed of Trust, the Note, any other Loan Documents, or under law

4.3 Foreclosure by Power of Sale

Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust and the Note and such receipts and evidence of expenditures made and secured hereby as Trustee may require.

(a) Upon receipt of such notice from Beneficiary, Trustee shall cause to be given such Notice of Default as then required by law. Trustee shall, without demand

DEED OF TRUST (SECURITY AGREEMENT)

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on Grantor, after lapse of such time as may then be required by law and after Notice of Sale and Notice of Foreclosure having been given as required by law, sell the Trust Estate at the time and place of sale fixed by it in such Notice of Sale and Notice of Foreclosure, either as a whole, or in separate lots or parcels or items as Trustee shall deem expedient, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof (b) After deducting all costs, fees and expenses of Trustee and of this Trust, including costs of evidence of title and reasonable counsel fees in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof, not then repaid, with accrued interest, all other sums then secured hereby and the remainder, if any, shall be paid into court in the manner provided by law.

4.4 Sale of Personal Property

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 the Personal Property is to be made. Reasonable notice shall mean written notice given at least ten days before the time of the sale or disposition.

4.5 Due on Sale or Increase in Interest Rate on Sale

Grantor agrees and acknowledges that the indebtedness evidenced by the Note is personal to Grantor, and that Grantor's personal responsibility and/or control of the Trust Estate is a material inducement to Beneficiary to agree to enter into this transaction. Any conveyance of the whole or any part of the Trust Estate, whether by deed, contract, further encumbrance, or otherwise, lease of the same (other than a lease of any portion of the space in the improvements on the Property in the ordinary course of business without an option to purchase and other than a partial release as set forth in Section 5.12) without Beneficiary's prior written consent, or any transfer of capital stock or partnership or voting membership interests in Grantor (other than as permitted in the Credit Agreement) without Beneficiary's prior written consent shall be deemed to increase the risk of Beneficiary, and Beneficiary or other holder may declare the entire unpaid balance immediately due and payable, or, at its sole option, it may consent to such conveyance, or transfer of capital stock or partnership or voting membership interest in writing and may increase the interest rate on the Note, change the maturity date of the Note, modify the loan terms, or impose whatever other

conditions it shall deem necessary to compensate it for such increased risk. Any increase in interest shall entitle the holder to increase monthly payments on the loan evidenced by the Note so as to retire the obligation within the original stipulated time. In the event Grantor shall request the consent of Beneficiary in accordance with the provisions of this Section 4.5, Grantor shall deliver a written request to Beneficiary, together with such information as Beneficiary may reasonably request regarding such conveyance, further encumbrance, lease or transfer of capital stock or partnership or voting membership interest and shall allow Beneficiary 30 days to evaluate such request. In the event Beneficiary approves such conveyance, encumbrance, lease, or transfer of capital stock or partnership or voting membership interest, Grantor shall pay Beneficiary a processing fee in an amount to be determined by Beneficiary but in no event less than \$500 to compensate Beneficiary for its costs in processing such request. Consent as to any one transaction shall not be deemed to be a waiver of the right to require consent to any further or successive transaction. The execution and delivery by Grantor of any joint venture agreement, partnership agreement, limited liability company agreement, operating agreement, declaration of trust, option agreement, or other instrument whereunder any person, corporation, or other entity may become entitled, directly or indirectly, to the possession or enjoyment of the Trust Estate, or the income or other benefits derived or to be derived therefrom, shall in each case be deemed to be a conveyance or assignment of Grantor's interest in the Trust Estate for the purposes of this section, and shall require the prior written consent of Beneficiary.

In the event ownership of the Trust Estate or any portion thereof becomes vested in a person other than Grantor herein named, Beneficiary may, without notice to Grantor herein named, whether or not Beneficiary has given written consent to such change in ownership, deal with such successor or successors in interest with reference to this Deed of Trust and the obligations secured hereby, in the same manner as with Grantor herein named, without in any way vitiating or discharging Grantor's liability hereunder or the obligations hereby secured.

4.6 Attorneys' Fees

In the event suit, action, or arbitration proceeding is instituted to interpret or enforce any of the terms of this Deed of Trust Beneficiary shall be entitled to recover from Grantor such sum as the court or arbitrator may adjudge reasonable as attorneys' fees at trial, on any appeal, in an arbitration and in any bankruptcy proceeding (including, without limitation, any adversary proceeding, contested matter or motion) or otherwise. All reasonable expenses incurred by Beneficiary that are necessary at any time in Beneficiary's opinion for the protection of its interest or the enforcement of its rights, including without limitation, the cost of searching records, obtaining title

reports, surveyors' reports, demanding payment, attorneys' opinions, or title insurance, whether or not any court action is involved, shall become a part of the indebtedness secured hereby, payable on demand, and shall bear interest at the Note Rate from the date of expenditure until paid.

ARTICLE V. MISCELLANEOUS

5.1 Choice of Law

THIS DEED OF TRUST SHALL BE, AND THE CREDIT AGREEMENT PROVIDES THAT THEY ARE TO BE, GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF WASHINGTON, WITHOUT REGARD TO CONFLICT OF LAW RULES AND PRINCIPLES. NOTWITHSTANDING SUCH PROVISIONS, HOWEVER, (A) MATTERS RESPECTING TITLE TO THE COLLATERAL AND THE CREATION, PERFECTION, PRIORITY AND FORECLOSURE OF LIENS ON, AND SECURITY INTEREST IN, THE COLLATERAL SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAW OF OREGON WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAW RULES AND PRINCIPLES OF SUCH STATE; (B) GRANTOR AGREES THAT WHETHER OR NOT DEFICIENCY JUDGMENTS ARE AVAILABLE UNDER THE LAWS OF OREGON AFTER A FORECLOSURE (JUDICIAL OR NONJUDICIAL) OF THE COLLATERAL, OR ANY PORTION THEREOF, OR ANY OTHER REALIZATION THEREON BY BENEFICIARY OR ITS SUCCESSORS AND ASSIGNS, BENEFICIARY AND ITS SUCCESSORS AND ASSIGNS SHALL HAVE THE RIGHT TO SEEK SUCH A DEFICIENCY JUDGMENT AGAINST GRANTOR IN OTHER STATES OR FOREIGN JURISDICTIONS; (C) GRANTOR AGREES THAT, TO THE EXTENT BENEFICIARY OR ANY OF ITS SUCCESSORS AND ASSIGNS OBTAINS A DEFICIENCY JUDGMENT IN ANY OTHER STATE OR FOREIGN JURISDICTION THEN SUCH PARTIES SHALL HAVE THE RIGHT TO ENFORCE SUCH JUDGMENT IN OREGON, AS WELL AS IN OTHER STATES OR FOREIGN JURISDICTIONS.

5.3 Inspections and Appraisals

Beneficiary or its agents may enter upon the Property at any reasonable times to inspect or appraise the Trust Estate or to perform any of the acts it is authorized to perform under any of the Loan Documents, whether or not any Default or Event of Default exists hereunder. If Grantor refuses to permit such inspection or appraisal, Beneficiary may specifically enforce performance of this provision. Grantor agrees to pay the cost of all appraisals required by Beneficiary in its sole discretion (a) to comply with (i) any applicable statute or regulation, or (ii) the request or directive (whether or not having the force of law) of any regulatory authority with jurisdiction over Beneficiary, not to exceed one per year at Grantor's expense, (b) to comply with Beneficiary's policies concerning appraisals, not to exceed one per year at Grantor's expense, (c) at any time after the occurrence of an Event of Default, or (d) in connection with a suit for a deficiency judgment. All such appraisal costs shall become a part of the indebtedness secured hereby and shall be payable on demand, together with interest thereon at the highest rate applicable to any such indebtedness.

5.4 Reconveyance by Trustee

Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of the Note to Trustee for cancellation and retention and upon payment by Grantor of Trustee's fees, Trustee shall reconvey to Grantor, or the person or persons legally entitled thereto, without warranty, any portion of the Trust Estate then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in any reconveyance may be described as "the person or persons legally entitled thereto."

5.5 Notices

Whenever Beneficiary, Grantor or Trustee shall desire to give or serve any notice, demand, request or other communication with respect to this Deed of Trust, each such notice, demand, request or other communication shall be in writing and shall be effective only if the same is delivered by personal service or mailed by registered or certified mail, postage prepaid, return receipt requested, addressed to the address set forth at the beginning of this Deed of Trust. Any communication which is mailed as provided above shall be deemed delivered 72 hours after mailing. Any party may at any time change its address for such notices by delivering or mailing to the other parties hereto, as aforesaid, a notice of such change.

5.6 Acceptance by Trustee

Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

5.7 Captions

The captions or headings at the beginning of each section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

5.8 Invalidity of Certain Provisions

If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Trust Estate, the unsecured or partially unsecured portion of the debt shall be completely paid prior to the payment of the remaining and secured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the debt which is not secured or fully secured by the lien of this Deed of Trust. Further, the invalidity or unenforceability of any portion or provision of this Deed of Trust shall in no way affect the validity or enforceability of the remainder hereof.

5.9 Subrogation

To the extent that proceeds of the Note are used to pay any outstanding lien, charge or prior encumbrance against the Trust Estate, such proceeds have been or will be advanced by Beneficiary at Grantor's request and Beneficiary shall be subrogated to any and all rights and liens owned by any owner or holder of such outstanding liens, charges and prior encumbrances, irrespective of whether such liens, charges or encumbrances are released.

5.10 No Merger

If both the lessor's and lessee's estates under any lease or portion thereof which constitutes a part of the Trust Estate shall at any time become vested in one owner, this Deed of Trust and the lien created hereby shall not be destroyed or terminated by application of the doctrine of merger and, in such event, Beneficiary shall continue to have and enjoy all of the rights and privileges of Beneficiary as to the separate estates. In addition, upon the foreclosure of the lien created by this Deed of Trust on the Trust Estate pursuant to the provisions hereof, any leases or subleases then existing and created by Grantor shall not be destroyed or terminated by application of the law of

merger or as a matter of law or as a result of such foreclosure unless Beneficiary or any purchaser at any such foreclosure sale shall so elect. No act by or on behalf of Beneficiary or any such purchaser shall constitute a termination of any lease or sublease unless Beneficiary or such purchaser shall give written notice thereof to such tenant or subtenant.

5.11 Late Charge

Grantor recognizes that Grantor's failure to make the payments under the Note and/or in any of the other Loan Documents when due will result in Beneficiary incurring additional expense servicing the loan, loss to Beneficiary of the use of the money due, and frustration to Beneficiary in meeting its other loan commitments. In the event that any payment or portion thereof is not paid within 15 days after the date it is due, Beneficiary may collect, and Grantor agrees to pay with such payment, a "late charge" of 5 percent of any overdue amount as liquidated damages for the additional expense of handling such delinquent payments. Such late charge represents the reasonable estimate of Beneficiary and Grantor of a fair, average compensation due to the failure of Grantor to make timely payments. Such late charge shall be paid without prejudice to the right of Beneficiary to collect any other amounts provided to be paid or to declare an Event of Default hereunder.

5.12 Partial Release

(a) In the event Grantor sells any one or more of the properties described on Exhibit A, Beneficiary agrees to release the lien of this Deed of Trust against such parcel provided that all of the conditions of Section 3.6 of the Credit Agreement have been satisfied with respect to such property.

5.13 Successor-By-Merger and Operation of Law

Grantor is successor in interest by operation of law through Washington statutory merger to that portion of the Trust Estate previously owned by Super 8 Motels Northwest II, a Washington limited partnership, Peninsula Motel Associates, a Washington limited partnership, and Peninsula Properties Partnership, a Washington general partnership.

5.14 Multiple Counterparts

This Deed of Trust is being executed in counterparts for concurrent recording in each of the counties or recording districts in which parts of the Trust Estate are located. All counterparts are identical. All counterparts shall in all respects be deemed original documents and only one such counterpart need be deposited,

5.14 Multiple Counterparts

This Deed of Trust is being executed in counterparts for concurrent recording in each of the counties or recording districts in which parts of the Trust Estate are located. All counterparts are identical. All counterparts shall in all respects be deemed original documents and only one such counterpart need be deposited, produced, or introduced in making proof or in any proceeding (judicial or nonjudicial) where production, deposit, or introduction of this Deed of Trust is necessary or desirable.

5.15 Statutory Notice

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY THE LENDER 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 LENDER TO BE ENFORCEABLE.

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

GRANTOR:

COLUMBUS PROPERTIES L.L.C., a
Washington limited liability company.

By 
Gerald L. Whitcomb, Manager

STATE OF WASHINGTON)
) ss.
 COUNTY OF KING)

I certify that I know or have satisfactory evidence that Gerald L. Whitcomb is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument, and acknowledged it as the Manager of Columbus Properties L.L.C. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: March 25, 1999.



Heather K. Trautmann
 Notary Public for Washington

HEATHER K. TRAUTMANN

(Printed or Stamped Name of Notary)

Residing at Kirkland, WA

My appointment expires: 2/19/01

**to Deed of Trust, Assignment of Leases and Rents, Security Agreement and
Fixture Filing**

Legal Descriptions

Commencing at the Quarter corner common to Sections 11 and 14 in Township 39 South, Range 1 East of the Willamette Meridian in Jackson County, Oregon; thence South 00°02'32" West 52.79 feet, along the north and south centerline of said Section 14, to intersect the south right-of-way line of Green Springs Highway for the true point of beginning; thence continue along the north and south centerline of said Section 14 and the westerly right-of-way line of Washington Street (formerly Clover Lane), South 00°02'32" West 688.15 feet to a 5/8" iron pin marking the southeast corner of the Northeast Quarter of the Northeast Quarter of the Northwest Quarter of said Section 14; thence North 89°52'02" West 99.00 feet; thence North 05°39'07" West 616.08 feet to intersect the south right-of-way line of Green Springs Highway; thence, along said right-of-way line, North 52°45'18" East 8.57 feet; thence South 89°52'39" East 143.32 feet; thence South 44°52'39" East 14.13 feet to the true point of beginning.

A parcel of land which is a portion of Tract 2 and 3 of VAN MATRE'S SUBDIVISION of Tract 24 of REED HIGHWAY ACRESAGE, Section Two (2), a recorded subdivision located in the Northeast Quarter of the Northeast Quarter (NE1/4NE1/4) of Section Eight (8) Township Eighteen (18) South, Range Twelve (12) East of the Willamette Meridian, Deschutes County, Oregon, being more particularly described as follows:

Beginning at a point on the West boundary of said Tract 2, VAN MATRE'S SUBDIVISION with said point being located South 221.97 feet from the Northwest corner of Tract 2 of said VAN MATRE'S SUBDIVISION; thence East, 230.63 feet; thence South 11° 48' 11" West, 17.00 feet; thence South 56° 56' 52" East, 218.65 feet to the Western right of way of U.S. Highway 97; thence along said right of way along the arc of a spiral curve right, of which the centerline data is: 500' sp., South 11° 32' East, and of which the chord bears South 34° 52' 22" West, 14.32 feet; thence West 14.32 feet; thence along the arc of a spiral curve right, of which the centerline data is: 500' sp., South 12° 30', a=1.0, and of which the chord bears South 38° 12' West, 149.61 feet; thence South 35° 56' 08" West, 6.92 feet; thence leaving said right of way North 56° 56' 52" West, 567.33 feet to the West boundary of the aforementioned Tract 2, VAN MATRE'S SUBDIVISION; thence along said West boundary North 80.49 feet to the Point of Beginning.

PARCEL I:

All of vacated Block 3, LIXON'S ADDITION, in the City of Corvallis, County of Benton, State of Oregon.

TOGETHER WITH, that portion of the North-South alley through said Block 3, which adured thereto by virtue of Vacation Ordinance No 77-80 of the City of Corvallis, a copy of which was recorded September 23, 1977 as M-85451. Microfilm Records of Benton County, Oregon.

EXCEPTING THEREFROM, that portion conveyed to the State of Oregon, by and through its State Highway Commission by Warranty Deed recorded October 2, 1963 in Book 138, page 353 Deed Records of Benton County, Oregon.

FURTHER EXCEPTING, that portion conveyed to the State of Oregon, by and through its State Highway Commission by Warranty Deed recorded October 2, 1963 in Book 138, page 406 Deed Records of Benton County, Oregon.

FURTHER EXCEPTING, that portion acquired by Final Judgment of Condemnation filed December 30, 1953 in Case No. 15508 of the Circuit Court for Benton County, Oregon.

PARCEL II

A parcel of land lying in Lots 5 and 6, Block 3, DIXON'S ADDITION to Corvallis, situated in Section 35, Township 11 South, Range 5 West of the Willamette Meridian, Benton County, Oregon, and being a portion of that property conveyed by that deed to J. A. Gallagher, recorded in Book, 65, page 131, of Benton County Records of Deeds, the said parcel being that portion of said property included in a strip of land 50 feet in width, lying on the Westerly side of the center line of the Pacific Highway West (North First Street Connection) as said highway has been located, which center line is described as follows:

Beginning at Engineer's center line Station 6+10.03, said Station being 191.74 feet South and 201.20 feet East of the Northwest corner of Block 3 of said Dixon's Addition to Corvallis; thence on a 1909.85 foot radius curve left (the long chord of which bears North 14°29' East) 166.67 feet to Engineer's Station 7+26.71. The Southerly line of said property (if produced) intersecting said center line approximately at Station 6+42, and the Northerly line of said property (if produced) intersecting the center line approximately at Station 7+26.

PARCEL III

TRACT A

A parcel of land lying in Lot 7, Block 3, DIXON'S ADDITION to the City of Corvallis, Benton County, Oregon, the said parcel being described as follows: Beginning on the Easterly line of said Lot 7 at a point which is 25 feet Northerly of (when measured along said Easterly line) the Southeast corner of said Lot 7, thence Southerly along said Easterly line 25 feet to the Southeast corner of said Lot 7, thence Westerly along the Southerly line of said Lot 7 a distance of 30 feet, thence Northerly at right angles to the Southerly line of said Lot 7 a distance of 15 feet thence Northeasterly in a straight line to the place of beginning.

(CONT.)

TRACT B

A parcel of land lying in Lot 1, Block 3, DIXON'S ADDITION to the City of Corvallis, Benton County, Oregon, the said parcel being described as follows:
Beginning on the Westerly line of said Lot 1 at a point which is 25 feet Northerly of (when measured along said Westerly line) the Southwest corner of said Lot 1, thence Southerly along said Westerly line 25 feet to the Southwest corner of said Lot 1, thence Easterly along the Southerly line of said Lot 1 a distance of 30 feet, thence Northerly at right angles to the Southerly line of said Lot 1 a distance of 15 feet, thence Northwesterly in a straight line to the point of beginning.

TOGETHER WITH TRACTS A AND B, that portion of the North-South alley through said Block 3, which inured thereto by virtue of Vacation Ordinance No. 77-81 of the City of Corvallis, a copy of which was recorded September 23, 1977 as M-85481 Microfilm Records of Benton County, Oregon.

A parcel of land in the Northeast quarter of the Northwest quarter of Section 8, Township 36 South, Range 5 West of the Willamette Meridian, Josephine County, Oregon, being more particularly described as follows:

BEGINNING at the Northeast corner of the Northeast quarter of the Northwest quarter of said Section 8, thence along the East line of the Northeast quarter of the Northwest quarter of said Section 8, South 0° 12' 59" East 460.72 feet to a 5/8 inch iron rod; thence South 89° 59' 32" West 251.00 feet to a 5/8 inch iron rod and the true point of beginning; thence continue South 89° 59' 32" West 511.46 feet to a 5/8 inch iron rod on the Easterly right of way line of North 7th Street; thence along said right of way North 0° 19' 00" West 198.61 feet to a 5/8 inch iron rod; thence North 89° 19' 18" East 511.85 feet to a 5/8 inch iron rod; thence South 0° 12' 29" East 204.61 feet to the true point of beginning. LESS AND EXCEPT the South 5 feet thereof.

TOGETHER WITH an easement for ingress and egress as described in that certain Reciprocal Easement Agreement dated November 7, 1979, recorded November 12, 1979 in Book 1, Page 923, and re-recorded July 19, 1985 as Document No. 85-08400

PARCEL 1:

Beginning at an iron pin on the North line of Byrd Avenue of CHELSEA ADDITION, a subdivision of Klamath County, State of Oregon, which iron pin is at a point South $0^{\circ} 06'$ West along the East section line of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, a distance of 688.5 feet and North $89^{\circ} 49'$ West along the North line of Byrd Avenue a distance of 444.4 feet from the iron axle (with Ball Race) which marks the Northeast corner of said Section 19; thence running North $89^{\circ} 49'$ West along the North line of Byrd Avenue a distance of 271.2 feet to an iron pin which lies on the Northeasterly right of way line of State Highway No. 97, 95 feet at right angles from the Northeasterly leg of same; thence North $38^{\circ} 52'$ West along the Northeasterly right of way line of State Highway No. 97. NOTE: The State Highway bearing of this line shows North $89^{\circ} 07' 1/2"$ West; a distance of 130.55 feet to a point; thence North $51^{\circ} 08'$ East at right angles a distance of 192.77 feet to an iron pin; thence South $38^{\circ} 52'$ East 15 feet to an iron pin; thence South $0^{\circ} 06'$ West parallel to the Section line a distance of 211.1 feet, more or less, to the point of beginning, in the Northeast one-quarter of the Northeast one-quarter of Section 19.

PARCEL 2:

A parcel of land lying in the Northeast one-quarter of the Northeast one-quarter of Section 19, Township 38 South, Range 9 East of the Willamette Meridian, and being more particularly described as follows:

Beginning at a point in the North line of Byrd Street of CHELSEA ADDITION TO THE CITY OF KLAMATH FALLS; said point being 668.5 feet South and 234.3 feet West from the Northeast corner of said Section 19; thence North $89^{\circ} 49'$ West along the North line of said Byrd Street a distance of 208.71 feet; thence North $0^{\circ} 11'$ East a distance of 208.71 feet; thence South $89^{\circ} 49'$ East a distance of 208.71 feet; thence South $0^{\circ} 11'$ West a distance of 208.71 feet to the point of beginning.

PARCEL 3:

That portion of Block 2 of CHELSEA ADDITION TO KLAMATH FALLS, Klamath County, Oregon, lying Easterly of the East right of way line of Highway 97, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

TOGETHER WITH those portions of Chelsea Street, Byrd Avenue and Quarry Street adjacent to Block Two as described in Vacation recorded March 17, 1993 in Volume M93, Page 5572, records of Klamath County, Oregon.

(CONT)

PARCEL 4:

A portion of the Northeast one-quarter of the Northeast one-quarter of Section 19, Township 38 South Range 9 East of the Willamette Meridian, Klamath County, Oregon described as follows:

The Westerly 30 feet of the following described parcel:

Beginning at the Section corner common to Sections 17, 18, 19 and 20, said Township and Range; thence South $0^{\circ} 06'$ West along the East line of said Section 19, a distance of 388.5 feet to a point; thence North $89^{\circ} 49'$ West a distance of 174.2 feet to a point; thence South $0^{\circ} 06'$ West a distance of 89 feet to the True Point of Beginning of this description; thence continuing South $0^{\circ} 06'$ West, a distance of 211 feet to a point on the North line of Byrd Avenue; thence West along said North line, a distance of 60 feet to a point; thence North $0^{\circ} 06'$ East, a distance of 211 feet to a point; thence South $89^{\circ} 49'$ East, 60 feet to the point of beginning

PARCEL I:

Lots 1 and 2, Block 112, according to the duly filed plat of PARKROSE, in the City of Portland, filed June 30, 1920, in Plat Book 804, Page 33, Records of the County of Multnomah and State of Oregon, EXCEPT that portion taken in Condemnation Suit No. 371979 and conveyed by Warranty Deed, recorded January 14, 1978 in Book 1235, Page 2017, Deed Records, and by Correction Warranty Deed recorded October 5, 1978 in Book 1299, Page 1580, Deed Records.

PARCEL II:

The West 200 feet of the East 400 feet of Lots 3 and 4, Block 112, according to the duly filed plat of PARKROSE, in the City of Portland, filed June 30, 1920, in Plat Book 804, Page 33, Records of the County of Multnomah and State of Oregon, EXCEPTING from said Lot 4 the South 10 feet conveyed to the State of Oregon by and through its Department of Transportation, Highway Division, by Warranty Deed, recorded January 5, 1978 in Book 1232, Page 1308 and re-recorded January 17, 1978 in Book 1235, Page 555, Multnomah County Deed of Records.

PARCEL III:

An easement for ingress/egress over the Northerly 12 feet of the following described property.

The East 200 feet of Lots 3 and 4, Block 112, according to the duly filed plat of PARKROSE, in the City of Portland, filed June 30, 1920, in Plat Book 804, Page 33, Records of the County of Multnomah and State of Oregon, EXCEPTING THEREFROM the West 100 feet of the East 200 feet of the South 150 feet of said Lot 4 and FURTHER EXCEPTING THEREFROM the Southerly 10 feet of said tract which adjoins Holman Street.

Parcel 2, of PARTITION PLAT NO. 1994-38, filed October 18, 1994, being a portion of the Southeast Quarter of the Northeast Quarter (SE1/4NE1/4) of Section Twenty-nine (29), Township Fifteen (15) South, Range Thirteen (13), East of the Willamette Meridian, Deschutes County Oregon.

A PARCEL OF LAND, BEING PORTIONS OF PARCELS 1 AND 3 OF A MAJOR LAND PARTITION RECORDED IN BOOK 8, PAGE 129 A & B AS INSTRUMENT NO. 84-12098 OF THE LAND PARTITION RECORDS OF DOUGLAS COUNTY, OREGON, AND A PORTION OF PARCEL 3 IN THAT DEED TO THE STATE OF OREGON, BY AND THROUGH ITS DEPARTMENT OF TRANSPORTATION, HIGHWAY DIVISION, RECORDED IN INSTRUMENT NO. 93-03888 OF THE RECORDS OF SAID DOUGLAS COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT A 5/8 INCH IRON ROD ON THE WESTERLY RIGHT-OF-WAY LINE OF BOWER STREET, SAID POINT BEING THE NORTHEAST CORNER OF SAID PARCEL 1, FROM WHICH THE SOUTHEAST CORNER OF SECTION 1 TOWNSHIP 27 SOUTH, RANGE 6 WEST W.M., BEARS SOUTH 47 DEGREES 31 MINUTES 27 SECONDS EAST 3318.87 FEET;
THENCE NORTH 87 DEGREES 58 MINUTES 00 SECONDS WEST A DISTANCE OF 189.62 FEET TO A 5/8 INCH IRON ROD;
THENCE SOUTH 01 DEGREE 58 MINUTES 32 SECONDS WEST A DISTANCE OF 54.28 FEET TO A 5/8 INCH IRON ROD, SAID POINT BEING THE TRUE POINT OF BEGINNING FOR THE PARCEL HEREINAFTER DESCRIBED:

THENCE SOUTH 01 DEGREE 58 MINUTES 32 SECONDS WEST A DISTANCE OF 93.11 FEET TO A 5/8 INCH IRON ROD;
THENCE SOUTH 45 DEGREES 01 MINUTES 28 SECONDS EAST A DISTANCE 31.76 FEET TO A 5/8 INCH IRON ROD;
THENCE SOUTH 01 DEGREE 58 MINUTES 32 SECONDS WEST A DISTANCE OF 138.59 FEET TO A 5/8 INCH IRON ROD ON THE NORTHERLY RIGHT-OF-WAY LINE OF EDENBOWER BOULEVARD AS DESCRIBED IN INSTRUMENT NO. 92-16068 OF THE RECORDS OF DOUGLAS COUNTY, OREGON;
THENCE ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, ALONG THE ARC OF A 1302.84 FOOT RADIUS CURVE TO THE LEFT (LONG CHORD BEARS SOUTH 74 DEGREES 42 MINUTES 59 SECONDS WEST 54.17 FEET) A DISTANCE OF 54.18 FEET TO A 5/8 INCH IRON ROD;
THENCE ALONG SAID NORTHERLY RIGHT-OF-WAY LINE ALONG THE ARC OF A 1592.39 FOOT RADIUS CURVE TO THE LEFT (LONG CHORD BEARS SOUTH 72 DEGREES 10 MINUTES 08 SECONDS WEST 75.39 FEET) A DISTANCE OF 75.39 FEET TO A 5/8 INCH IRON ROD;
THENCE, ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, ALONG THE ARC OF A 1806.38 FOOT RADIUS CURVE TO THE LEFT (LONG CHORD BEARS SOUTH 69 DEGREES 32 MINUTES 21 SECONDS WEST 80.29 FEET) A DISTANCE OF 80.29 FEET TO A 5/8 INCH IRON ROD;
THENCE NORTH 87 DEGREES 34 MINUTES 27 SECONDS WEST A DISTANCE OF 14.45 FEET TO A 5/8 INCH IRON ROD;
THENCE NORTH 87 DEGREES 45 MINUTES 01 SECONDS WEST A DISTANCE OF 37.84 FEET TO A 5/8 INCH IRON ROD ON THE EASTERLY RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY NO. 5, AS DESCRIBED IN INSTRUMENT NO. 92-16068 OF THE RECORDS OF DOUGLAS COUNTY, OREGON;
THENCE, ALONG SAID EASTERLY RIGHT-OF-WAY LINE, ALONG THE ARC OF A 2000.00 FOOT RADIUS CURVE TO THE RIGHT (LONG CHORD BEARS NORTH 34 DEGREES 04 MINUTES 51 SECONDS WEST 43.68 FEET) A DISTANCE OF 43.69 FEET TO A 5/8 INCH IRON ROD;
THENCE, ALONG SAID EASTERLY RIGHT-OF-WAY LINE, ALONG THE ARC OF A 1189.44 FOOT RADIUS CURVE TO THE RIGHT (LONG CHORD BEARS NORTH 32 DEGREES 16 MINUTES 51 SECONDS WEST 45.17 FEET) A DISTANCE OF 45.18 FEET TO A 5/8 INCH IRON ROD;

THENCE, ALONG SAID EASTERLY RIGHT-OF-WAY LINE ALONG THE ARC OF A 825.00 FOOT RADIUS CURVE TO THE RIGHT (LONG CHORD BEARS NORTH 29 DEGREES 29 MINUTES 41 SECONDS WEST 48.89 FEET) A DISTANCE OF 48.90 FEET TO A 5/8 INCH IRON ROD;
THENCE ALONG SAID EASTERLY RIGHT-OF-WAY LINE, ALONG THE ARC OF A 915.72 FOOT RADIUS CURVE TO THE RIGHT (LONG CHORD BEARS NORTH 29 DEGREES 49 MINUTES 18 SECONDS WEST 31.16 FEET) A DISTANCE OF 31.16 FEET TO A 5/8 INCH IRON ROD WITH A 1.25 INCH DIAMETER ALUMINUM CAP STAMPED "ODOT RIGHT-OF-WAY";
THENCE ALONG SAID EASTERLY RIGHT-OF-WAY LINE NORTH 21 DEGREES 47 MINUTES 16 SECONDS WEST A DISTANCE OF 98.02 FEET TO A 5/8 INCH IRON ROD;
THENCE, DEPARTING FROM SAID EASTERLY RIGHT-OF-WAY LINE, SOUTH 88 DEGREES 01 MINUTE 28 SECONDS EAST A DISTANCE OF 179.65 FEET TO A 5/8 INCH IRON ROD;
THENCE NORTH 01 DEGREE 58 MINUTES 32 SECONDS EAST A DISTANCE OF 90.00 FEET TO A 5/8 INCH IRON ROD;
THENCE SOUTH 68 DEGREES 01 MINUTES 27 SECONDS EAST A DISTANCE OF 181.75 FEET TO THE TRUE POINT OF BEGINNING;

SITUATE IN THE COUNTY OF DOUGLAS, STATE OF OREGON.

Beginning at a point which is North 0° 20' East 864.27 feet from the Southwest corner of Lot 11, GARDEN CITY ADDITION to the City of Salem, County of Marion and State of Oregon; thence North 0° 20' East 296.50 feet to the Northwest corner of Lot 9 in said Addition; thence South 89° 46' East 271.84 feet to an iron pipe on the North line of said Lot 9, thence South 0° 20' West (by survey South 0° 31' 30" West) 296.50 feet to the Northeast corner of a tract of land conveyed to Brattain International, Inc., a Delaware corporation, by instrument recorded December 7, 1983, in Reel 328, Page 1886, Film Records for Marion County; thence North 89° 46' West 271.84 feet to the place of beginning.

SAVE AND EXCEPT that portion conveyed to The City of Salem by instrument recorded December 28, 1952, in Reel 1018, Page 187, Film Records for Marion County, Oregon.

Lot 1, according to the duly filed plat of STAFFORD PARK, in the City of Wilsonville, filed August 17, 1977, in Plat Book 28, Pages 47 and 47a, Records of the County of Washington and State of Oregon.

11797

Parcel 1, PARTITION PLAT NO. 95-130, recorded December 18, 1995 in Reel 1288
Page 300, Microfilm Records, in the County of Marion and State of Oregon.

TOGETHER WITH a perpetual, non-exclusive easements for ingress and egress for
pedestrian and vehicular traffic as described in that certain Mutual
Non-Exclusive Access Easement, Signage and Maintenance Agreement, recorded
February 16, 1996 in Reel 1291, Page 178, Microfilm Records, in the County of
Marion and State of Oregon.

TOGETHER WITH a perpetual, non-exclusive easements for ingress and egress for
pedestrian and vehicular traffic as described in that certain Mutual
Non-Exclusive Access Easement, Sewer and Maintenance Agreement recorded
February 16, 1996 in Reel 1291, Page 179, Microfilm Records, in the County of
Marion and State of Oregon.

STATE OF OREGON : COUNTY OF KLAMATH ss.

Filed for record at request of First American Title the 1st
at April A.D. 1999 at 2:27 o'clock P. M. and duly recorded in Vol. 499
of Mortgages on Page 11753

Linda Smith, County Clerk

FEE \$235.00

by Kathleen Ross