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COMMERCIAL DEED OF TRUST

AND

ASSIGNMENT OF RENTS

(SECURITY AGREEMENT AND FIXTURE FILING)

THIS COMMERCIAL DEED OF TRUST AND ASSIGNMENT OF RENTS (the "Trust Deed") is made this 17th day of May, 1999, among the Grantor, Klamath Pawn and Loan Co., an Oregon Corporation, whose address is 435 South 6th Street, Klamath Falls, Oregon 97601 (the "Borrower"); Pacific Northwest Title of Oregon, Inc., whose address is 1211 SW Fifth Avenue, Suite 1480, Portland Oregon 97204 (the "Trustee"); and the Beneficiary, Fairway Commercial Mortgage, LLC, an Oregon limited liability company, whose address is 1300 SW Fifth Avenue, Suite 2929, Portland, Oregon 97201 (the "Beneficiary").

I. GRANTING CLAUSE

A. Borrower, in consideration of the indebtedness recited in this Trust Deed and the trust created by this Trust Deed, irrevocably grants, conveys and assigns to Trustee, in trust, with power of sale, the following described property located in the County of Klamath, State of Oregon:

The S ½ of Lots 6 and 7, Block 94, KLAMATH ADDITION TO THE
 CITY OF KLAMATH FALLS, in the County of Klamath, State of Oregon

together with all buildings, improvements and tenements now or in the future erected on the property, and all previously or in the future vacated alleys and streets abutting the property, and all easements, rights, appurtenances, leases, including, without limitation, the leases, permits or agreements now or hereafter existing, however evidenced, covering all or any portion of the property, together with all rents or monies due or to become due thereunder; and together with all now existing or in the future arising or acquired; (a) revenues, royalties, mineral, oil and gas rights and profits, water, water rights, and water stock appurtenant to the property; (b) fixtures, machinery, equipment located or to be located on the property, including, without limitation, personal property required for the maintenance and operation of the property (including, but not limited to, engines, boilers, incinerators, building materials, and all appliances, escalators and elevators, and related machinery and equipment, fire prevention and extinguishing apparatus, security and access control apparatus, communications apparatus, plumbing, plumbing fixtures, water heaters, panelling, attached floor and wall coverings); (c) timber to be cut; and (d) estate, interest, claims or demands, and other general intangibles now or in the future relating to the property, including, but not limited to, all insurance which the Grantor now has or may in the future acquire in and to the property, and all present or future refunds or rebates of taxes or assessments on the property and all compensation, awards, damages or rights of action arising out of or relating to any taking of the property described above. All of the foregoing shall be deemed to be and remain a part of the property covered by this Trust Deed. The specific enumerations herein shall not exclude the general. All of the property described above is referred to in this Trust Deed as the "Property."

E. This Trust Deed is given as security for the following (collectively the "Indebtedness"): (a) the payment of the indebtedness evidenced by a promissory note in favor of Beneficiary dated of even date herewith and executed by the Borrower (the "Note"), in the principal sum of One Hundred Thirty-Five Thousand and no/100ths Dollars (\$135,000.00), with interest thereon, the balance of which, if not sooner paid, is due and payable on or before June 1, 2009, and all amendments, renewals, extensions and modifications of the Note; (b) the performance of the covenants and agreements of Borrower contained in the Loan Agreement, if any, between Beneficiary and Borrower dated of even date herewith, and any amendments (collectively the "Loan Agreement"); (c) the payment of all other sums, with interest thereon, advanced in accordance with this Trust Deed to protect the security of this Trust Deed; (d) the performance of the covenants and agreements of Borrower contained in this Trust Deed; and (e) payment and performance of Borrower's obligations now or in the future arising under any and all present or future indebtedness of Borrower to Beneficiary. The terms of the Note and Loan Agreement secured by this Trust Deed may provide that the interest rate or payment terms or balance due may be indexed, adjusted, renewed, or renegotiated from time to time. Capitalized terms which are not defined in this Trust Deed and are defined in the Loan Agreement shall have the meaning given them in the Loan Agreement.

II. TERMS AND CONDITIONS

Borrower and Beneficiary covenant and agree as follows:

SECTION 1. COVENANT OF TITLE. Borrower covenants that Borrower is lawfully seized of the estate conveyed by this Trust Deed and has the right to grant, convey and assign the Property, that the Property is unencumbered, and that Borrower will warrant and defend generally the title to the Property against all claims and demands, subject to any easements and restrictions acceptable to Beneficiary and listed in a schedule of exceptions to coverage in any title insurance policy insuring Beneficiary's interest in the Property.

SECTION 2. PROMISE TO PAY. Borrower shall pay promptly when due the principal of and interest on the Indebtedness and any other charges provided in the Note, this Trust Deed, the Loan Agreement and other documents executed in connection with the Indebtedness (collectively the "Loan Documents").

SECTION 3. LATE PAYMENT CHARGES. Beneficiary may charge a late charge on any scheduled payment which Beneficiary fails to receive within fifth (5) days after the due date, or by the next business day, if the fifth (5) day period ends on a Saturday, Sunday, or legal holiday. The amount of the late charge shall be as specified in the Note or Loan Agreement or, if the Note or Loan Agreement specifies no late charge, then five percent (5%) of the amount of the payment of principal and interest not paid when due. Such late charge shall in no event exceed the maximum charge, if any, specified under applicable law. Collection of a late charge shall not constitute a waiver of or prejudice the Beneficiary's right to pursue any other right or remedy available on account of the delinquency, including, without limitation, charging the default rate of interest under the Note.

SECTION 4. APPLICATION OF PAYMENTS. Unless applicable law provides otherwise, or unless specified to the contrary in the other Loan Documents, each complete installment payment received by Beneficiary under the Note or this Trust Deed or other Loan Documents shall be applied by Beneficiary first to payment of reserves, if any, due under Sections 5 and 6 of this Trust Deed, next to interest due and payable on the Indebtedness, then to principal due and payable on the Indebtedness and then to any other charges due and payable pursuant to the terms of the Note, this Trust Deed, and any other Loan Documents. Upon a breach of any covenant or agreement of Borrower in the Note, this Trust Deed or other Loan Document, Beneficiary may apply, in any amount and in any order as Beneficiary shall determine in Beneficiary's sole discretion, any payments received by Beneficiary under the Note, this Trust Deed or under the other Loan Documents. Beneficiary, at Beneficiary's option, may reject any partial payment. Any partial payment which Beneficiary accepts may be held in a non-interest bearing account until Beneficiary receives funds sufficient to equal a complete installment payment, or, may be applied to the Indebtedness in any amount and in any order as Beneficiary may determine in Beneficiary's sole discretion.

SECTION 5. TAXES AND LIENS; RESERVES.

5.1 Payment. Borrower shall pay when due all taxes and assessments levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Borrower shall maintain the Property free of any liens having priority over or equal to the interest of Beneficiary under this Trust Deed, except for the lien of taxes and assessments not due. Without Beneficiary's prior written consent, Borrower shall not allow any lien inferior to this Trust Deed to be perfected against the Property.

5.2 Evidence of Payment. On Beneficiary's demand, Borrower promptly shall furnish evidence acceptable to Beneficiary of payment of taxes and assessments and shall authorize the appropriate county official to deliver to Beneficiary at any time a written statement of the taxes and assessments against the Property.

5.3 Reserves. Upon any Event of Default or any event which with the passage of time or notice would become an event of default under this Trust Deed or any other Loan Documents, Beneficiary may require Borrower to maintain with Beneficiary reserves for payment of taxes and assessments. The reserves shall be created by monthly payments of a sum estimated by Beneficiary to be sufficient to produce, at least thirty (30) days before the taxes and assessments are due, amounts at least equal to the taxes and assessments to be paid. If Beneficiary determines that the reserve funds are insufficient at any time, Borrower shall promptly pay any deficiency to Beneficiary on its demand. The reserve funds shall be held by Beneficiary in a deposit account, and the funds may be commingled with other funds held by Beneficiary. Unless Beneficiary and Borrower agree in writing otherwise or applicable law requires that Beneficiary pay Borrower interest on the funds, Beneficiary shall not be required to pay Borrower any interest on the funds. Beneficiary shall apply the reserve funds to pay the taxes and assessments so long as Borrower is not in breach of any covenant or agreement of Borrower in this Trust Deed, but only to the extent that funds are available to do so. Beneficiary does not hold the funds in trust for Borrower and is not the agent of Borrower for payment of taxes and assessments required to be paid by Borrower. Upon any Event of Default under this Trust Deed or any other Loan Documents, Beneficiary may apply, in any amount and in any order as Beneficiary shall determine in Beneficiary's sole discretion, any reserve funds held by Beneficiary (i) to pay taxes and assessments which are due or (ii) as a credit against the Indebtedness.

SECTION 6. HAZARD INSURANCE; RESERVES.

6.1 Policies. Borrower shall keep any improvements now existing or in the future erected on the Property insured by carriers who are at all times satisfactory to Beneficiary against loss by fire, all hazards included within the term "extended coverage," flood, casualties, liabilities and contingencies as Beneficiary shall require from time to time or at any time during the term of this Trust Deed and in such amounts, on a one hundred percent (100%) replacement cost basis without coinsurance clause, and for such periods as Beneficiary shall require. All insurance policies and renewals thereof shall be in a form and substance acceptable to Beneficiary and shall include a loss payable endorsement in favor of and in form and substance acceptable to Beneficiary and a provision that coverage

will not be canceled, altered or diminished without a minimum of ten (10) days' prior written notice to Beneficiary. Beneficiary shall have the right to hold the policies, and Borrower promptly shall furnish to Beneficiary all renewal notices.

6.1.1 Without waiving any default under, or limiting the generality of any other provisions of this Trust Deed or other Loan Documents, Beneficiary may (but shall not be required to) obtain such insurance coverage as it deems necessary or desirable, covering the Property, without prior notice to Borrower upon any failure by Borrower to maintain at all times insurance coverage acceptable to Beneficiary as required by the terms of the Loan Documents. All sums paid or agreed to be paid by Beneficiary for any such insurance coverage shall be for the account of Borrower and shall be without prejudice to Borrower's rights, if any, to receive such funds from the party to whom paid. Borrower shall reimburse Beneficiary, upon demand, for any sums paid by Beneficiary, together with interest at the default rate provided in the Note or other Loan Documents, or if no default rate is specified in the Note or other Loan Documents, then at the interest rate(s) borne by the Indebtedness from the date of payment by Beneficiary until date of reimbursement. Such advances shall be secured by the Property.

6.2 **Payment; Reserves.** All premiums on insurance policies shall be paid by Borrower making payment, when due, directly to the carrier, or in such other manner as Beneficiary may designate in writing. Prior to the expiration date of any policy, Borrower shall deliver to Beneficiary a renewal policy in form and substance satisfactory to Beneficiary and receipts for paid premiums. At Beneficiary's option, Beneficiary may require Borrower to maintain with Beneficiary reserves for payment of insurance premiums. The reserves shall be created and held in the same manner as provided in Subsection 5.3 for reserves for payment of taxes and assessments.

6.3 **Loss.** In the event of loss, Borrower shall give immediate written notice to the insurance carrier and to the Beneficiary. Beneficiary may give written notice to the insurance carrier if Borrower fails to do so within twenty (20) days of the casualty. Borrower hereby authorizes and empowers Beneficiary as attorney-in-fact for Borrower to make proof of loss, to adjust and compromise any claim under insurance policies, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom Beneficiary's expenses incurred in the collection of such proceeds; provided, however, that nothing contained in this Section 6 shall require Beneficiary to incur any expense or take any action hereunder.

6.4 **Application of Proceeds.** Borrower authorizes Beneficiary, at Beneficiary's option, (a) to apply the balance of such proceeds to the payment of the Indebtedness, whether or not then due, or (b) after deducting Beneficiary's costs and expenses described above, to hold the balance of such proceeds to be disbursed to Borrower for the cost of reconstruction or repair of the Property. If the insurance proceeds are held by Beneficiary to disburse to Borrower for the cost of restoration and repair of the Property, the Property shall be restored to the equivalent of its original condition or such other condition as Beneficiary may approve in writing. Beneficiary may require that Borrower deposit with Beneficiary any amount in excess of the insurance proceeds necessary to complete restoration, which amounts shall be disbursed prior to disbursement of any insurance proceeds. Unless Beneficiary and Borrower agree in writing otherwise or applicable law requires that Beneficiary pay Borrower interest on the proceeds, Beneficiary shall not be required to pay Borrower any interest on the proceeds or any other sum which Beneficiary may require Borrower to deposit with Beneficiary pursuant to this Section. If the insurance proceeds are applied to the payment of the sums secured by this Trust Deed, any such application of proceeds to principal shall be applied to the most remote unpaid installment of principal and shall not extend or postpone the due dates of any payments required under Section 2 or change the amounts of any such payments. If the Property is sold to Beneficiary pursuant to Section 17 of this Trust Deed or if Beneficiary otherwise acquires title to the Property, then in addition to the lien and security interests otherwise granted to Beneficiary under this Trust Deed, Beneficiary shall have all of the right, title and interest in and to any insurance policies and unearned premiums thereon and in and to the proceeds resulting from any damage to the Property prior to such sale or acquisition.

SECTION 7. PRESERVATION AND MAINTENANCE OF PROPERTY: ENVIRONMENTAL LAWS: INDEMNIFICATION.

7.1 Preservation and Maintenance. Borrower:

- (a) Shall not commit waste or permit impairment or deterioration of the Property;
- (b) Shall not abandon the Property;
- (c) Unless Beneficiary directs Borrower in writing to the contrary, shall restore or repair promptly and in a good and workmanlike manner all or any part of the Property to the equivalent of its original condition, or such other condition as Beneficiary may approve in writing, in the event of any damage, injury or loss to the Property, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair;
- (d) Shall keep the Property in good condition and repair;
- (e) Shall operate and maintain the Property in compliance with all applicable laws and regulations; and

(f) Shall give notice in writing to Beneficiary of and, unless otherwise directed in writing by Beneficiary, appear in and defend any action or proceeding purporting to affect the Property (including, without limitation, matters pertaining to land use, zoning and Environmental Laws, Hazardous Substances and Disabilities Laws, as defined below), the security of this Trust Deed or the rights or powers of Beneficiary. "Disabilities Laws" shall mean all applicable federal, state and local laws and regulations related to usability of and accessibility to the property by people with disabilities. The term "Disabilities Laws" includes, but is not limited to, the Fair Housing Amendments Act of 1988 and the Americans with Disabilities Act of 1990, all amendments thereto, and all regulations adopted thereunder. Neither Borrower nor any tenant nor other person, without the written approval of Beneficiary, shall remove, demolish or alter any improvement now existing or in the future erected on the Property or any fixtures, equipment, machinery or appliance in or on the Property and in which Beneficiary has any interest by virtue of this Trust Deed, any security agreement, or any other Loan Document, except when incident to the replacement of fixtures, equipment, machinery and appliances with items of like kind, which shall thereupon become subject to the lien of this Trust Deed.

7.2 Environmental Laws. In this Trust Deed, "Environmental Laws" means any and all state, federal and local statutes, regulations, and ordinances relating to the protection of human health or the environment. "Hazardous Substances" is used in its very broadest sense and refers to materials that, because of their quantity, concentration of physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. "Hazardous Substances" shall include, without limitation, petroleum products or crude oil or any fraction thereof and any and all hazardous or toxic substances, materials or waste as defined by or listed under the Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Comprehensive Environmental Response, Compensation and Liability Act, or any other of the Environmental Laws. Borrower shall cause the Property and all operations on the Property to comply with all Environmental Laws and orders of any governmental authorities having jurisdiction under any Environmental Laws. Borrower shall exercise extreme care in handling Hazardous Substances and shall undertake any and all preventive, investigatory or remedial action (including, without limitation, emergency response, removal, containment and other remedial action) (a) required by any applicable Environmental Laws or orders by any governmental authority having jurisdiction under Environmental Laws, or (b) necessary to prevent or minimize property damage (including, without limitation, damage to Borrower's own property), personal injury or damage to the environment, or the threat of any such damage or injury, by releases of or exposure to Hazardous Substances in connection with the Property or operations on the Property. In the event Borrower fails to perform any of its obligations under this Section, Beneficiary may perform (but shall not be required to perform) such obligations at Borrower's expense pursuant to Section 9 of this Trust Deed. In performing any such obligations of Borrower, Beneficiary shall at all times be deemed to the agent of Borrower and shall not by reason of such performance be deemed to be assuming any responsibility of Borrower under any Environmental Laws or to any third party.

7.3 Further Assurances. At any time Beneficiary requests, Borrower shall provide to Beneficiary further assurance of Borrower's compliance with this Section 7. The assurances shall be in form and substance satisfactory to Beneficiary in Beneficiary's sole discretion, and may include, but not be limited to, Borrower providing to Beneficiary an environmental audit from a source acceptable to Beneficiary at Borrower's expense.

7.4 Indemnification. Borrower agrees to indemnify and hold harmless Beneficiary and its officers, directors, employees and agents, and Beneficiary's successors and assigns and their officers, directors, employees and agents against any and all claims, demands, losses, liabilities, costs and expenses (including, without limitation, attorney fees at trial and on any appeal or petition for review) incurred by such person (a) arising out of or relating to any investigatory or remedial action involving the Property and the operations conducted on the Property and required by Environmental Laws or Disabilities Laws or by orders of any governmental authority having jurisdiction under any Environmental Laws or Disabilities Laws, or (b) on account of injury to any person whatsoever or damage to any property arising out of, in connection with or in any way relating to (i) the violation of any applicable laws or regulations, including without limitation Environmental Laws or Disabilities Laws, (ii) the use, treatment, storage, generation, manufacture, transport, release, spill, disposal or other handling of Hazardous Substances on the Property or in connection with operations, or (iii) the contamination of any of the Property by Hazardous Substances by any means whatsoever, and (c) without in any way limiting the foregoing, for any other reason, or on account of, or in connection with the Property or this Trust Deed.

7.5 Survival. The covenants contained in this Section 7 shall survive the repayment of the Indebtedness and the delivery of a deed in lieu of foreclosure to Beneficiary or any successor of Beneficiary and shall survive any foreclosure, whether judicial or nonjudicial, of the Property by Beneficiary or any successor of Beneficiary, and shall be for the benefit of Beneficiary, and any successor to Beneficiary, as holder of any security interest in the Property or the Indebtedness, or as owner of the Property or any other property of Borrower following foreclosure or the delivery of a deed in lieu of foreclosure.

SECTION 8. USE OF PROPERTY. Unless required by applicable law or unless Beneficiary has otherwise agreed in writing, Borrower shall not allow changes in the use for which all or any part of the Property was intended at the time this Trust Deed was executed. Borrower shall not initiate or acquiesce in a change in the zoning classification or comprehensive plan governing the Property without Beneficiary's prior written consent. Borrower warrants that this Trust Deed is and will at all times constitute a commercial deed of trust and not a residential deed of trust, as defined under applicable law. Borrower warrants the Indebtedness has been incurred solely for business purposes and the Property is not now used for agricultural, timber or grazing purposes.