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Recording Requested By And
When Recorded Mail To:
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P.O. Box 611
Vancouver WA 98666

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

Grantors: OZ Investment, LLC, an Oregon limited liability company

Grantee: Steven J. Oliva

Trustee: First American Title Insurance Company

Reference Nos. of Documents Released or Assigned or Related: N/A

This Trust Deed and Assignment of Leases and Rents and Security Agreement and Fixture Filing ("Trust Deed") is made on the 15 day of NOVEMBER, 2001, among OZ Investment, LLC, an Oregon limited liability company, whose address is set forth below, as Grantor, and Steven J. Oliva, whose address is set forth below, as Beneficiary, and First American Title Insurance Company Company, whose address is set forth below, as Trustee.

Article 1

DEFINITIONS

1.1. Definitions

As used herein, the following terms shall have the following meanings:

- (a) Assignment: The assignment, contained in Article 3 of this Trust Deed, from

Grantor to Beneficiary, of all of Grantor's right, title and interest in and to the Leases and the Rents.

(b) Awards: All awards and payments made or hereafter to be made by any municipality, township, county, state, federal or other governmental agencies, authorities or boards or any other entity having the power of eminent domain to Grantor, including any awards and payments for any taking of all or a portion of the Mortgaged Property, as a result of or by agreement in anticipation of, the exercise of the right of condemnation or eminent domain, or for any change or changes of grade of streets affecting the Mortgaged Property.

(c) Beneficiary. Steven J. Oliva and his successors and assigns and the holders, from time to time, of the Note.

(d) Beneficiary's Address: 915 West 11th Street, Vancouver, WA 98660.

(e) Buildings. All buildings, improvements, alterations or appurtenances now, or at any time hereafter, located upon the Land or any part thereof.

(f) Default Interest Rate: The default interest rate shall be twelve percent (12%).

(g) Event(s) of Default: The happenings and occurrences described in Article 5 of this Trust Deed.

(h) Fixtures: All fixtures located upon or within the Land or Buildings or now or hereafter attached to, or installed in, or used in connection with, any of the Land or Buildings whether or not permanently affixed to the Mortgaged Property.

(i) Grantor: The persons named as such in the preamble of this Trust Deed, and their respective heirs, administrators, executors, successors and assigns and their successors in interest in and to the Mortgaged Property.

(j) Grantor's Address: OZ Investment, LLC, 13500 SW 72nd Avenue, Tigard, Oregon 97223.

(k) Guarantor: N/A

(l) Guaranty: The guaranty, or collectively the guaranties, if any, of even date executed by Guarantor guaranteeing the obligations of Grantor under this Trust Deed, the Note and Security Documents.

(m) Hazardous Materials: Any flammable explosives, radioactive materials, oil or petroleum or chemical liquids or solids, liquid or gaseous products or hazardous wastes, toxic substances and similar substances and materials, including all substances and materials defined as hazardous or toxic wastes, substances or materials under any applicable law.

(n) Impositions: All (i) real estate and personal property taxes and other taxes and assessments, water and sewer rates and charges, and all other governmental charges and any interest or costs or penalties with respect therein, and charges for any easement or agreement maintained for the benefit of the Mortgaged Property which at any time prior to or after the execution of the Security Documents may be assessed, levied, or imposed upon the Mortgaged Property or the rent or income received therefrom or any use or occupancy thereof, and (ii) other taxes, assessments, fees and governmental charges levied, imposed or assessed upon or against Grantor or any of its properties.

(o) Indebtedness: The principal of and interest on and all other amounts, payments and premiums due under the Note and all other indebtedness of Grantor to Beneficiary under and/or secured by the Security Documents or any amendments, modifications, renewals and extensions of any of the foregoing.

(p) Land: The real estate described in Schedule A attached hereto.

(q) Leases: Any and all leases, rental agreements, subleases, licenses, concessions or grants of other possessory interests now or hereafter in force, oral or written, covering or affecting the Mortgaged Property, or any part thereof, together with all rights, powers, privileges, options and other benefits of Grantor thereunder.

(r) Mortgaged Property: The Land, the Buildings, the Fixtures, the Leases and the Rents together with:

(i) all rights, privileges, permits, licenses, tenements, hereditaments, rights-of-way, easements, appendages and appurtenances of the Land and/or the Buildings belonging or in any way appertaining thereto and all right, title and interest of Grantor in and to any streets, ways, alleys, strips or gores of land adjoining the Land or any part thereof;

(ii) all the estate, right, title, interest, claim or demand whatsoever of Grantor, either at law or in equity, in and to the Land, the Buildings, the Fixtures, the Leases and the Rents; and

(iii) all the estate, right, title, interest, claim or demand whatsoever of Grantor, either at law or in equity, in and to the Awards, or payments with respect to casualties.

(s) Note: The promissory note, dated of even date with this Trust Deed, made by Grantor to the order of Beneficiary, in the principal amount of \$258,567.46, secured, in part, by this Trust Deed, together with all extensions, renewals, modifications and amendments thereof.

(t) Obligations: Any and all of the covenants, promises and other obligations (other than the Indebtedness) made or owing by Grantor and others to or due to Beneficiary under and/or as set forth in the Note and/or the Security Documents, and any and all extensions, renewals, modifications and amendments of any of the foregoing.

(u) Permitted Encumbrances: The Leases and the encumbrances described, with particularity, in Schedule B attached hereto.

(v) Personalty: All furniture, furnishings, equipment, machinery, trade fixtures and all other personal property (other than the Fixtures) now owned or hereafter acquired by Grantor which are now or hereafter used in connection with the Land and the Building or located in, upon or about the Land and the Buildings, together with all accessions, replacements and substitutions thereto or therefor and the proceeds and products thereof.

(w) Rents: All of the rents, revenues, income, profits, deposits, tenders and other benefits payable under the Leases and/or arising from the use and enjoyment of all or any portion of the Mortgaged Property.

(x) Security Agreement: The Security Agreement, contained in this Trust Deed, wherein and whereby Grantor grants a security interest in the Personalty and the Fixtures to Beneficiary.

(y) Security Documents: This Trust Deed, the Assignment, the Security Agreement and any and all other documents now or hereafter securing the payment of the Indebtedness or the observance or performance of the Obligations.

(z) Trustee: The person, persons or entity named as such in the preamble of this Trust Deed and, as the case may be, his, their or its successors and assigns.

(aa) Trustee's Address: 422 Main Street, PO Box 151, Klamath Falls, Oregon 97601.

Article 2GRANT

2.1 Grant. To secure the payment of the Indebtedness and the performance and discharge of the Obligations, Grantor by these presents hereby grants, bargains, sells, assigns, mortgages, conveys and warrants unto Trustee, in trust for Beneficiary, with power of sale and right of entry and possession, the Mortgaged Property, subject, however, to the Permitted Encumbrances, to have and to hold the Mortgaged Property unto Trustee, its successors and assigns forever.

2.2 Condition of Grant. Provided always, that if Grantor shall pay or cause to be paid the entire Indebtedness as and when the same shall become due and payable and shall observe, perform and discharge the Obligations, then the Security Documents and the estate and rights granted by Grantor shall cease, terminate and become void, and shall be released or reconveyed by Beneficiary, at the cost and expense of Grantor.

2.3 Doctrine of Merger. Upon the foreclosure of the Trust Deed, no assigned Lease shall be destroyed or terminated by application of the doctrine of merger or as a matter of law unless Beneficiary or any purchaser at such foreclosure sale so elects. No act by or on behalf of Beneficiary or any such purchaser shall constitute a termination of any assigned Lease unless Beneficiary or such purchaser gives written notice thereof to the applicable tenant or subtenant.

Article 3SECURITY INTEREST AND ASSIGNMENT OF LEASES AND RENTS

3.1 Security Agreement. This Trust Deed shall also constitute a "Security Agreement" within the meaning of, and shall create a security interest under, the Uniform Commercial Code as adopted by the state in which the Mortgaged Property is located (the "UCC") in the Personalty, the Fixtures and the Leases and Rents. As to the Personalty and Fixtures, the grant, transfer and assignment provisions of this Article 3 shall control over the grant in trust provisions of Article 2 of this Trust Deed.

3.2 Security Interest. Grantor hereby grants to Beneficiary a security interest under the UCC in the Personalty, the Fixtures and the Leases and Rents, and Beneficiary shall have all the rights with respect to the Personalty and the Fixtures afforded to it by the UCC, in addition to, but not in limitation of, the other rights afforded Beneficiary by the

Security Documents.

3.3 Financing Statements. Grantor agrees to and shall execute and deliver to Beneficiary, in form satisfactory to Beneficiary, such "Financing Statements" and such further assurances as Beneficiary may, from time to time, consider reasonably necessary to create, perfect and preserve Beneficiary's liens upon the Personalty, the Fixtures and the Leases and Rents, and Beneficiary, at the expense of Grantor, may or shall cause such statements and assurances to be recorded and re-recorded, filed and re-filed, at such times and places as may be required or permitted by law to so create, perfect and preserve such liens.

3.4 Assignment of Leases and Rents. In order to further secure payment of the Indebtedness and the observance, performance and discharge of the Obligations, Grantor hereby absolutely and irrevocably assigns and transfers to Beneficiary, all of Grantor's right, title and interest in and to the Leases and the Rents, subject only to the Permitted Encumbrances. Grantor hereby appoints Beneficiary its true and lawful attorney-in-fact, with the right, at Beneficiary's option at any time, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, either in Grantor's or Beneficiary's name, for all Rents. Notwithstanding the foregoing assignment of Leases and Rents, so long as no Event of Default has occurred with remains uncured, Grantor shall have the right to collect, retain and enjoy all Rents, provided that the existence or exercise of such right of Grantor shall not operate to subordinate this assignment to any subsequent assignment, in whole or in part, by Grantor, and any subsequent assignment by Guarantor shall be subject to the rights of the Trustee and Beneficiary hereunder. This Assignment shall not be deemed or construed to constitute Beneficiary or Trustee as a mortgagee in possession nor obligate Beneficiary or Trustee to take any action or to incur expenses or perform or discharge any obligation, duty or liability. Exercise of any rights under this Section and the application of the Rents to the Indebtedness or the Obligations shall not cure or waive any Event of Default.

Article 4COVENANTS4. Covenants

Until the entire Indebtedness shall have been paid in full, Grantor hereby covenants and agrees as follows:

4.1 Compliance with Laws. Grantor will promptly and faithfully comply with,

conform to and obey all present and future laws, ordinances, rules, regulations and requirements of every duly constituted governmental authority or agency and of every Board of Fire Underwriters having jurisdiction, or similar body exercising similar functions, which may be applicable to it or to the Mortgaged Property, or any part thereof, or to the use or manner of use, occupancy, possession, operation, maintenance, alteration, repair or reconstruction of the Mortgaged Property, or any part thereof, whether or not such law, ordinance, rule, order, regulation or requirement shall necessitate structural changes or improvements or interfere with the use or enjoyment of the Mortgaged Property.

4.2 Payment of Impositions. Grantor will duly pay and discharge, or cause to be paid and discharged, the Impositions, such Impositions or installments thereof to be paid prior to the day before any fine, penalty, interest or cost may be added thereto or imposed by law for the non-payment thereof; provided, however, that if, by law, any Imposition may be paid in installments, Grantor may pay the same in such installments.

4.3 Repair. Grantor will keep the Mortgaged Property in good order and condition and make all necessary or appropriate repairs, replacements and renewals thereof and will use its best efforts to prevent any act or thing which might impair the value or usefulness of the Mortgaged Property, and Grantor will obtain the written consent of Beneficiary, which consent shall not be unreasonably withheld, prior to (i) making any alterations or additions to the Mortgaged Property, or (ii) removing any of the Buildings or Fixtures (unless an article of at least the same value as the item of Personalty removed its substituted therefor).

4.4 Insurance. Grantor will maintain insurance upon the Mortgaged Property against loss by fire and such other hazards, casualties and contingencies as are normally and usually covered by extended coverage policies in effect in the locality where the Mortgaged Property is situated and such other risks as may be specified by Beneficiary, from time to time, in amounts and with insurers acceptable to Beneficiary but not less than 90% of the full replacement value of the Buildings, Fixtures and Personalty. Grantor shall cause each insurance policy issued in connection therewith to provide (and the insurer issuing such policy to certify to Beneficiary) that (i) loss payments will be payable to Beneficiary as its interests may appear, such payments to be applied to the restoration, repair or replacement of the Mortgaged Property; provided, however, that if an Event of Default has occurred and is continuing or an event has occurred and is continuing, which with the passage of time or the giving of notice, would constitute an Event of Default, then such payment shall be applied to the payment of the Indebtedness; (ii) the interest of Beneficiary shall be insured regardless of any breach or violation by Grantor of any warranties, declarations or conditions in such policy; (iii) if any such insurance policy be subject to cancellation or be endorsed or sought to be endorsed to effect a change in coverage for any reason whatsoever,

such insurer will promptly notify Beneficiary and such cancellation or change shall not be effective as to Beneficiary until thirty (30) days after receipt by Beneficiary of such notice; and (iv) Beneficiary may, but shall not be obligated to, make premium payments to prevent such cancellation, and that such payments shall be accepted by the insurer. For purposes of this section, replacement value of the Buildings, Fixtures and Personalty shall be equal to the cost of replacing the Buildings, Fixtures and Personalty, exclusive of the cost of excavation, foundations and footings below the lowest basement floor and shall be determined from time to time during the term of the Note (but no more frequently than once in any 36 calendar months) at the written request of Beneficiary by an engineer, appraiser, architect or contractor designated by Beneficiary, approved in writing by Grantor, and paid by Grantor. In addition, Grantor shall furnish to Beneficiary duplicate executed copies of each such policy at the time of execution hereof, and copies of each renewal policy not less than thirty (30) days prior to the expiration of the original policy or the preceding renewal policy (as the case may be), together with receipts or other evidence that the premiums thereon have been paid; and furnish to Beneficiary on or before one hundred twenty (120) days after the close of each fiscal year of Grantor a statement of Grantor of the amounts of insurance maintained in compliance with this Subsection, of the risks covered by such insurance and of the insurance company or companies which carry such insurance.

4.5 Restoration Following Casualty. In the event of the happening of any casualty, of any kind or nature (whether insured against or not), resulting in damage to or destruction of the Mortgaged Property, Grantor will give prompt notice thereof to Beneficiary, and Grantor will promptly restore, repair, replace, rebuild or alter the Mortgaged Property with the prior written consent of Beneficiary, which shall not be unreasonably withheld.

4.6 Lease Agreement. Grantor agrees not to terminate, amend, or modify any of the Leases or subleases, or grant any concessions in connection therewith, or to accept a surrender thereof without the written consent of Beneficiary. Grantor agrees not to execute any future Lease or Leases or subleases pertaining to the Mortgaged Property without the prior written consent of Beneficiary, which shall not be unreasonably withheld.

4.7 Performance of Leases and Other Agreements. Grantor will duly and punctually perform all covenants and agreements expressed as binding upon it under the Leases and other agreements to which it is a party with respect to the Mortgaged Property or any part thereof, and will use its best efforts to enforce or secure the performance of each and every obligation and undertaking of the respective lessees under the Leases, and will appear and defend, at its cost and expense, any action or proceeding arising under or in any manner connected with the Leases or the obligations and undertakings of any lessee

thereunder. Grantor will immediately notify Beneficiary in writing of any notice of default received by Grantor from any tenant thereunder.

4.8 Payment of Rents. Grantor hereby agrees that the respective lessees under the Leases, upon notice from Beneficiary of the occurrence of an Event of Default, shall thereafter pay to Beneficiary the Rents due and to become due under the Leases without any obligation to determine whether or not such an Event of Default does in fact exist. Until the occurrence of an Event of Default, Grantor shall be entitled to collect the Rents as and when they become due and payable, but never more than two months in advance.

4.9 Inspection. Grantor will permit Beneficiary, at all reasonable times, to inspect the Mortgaged Property. Beneficiary shall have the right to enter onto the Mortgaged Property, at all reasonable times, to inspect the Mortgaged Property for the existence of Hazardous Materials on the Mortgaged Property and to determine the compliance of the Mortgaged Property and its use with any law, rule or regulation relating to industrial hygiene or environmental conditions, including soil and ground water conditions and the compliance of the Grantor and the Mortgaged Property with the conditions and covenants set forth herein with respect to Hazardous Materials.

4.10 Hold Harmless. Grantor will defend and hold Beneficiary harmless from any action, proceeding or claim affecting the Mortgaged Property, or the value of the Note or the Security Documents. Grantor shall appear in and defend (or pay the expenses of Beneficiary to defend, if Beneficiary elects to handle such defense) any action or proceeding purporting to affect the security of this Trust Deed and/or the rights and/or powers of Beneficiary hereunder, and Grantor shall pay all costs and expenses (including costs of evidence of title and attorney's fees) in any action or proceeding in which Beneficiary may so appear and/or any suit by Beneficiary to foreclose this Trust Deed, to enforce any obligations secured by this Trust Deed, and/or to prevent the breach hereof. Grantor's obligations under this Section 4.10 shall survive payment of the Indebtedness.

4.11 Awards. Grantor will file and prosecute its claim or claims for any Awards in good faith and with due diligence and cause the same to be collected and paid over to Beneficiary, and hereby irrevocably authorizes and empowers Beneficiary, if it so desires, to file such claim and collect any Awards and agrees that the proceeds of any Awards will be applied by Beneficiary in reduction of any portion of the Indebtedness as Beneficiary may determine in accordance with Article 7 hereof.

4.12 Licenses. Grantor shall keep in full force and effect all licenses, permits and other governmental approvals which are necessary for the operation of the Mortgaged Property and related facilities, and furnish evidence satisfactory to Beneficiary that the

Mortgaged Property and the use thereof comply with all applicable zoning and building laws, regulations, ordinances and other applicable laws.

4.13 Junior Financing. Grantor shall not, without the prior written consent of Beneficiary, which consent shall not be unreasonably withheld, incur any additional indebtedness or create or permit to be created or to remain, any mortgage, pledge, lien, lease (with a term in excess of 36 months), encumbrance or charge on, or conditional sale or other title retention agreement, with respect to the Mortgaged Property or any part thereof or income therefrom, other than the Security Documents and the Permitted Encumbrances.

4.14 Representations and Warranties of Grantor. Grantor hereby represents and warrants to Beneficiary that:

(a) Grantor and Guarantor are each qualified to do business in every jurisdiction in which the nature of its business or properties makes such qualification necessary, and is in compliance with all laws, regulations, ordinances and orders of public authorities applicable to Grantor or Guarantor, as the case may be.

(b) The Note, the Security Documents and the Guaranty will not violate any provision of law (including, but not limited to, any law relating to usury), any order of any court or other agency or government, or any indenture, agreement or other instrument to which Grantor or Guarantor is a party or by which Grantor, Guarantor or any of their property is bound, or be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument, or violate the Articles of Incorporation or By-Laws of the Grantor or Guarantor or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of Grantor or Guarantor, except as contemplated by the Note and the Security Documents, and no action with respect thereto by Grantor or Guarantor is required.

(c) No consent or approval of any regulatory body to the execution, delivery and performance of the Note, the Security Documents or the Guaranty or the transactions contemplated thereby is required by law.

(d) There are no suits, proceedings or investigations pending or threatened against or affecting Grantor or Guarantor, at law or in equity, or before or by any governmental or administrative agency or instrumentality which, if adversely determined, would have a material adverse effect on the business or condition of Grantor or Guarantor.

(e) No judgment, decree or order of any court or governmental or administrative agency or instrumentality has been issued against Guarantor or Grantor which has or may have any material adverse effect on the business or condition of Guarantor or Grantor.

(f) All information, reports, papers and data given to Beneficiary with respect to Grantor, Guarantor or others obligated under the terms of the Security Documents are accurate and correct in all material respects and complete insofar as completeness may be necessary to give Beneficiary a true and accurate knowledge of the subject matter thereof.

(g) Grantor has good and marketable title in fee simple to the Land and Buildings, and good and marketable title to the Fixtures and Personalty, and the right to assign the Leases and Rents to Beneficiary free and clear of any prior assignment, liens, charges, encumbrances, security interests and adverse claims whatsoever except the Permitted Encumbrances.

(h) Grantor has not executed any prior assignment of the Leases or of its right, title, or interest therein or in the Rents to accrue thereunder. Grantor has delivered to Beneficiary a true and complete copy of all of the existing Leases assigned hereunder, together with all amendments, supplements and other modifications, and to the best of Grantor's knowledge, no material default by Grantor or any other person under any existing Lease remains uncured.

(i) The Permitted Encumbrances have not materially interfered with the operation of the Mortgaged Property, nor does Grantor reasonably foresee any material interference arising from the Permitted Encumbrances during the term of the Note.

(j) Grantor has filed all federal, state, county and municipal income tax returns required to have been filed by them and have paid all taxes which have become due pursuant to any assessments received by them, and Grantor and Guarantor do not know of any basis for additional assessment in respect to such taxes.

(k) The Mortgaged Property is being, and will continue to be, used for commercial purposes. The Mortgaged Property is not currently used for agricultural, timber or grazing purposes.

Breach of such representations and warranties shall constitute an Event of Default under Section 5.5 hereof. Grantor shall promptly give written notice to Beneficiary of any breach under this Section 4.15.

4.15 Mechanic's Lien. Grantor shall not permit or suffer any mechanic's, materialmen's or other lien to be created or to remain a lien upon any of the Mortgaged Property.

4.16 Hazardous Materials.

(a) Without limiting the generality of Section 4.1 hereof, Grantor shall not cause or permit the violation of any law relating to industrial hygiene or environmental conditions in connection with the Mortgaged Property, including soil and ground water conditions; or use, generate, or store any Hazardous Materials on, under or about the Mortgaged Property, except in accordance with all applicable laws; or manufacture or dispose ;of any Hazardous Materials on, under or about the Mortgaged Property.

(b) Grantor shall indemnify and hold Trustee and Beneficiary harmless from any loss, liability, cost, expense and/or claim (including without limitation the cost of any fines, remedial action, damage to the environment and cleanup and the fees of attorneys and other experts) which occur and arise after the date of this Trust Deed from (i) the use, Release or disposal of any Hazardous Materials on, under or about the Mortgaged Property or the transport of any Hazardous Materials to or from the Mortgaged Property; and (ii) the violation of any law relating to industrial hygiene or environmental conditions in connection with the Mortgaged Property, including soil and ground water conditions; and (iii) the breach of any of the representations, warranties and covenants of Grantor with respect to Hazardous Materials set forth in this Section 4.16 and Section 4.14 hereof.

4.17 Waste. Grantor agrees not to abandon the Mortgaged Property or leave the Mortgaged Property unprotected, unguarded or deserted and not to cause or permit waste to the Buildings or Fixtures.

Article 5EVENTS OF DEFAULT5. Events of Default

The term "Event(s) of Default" as used in the Security Documents and in the Note, shall mean the occurrence or happening, from time to time, of any one or more of the following:

5.1 Payment of Indebtedness. If Grantor shall default in the due and punctual payment of all or any portion of any installment of the Indebtedness as and when the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment or by acceleration or otherwise.

5.2 Performance of Obligations. If Grantors shall default in the due observance or performance of any of the Obligations other than payment of money and such default shall not be curable, or if curable shall continue for a period of thirty (30) days after written notice thereof from Beneficiary to Grantor (unless such default, if curable, requires work to be performed, acts to be done or conditions to be remedied which by their nature cannot be performed, done or remedied, as the case may be, within such thirty day period and Grantor shall commence to cure such default within such thirty day period and shall thereafter diligently and continuously process the same to completion.

5.3 Bankruptcy, Receivership, Insolvency, etc. If voluntary or involuntary proceedings under the Federal Bankruptcy Code, as amended, shall be commenced by or against Grantor or Guarantor or bankruptcy, receivership, insolvency, reorganization, dissolution, liquidation or other similar proceedings shall be instituted by or against Grantor or Guarantor with respect to all or any part of Grantor's or Guarantor's property under the Federal Bankruptcy Code, as amended, or other law of the United States or of any state or other competent jurisdiction, and if such proceedings are instituted against Grantor or Guarantor, it shall consent thereto or shall fail to cause the same to be discharged within sixty days.

5.4 Laws Affecting Obligations and Indebtedness. If subsequent to the date of this Trust Deed, any governmental entity in which the Mortgaged Property is located passes any law (i) which renders payment of the Indebtedness and/or performance of the Obligations by Grantor unlawful, or (ii) which prohibits Beneficiary from exercising any of its rights and remedies under the Security Documents.

5.5 False Representation. If any representation or warranty made by Grantor or others in, under or pursuant to the Note or the Security Documents shall prove to have been false or misleading in any material respect as of the date on which such representation or warranty was made.

5.6 Destruction of Improvements. If any of the Buildings is demolished or removed or demolition or removal thereof is imminent, eminent domain proceedings excepted.

5.7 Default Under Other Trust Deed. If the holder of any junior trust deed or any other lien on the Mortgaged Property (without hereby implying Beneficiary's consent to any such junior trust deed or lien) institutes foreclosure or other proceedings for the enforcement of its remedies thereunder, or if a default exists under any other trust deed or lien on the Mortgaged Property, and such default shall continue for a period of ten (10) business days after written notice thereof by Beneficiary to Grantor, notwithstanding any provision in the Security Documents or in any other document to the contrary with respect to notice and right to cure being provided to Beneficiary.

5.8 Security Documents. If a default shall occur under any of the Security Documents.

5.9 Judgment. If a final judgment for the payment of money in excess of One Hundred Thousand Dollars (\$100,000.00) shall be rendered against Grantor or Guarantor and the same shall remain unpaid for a period of sixty (60) consecutive days during which period execution shall not be effectively stayed.

Article 6

DEFAULT AND FORECLOSURE

6. Remedies. If an Event of Default shall occur, Beneficiary may, at its option, by or through Trustee or otherwise, exercise one or more or all of the following remedies:

6.1.1 Acceleration. Declare the unpaid portion of the Indebtedness to be immediately due and payable, without further notice or demand after ten (10) days written notice to the Grantor and Grantor's failure to cure, whereupon the same shall become immediately due and payable.

6.1.2 Entry on Mortgaged Property. Enter upon the Mortgaged Property and take

possession thereof and of all books, records, and accounts relating thereto.

6.1.3 Operation of Mortgaged Property. Hold, lease, operate or otherwise use or permit the use of the Mortgaged Property, or any portion thereof, in such manner, for such time and upon such terms as Beneficiary may deem to be in its best interest (making such repairs, alterations, additions and improvements thereto, from time to time, as Beneficiary shall deem necessary or desirable) and collect and retain all earnings, rents, profits or other amounts payable in connection therewith.

6.1.4 Enforcement of Trust Deed. Beneficiary, with or without entry, personally or by its agents or attorneys, insofar as applicable, may:

(a) sell the Mortgaged Property and all estate, right, title and interest, claim and demand therein, and right of redemption thereof, to the extent permitted by and pursuant to the procedures provided by law, at one or more sales, and at such time and place upon such terms and after such notice thereof as may be required or permitted by law;

(b) institute proceedings for the complete or partial foreclosure of this Trust Deed; or

(c) take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Note or in this Trust Deed (without being required to foreclose this Trust Deed), or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy or otherwise as Beneficiary shall elect.

6.1.5 Foreclosure and Private Sale. Sell the Mortgaged Property, in whole or in part,

(a) under the judgment or decree of a court of competent jurisdiction, or

(b) at public auction (if permitted by the laws of the jurisdiction in which the Mortgaged Property is situated) in such manner, at such time or times and upon such terms as Beneficiary may determine, or as provided by law; and/or sell the Personalty and/or the Fixtures, in whole or in part, at one or more public or private sales, in such manner, at such time or times and upon such terms as Beneficiary may determine, or as provided by law.

6.1.6 Receiver. Beneficiary shall be entitled, as a matter of strict right, without

notice and ex parte, and without regard to the value or occupancy of the security, or the solvency of the Grantor or of the Guarantor, or the adequacy of the Mortgaged Property as security for the Note, to have a receiver appointed to enter upon and take possession of the Mortgaged Property, collect the Rents and profits therefrom and apply the same as the court may direct, such receiver to have all the rights and powers permitted under the laws of the jurisdiction in which the Mortgaged Property is located. Grantor hereby waives any requirements on the receiver or Beneficiary to post any surety or other bond. Beneficiary or the receiver may also take possession of, and for these purposes use, any and all Personalty which is a part of the Mortgaged Property and used by Grantor in the rental or leasing thereof or any part thereof. The expense (including the receiver's fees, counsel fees, costs and agent's compensation) incurred pursuant to the powers herein contained shall be secured by this Trust Deed. Beneficiary shall (after payment of all costs and expenses incurred) apply such Rents, issues and profits received by it on the Indebtedness in the order set forth in Section 6.7 hereof. The right to enter and take possession of the Mortgaged Property, to manage and operate the same, and to collect the Rents, issues and profits thereof, whether by receiver or otherwise, shall be cumulative ;to any other right or remedy hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof. Beneficiary shall be liable to account only for such Rents, issues and profits actually received by Beneficiary.

6.1.7 Additional Rights and Remedies. With or without notice, and without releasing Grantor from the Indebtedness or Obligations, and without becoming a mortgagee in possession, Beneficiary and Trustee shall have the right to cure any breach or default of Grantor and, in connection therewith, to enter upon the Mortgaged Property and to do such acts and things as Beneficiary or Trustee deem necessary or desirable to protect the security hereof including, but without limitation, to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee hereunder; to pay, purchase, contest or compromise any encumbrance, charge, lien or claim of lien which, in the judgment of either Beneficiary or Trustee, is prior or superior hereto, the judgment of either Beneficiary or Trustee, is prior or superior hereto, the judgment of Beneficiary or Trustee being conclusive as between the parties hereto; to obtain insurance; to pay any premiums or charges with respect to insurance required to be carried hereunder; and to employ counsel, accountants, contractors and other appropriate persons to assist them.

6.1.8 Other. Exercise any other remedy specifically granted under the Security Documents or now or hereafter existing in equity, at law, by virtue of statute or otherwise, including the rights described below.

6.2 Separate Sales. Any real estate or any interest or estate therein sold pursuant to any writ of execution issued on a judgment obtained by virtue of the Note, this Trust Deed or the other Security Documents, or pursuant to any other judicial proceedings under this Trust Deed or the other Security Documents, may be sold in one parcel, as an entirety, or in such parcels, and in such manner or order as Beneficiary, in its sole discretion, may elect.

6.3 Remedies Cumulative and Concurrent. The rights and remedies of Beneficiary as provided in the Note, this Trust Deed and in the Security Documents shall be cumulative and concurrent and may be pursued separately, successively or together against Grantor or Guarantor or against other obligors or against the Mortgaged Property, or any one or more of them, at the sole discretion of Beneficiary, and may be exercised as often as occasion therefor shall arise. The failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof, nor shall the choice of one remedy be deemed an election of remedies to the exclusion of other remedies.

6.4 No Cure or Waiver. Neither Beneficiary's nor Trustee's nor any receiver's entry upon and taking possession of all or any part of the Mortgaged Property nor any collection of rents, issues, profits, insurance proceeds, condemnation proceeds or damages, other security or proceeds of other security, or other sums, nor the application of any collected sum to any Indebtedness and Obligations, nor the exercise of any other right or remedy by Beneficiary or Trustee or any receiver shall impair the status of the security, or cure or waive any default or notice of default under this Trust Deed, or nullify the effect of any notice of default or sale (unless all Indebtedness and Obligations which are then due have been paid and performed and Grantor has cured all other defaults), or prejudice Beneficiary or Trustee in the exercise of any right or remedy, or be construed as an affirmation by Beneficiary of any tenancy, lease or option or a subordination of the lien of this Trust Deed.

6.5 Payment of Costs, Expenses and Attorneys' Fees. Grantor agrees to pay to Beneficiary immediately and without demand all costs and expenses incurred by Trustee and Beneficiary in exercising the remedies under the Note and Security Documents (including but without limit, court costs and attorneys' fees, whether incurred in litigation or not) with interest at the greater of Defaulted Interest Rate or the highest rate payable under any Indebtedness and Obligations, from the date of expenditure until said sums have been paid. Beneficiary shall be entitled to bid, at the sale of the Mortgaged Property held pursuant to the power of sale granted herein or pursuant to any judicial foreclosure of this instrument, the amount of said costs, expenses and interest in addition to the amount of the other Indebtedness and Obligations as a credit bid, the equivalent of cash.

6.6 Application of Proceeds. The proceeds of any sale of all or any portion of the Mortgaged Property and the amounts generated by any holding, leasing, operation or other use of the Mortgaged Property shall be applied by Beneficiary in the following order:

(a) first, to the payment of the costs and expenses of taking possession of the Mortgaged Property and of holding, using, leasing repairing, improving and selling the same (including without limitation payment of any Impositions or other taxes);

(b) second, to the extent allowed by law, to the payment of attorneys' fees and other legal expenses, including expenses and fees incurred on appeals, and legal expenses and fees of a receiver;

(c) third, to the payment of accrued and unpaid interest on the Indebtedness; and

(d) fourth, to the payment of the balance of the Indebtedness.

The balance, if any, shall be paid to the parties entitled to receive it.

6.7 Strict Performance. Any failure by Beneficiary to insist upon strict performance by Grantor or Guarantor of any of the terms and provisions of the Security Documents or of the Note shall not be deemed to be a waiver of any of the terms or provisions of the Security Documents or the Note and Beneficiary shall have the right thereafter to insist upon strict performance by Grantor or Guarantor of any and all of them.

6.8 No Conditions Precedent to Exercise of Remedies. Neither Grantor nor any other person now or hereafter obligated for payment of all or any part of the Indebtedness (including Guarantor) shall be relieved of such obligation by reason of the failure of Beneficiary to comply with any request of Grantor or Guarantor or of any other person so obligated to take action to foreclose on this Trust Deed or otherwise enforce any provisions of the Security Documents or the Note, or by reason of the release, regardless of consideration, of all or any part of the security held for the Indebtedness, or by reason of any agreement or stipulation between any subsequent owner of the Mortgaged Property and Beneficiary extending the time of payment or modifying the terms of the Security Documents or Note without first having obtained the consent of Grantor, Guarantor or such other person; and in the latter event Grantor, Guarantor and all such other persons shall continue to be liable to make payment according to the terms of any such extension or modification agreement, unless expressly released and discharged in writing by Beneficiary.

6.9 Release of Collateral. Beneficiary may release, regardless of consideration, any part of the security held for the Indebtedness or Obligations without, as to the remainder of the security, in any way impairing or affecting the liens of the Security Documents or their priority over any subordinate lien. Without affecting the liability of Grantor, Guarantor or any other person (except any person expressly released in writing) for payment of Indebtedness secured hereby or for performance of any Obligations contained herein, and without affecting the rights of Beneficiary with respect to any security not expressly released in writing, Beneficiary may, at any time and from time to time, either before or after maturity of said Note, and without notice or consent:

(a) release any person liable for payment of all or any part of the Indebtedness or for performance of any Obligations;

(b) make any agreement extending the time or otherwise altering terms of payment of all or any part of the Indebtedness, or modifying or waiving any Obligation, or subordinating, modifying or otherwise dealing with the lien or charge hereof;

(c) exercise or refrain from exercising or waive any right Beneficiary may have;

(d) accept additional security of any kind;

(e) release or otherwise deal with any property, real or personal, securing the Indebtedness, including all or any part of the Mortgaged Property.

6.10 Other Collateral. For payment of the Indebtedness, Beneficiary may resort to any other security therefor held by Beneficiary in such order and manner as Beneficiary may elect.

6.11 Discontinuance of Proceedings. In the event Beneficiary shall have proceeded to enforce any right under the Note or the Security Documents and such proceedings shall have been discontinued or abandoned for any reason, then in every such case Grantor, Guarantor and Beneficiary shall be restored to their former positions and the rights, remedies and powers of Beneficiary shall continue as if no such proceedings had been taken.

Article 7CONDEMNATION

7.1 Condemnation. Grantor hereby assigns, transfers and sets over to Beneficiary all rights of Grantor to any award or payment in respect of

(a) any taking of all or a portion of the Mortgaged Property as a result of, or by agreement in anticipation of, the exercise of the right of condemnation or eminent domain;

(b) any such taking of any appurtenances to the Mortgaged Property or of vaults, areas or projections outside the boundaries of the Mortgaged Property, or rights in, under or above the alleys, streets or avenues adjoining the Mortgaged Property, or rights and benefits of light, air, view or access to said alleys, streets, or avenues or for the taking of space or rights therein, below the level of, or above the Mortgaged Property; and

(c) any damage to the Mortgaged Property or any part thereof due to governmental action, but not resulting in, a taking of any portion of the Mortgaged Property, such as, without limitation, the changing of the grade of any street adjacent to the Mortgaged Property. Grantor hereby agrees to file and prosecute its claim or claims for any such award or payment in good faith and with due diligence and cause the same to be collected and paid over to Beneficiary, and hereby irrevocably authorizes and empowers Beneficiary, in the name of Grantor or otherwise, to collect and receipt for any such award or payment and, in the event Grantor fails to act, or in the event that an Event of Default has occurred and is continuing, to file and prosecute such claim or claims.

7.2 Application of Proceeds. All proceeds received by Beneficiary with respect to a taking of all or any part of the Mortgaged Property or with respect to damage to all or any part of the Mortgaged Property from governmental action not resulting in a taking of the Mortgaged Property, shall be applied as follows, in the order of priority indicated:

(a) to reimburse Beneficiary for all costs and expenses, including reasonable attorneys' fees incurred in connection with collecting the said proceeds;

(b) to the payment of accrued and unpaid interest on the Note;

(c) to the prepayment of the unpaid principal of the Note, without

premium; and

(d) to the payment of the balance of the Indebtedness.

The balance, if any, will be paid to Grantor.

Article 8

MISCELLANEOUS

8.1 Further Assurances. Grantor, upon the reasonable request of Beneficiary, will execute, acknowledge and deliver such further instruments (including, without limitation, financing statements, estoppel certificates and declarations of no set-off) and do such further acts as may be necessary, desirable or proper to carry out more effectively the purpose of the Security Documents, to facilitate the assignment or transfer of the Note and the Security Documents, and to subject to the liens of the Security Document any property intended by the terms thereof to be covered thereby, and any renewals, additions, substitutions, replacements or betterments thereto. Upon any failure of Grantor to execute and deliver such instruments, certificates and other documents on or before fifteen (15) days after receipt of written request therefor, Beneficiary may make, execute and record any and all such instruments, certificates and Grantor irrevocably appoints Beneficiary the agent and attorney-in-fact of Grantor to do so.

8.2 Recording and Filing. Grantor, at its expense, will cause the Security Documents, all supplements thereto and any financing statements at all times to be recorded and filed and re-recorded and re-filed in such manner and in such places as Beneficiary shall reasonably request, and will pay all such recording, filing, re-recording and re-filing taxes, fees and other charges.

8.3 Notice. All notices, demands, requests and other communications required under the Security Documents and the Note shall be in writing and shall be deemed to have been properly given if sent by U. S. certified or registered mail, postage prepaid, addressed to the party for whom it is intended at the Grantor's Address, the Beneficiary's Address or the Trustee's Address, as the case may be. Any party may designate a change of address by written notice to the other, given at least ten (10) business days before such change of address is to become effective.

8.4 Beneficiary's Right to Perform the Obligations. If Grantor shall fail to make any payment or perform any act required by the Note or the Security Documents, then, at any time thereafter, without notice to or demand upon Grantor and without waiving or releasing any obligation or default, Beneficiary may make such payment or perform such

act for the account of and at the expense of Grantor, and shall have the right to enter the Mortgaged Property for such purpose and to take all such action thereon and with respect to the Mortgaged Property as may be necessary or appropriate for such purpose. All sums so paid by Beneficiary, and all costs and expenses, including, without limitation, reasonable attorneys' fees and expenses so incurred together with interest thereon at the Defaulted Interest Rate, from the date of payment or incurring, shall constitute additions to the Indebtedness secured by the Security Documents, and shall be paid by Grantor to Beneficiary, on demand. If Beneficiary shall elect to pay any Imposition, Beneficiary may do so in reliance on any bill, statement or assessment procured from the appropriate public office, without inquiring into the accuracy thereof or into the validity of such Imposition.

Grantor shall indemnify Beneficiary for all losses and expenses, including reasonable attorneys' fees, incurred by reason of any acts performed by Beneficiary pursuant to the provisions of this Subsection 8.4 or by reason of the Security Documents, and any funds expended by Beneficiary to which it shall be entitled to be indemnified, together with interest thereon at the Defaulted Interest Rate from the date of such expenditures, shall constitute additions to the Indebtedness and shall be secured by the Security Documents and shall be paid by Grantor to Beneficiary upon demand.

8.5 Covenants Running with the Land. All covenants contained in the Security Documents shall run with the Mortgaged Property.

8.6 Severability. In case any one or more of the Obligations shall be invalid, illegal or unenforceable in any respect, the validity of the Note, this Trust Deed, the Security Documents and remaining Obligations shall be in no way affected, prejudiced or disturbed thereby.

8.7 Modification. The Security Documents and the terms of each of them may not be changed, waived, discharged or terminated orally, but only by an instrument or instruments in writing signed by the party against which enforcement of the change, waiver, discharge or termination is asserted.

8.8 Tax on Indebtedness or Trust Deed. In the event of the passage, after the date of this Trust Deed, or any law deducting from the value of land for the purposes of taxation, any lien thereon, or imposing upon Beneficiary the obligation to pay the whole, or any part, of the taxes or assessments or charges or liens herein required to be paid by Grantor, or changing in any way the laws relating to the taxation of deeds of trust, mortgages or debts as to affect the Trust Deed or the Indebtedness, the entire unpaid balance of the Indebtedness shall, at the option of Beneficiary, after thirty (30) days written notice to Grantor, become due and payable; provided, however, that if, in the opinion of Beneficiary's counsel, it shall be lawful for Grantor to pay such taxes, assessments, or

charges, or to reimburse Beneficiary therefor, then there shall be no such acceleration of the time for payment of the unpaid balance of the Indebtedness if a mutually satisfactory agreement for reimbursement, in writing, is executed by Grantor and delivered to Beneficiary within the aforesaid period.

8.9 Maximum Rate of Interest. Notwithstanding any provision in this Trust Deed, or in any instrument now or hereafter relating to or securing the Indebtedness evidenced by the Note, the total liability for payments of interest and payments in the nature of interest, including, without limitation, all charges, fees, exactions, or other sums which may at any time be deemed to be interest, shall not exceed the limit imposed by applicable usury laws. In the event the total liability for payments of interest and payments in the nature of interest, including without limitation, all charges, fees, exactions or other sums which may at any time be deemed to be interest, shall, for any reason whatsoever, result in an effective rate of interest, which for any month or other interest payment period exceeds the limit imposed by the applicable usury laws, all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice by, between or to any party hereto, be applied to the reduction of the Indebtedness immediately upon receipt of such sums by Beneficiary, with the same force and effect as though Grantor had specifically designated such excess sums to be so applied to the reduction of the Indebtedness and Beneficiary had agreed to accept such sums as a premium-free payment of the Indebtedness, provided, however, that Beneficiary may, at any time and from time to time, elect, by notice in writing to Grantor to waive, reduce, or limit the collection of any sums (or refund to Grantor any sums collected) in excess of those lawfully collectible as interest rather than accept such sums as a prepayment of the Indebtedness.

8.10 Survival of Warranties and Covenants. The warranties, representations, covenants and agreements set forth in the Security Documents shall survive the making of the loan and the execution and delivery of the Note, and shall continue in full force and effect until the Indebtedness shall have been paid in full, except such obligations as specified in Section 4.10 and Section 4.17 hereof which shall survive.

8.11 Applicable Law. The Security Documents shall be governed by and construed according to the laws of the State of Oregon.

8.12 Tax and Insurance Escrow. In the event Grantor is delinquent for ten (10) days in any payment required under the Note or the Security Documents twice during any twelve (12) month period, Beneficiary shall have the option upon fifteen (15) days' prior written notice to Grantor to require Grantor to pay to Beneficiary, on each of the monthly due dates of interest payments, as set forth in the Note, an amount equal to one-twelfth (1/12) of the annual (i) Impositions and (ii) insurance premiums for such insurance as is

required hereunder. Grantor shall also pay into such account such additional amounts, to be determined by Beneficiary from time to time, as will provide a sufficient fund, at least thirty (30) days prior to the due dates of the next installment of such Impositions and premiums, for payment of such Impositions and premiums so as to realize the maximum discounts permitted by law. Amounts held hereunder by Beneficiary may be non-interest bearing and shall be segregated from Beneficiary's other funds. Upon assignment of this Trust Deed, Beneficiary shall have the right to pay over the balance of such amounts then in its possession to the assignee and Beneficiary shall thereupon be completely released from all liability with respect to such amounts. Upon full payment of the Indebtedness, or, at the election of Beneficiary at any prior time, the balance of such amounts shall be paid over to Grantor and no other party shall have any right or claim thereto. Amounts held by Beneficiary pursuant to this Section 8.12 shall be

(a) be made available to Grantor in sufficient time to allow Grantor to satisfy Grantor's obligations under the Security Documents to pay Impositions and required insurance premiums, within the maximum discount period, where applicable and

(b) not bear interest.

8.13 Substitution of Trustee. Beneficiary, acting alone, may, from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder. Such instrument, executed, acknowledged and recorded in the manner required by law, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall (without conveyance from the preceding Trustee) succeed to all of the title, estate, rights, powers and duties of such preceding Trustee. Such instrument shall contain the name of the original Grantor, Trustee and Beneficiary hereunder, the book and page where this Trust Deed is recorded and the name and address of the new Trustee. If a notice of default has been recorded, this power of substitution cannot be exercised until after the costs, fees, and expenses, of the then acting Trustee have been paid to such Trustee, who shall endorse receipt thereof upon such instrument of substitution.


8.14 No Representations by Beneficiary. By accepting or approving anything required to be observed, performed or fulfilled or to be given to Beneficiary, pursuant to the Security Documents, including (but not limited to) any officer's certificate, survey, appraisal or insurance policy, Beneficiary shall not be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such acceptance or approval thereof shall not be or constitute any warranty or representation with respect thereto by Beneficiary.

8.15 Headings. The article headings and the section and subsection captions are inserted for convenience of reference only and shall in no way alter or modify the text of such articles, sections and subsections.

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

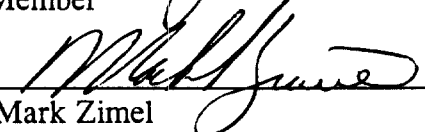
GRANTOR:

OZ Investment, LLC, an Oregon
limited liability company

By: 

Steven J. Oliva

Its: Member

By: 

Mark Zimel

Its: Member

Signed, sealed and delivered
in the presence of:

STATE OF WASHINGTON

)

: ss.

County of Clark

)

On this 15 day of October, 2001, before me, the undersigned, a Notary Public in and for the State of Oregon, duly commissioned and sworn, personally appeared Steven J. Oliva, to me known to be the individual that executed the foregoing instrument as a member of OZ Investment, LLC, an Oregon limited liability company, and acknowledged said instrument to be the free and voluntary act and deed of said individual, for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereto affixed the day and year first above written.

Marjorie P. Mulligan
 Notary Public in and for the State
 of Washington, residing at Vancouver
 My commission expires 7/4/04

STATE OF Washington

)

: ss.

County of Clark

)

On this 15 day of October, 2001, before me, the undersigned, a Notary Public in and for the State of Oregon, duly commissioned and sworn, personally appeared Mark Zimel, to me known to be the individual that executed the foregoing instrument as a member of OZ Investment, LLC, an Oregon limited liability company, and acknowledged said instrument to be the free and voluntary act and deed of said individual, for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereto affixed the day and year first above written.

Marjorie P. Mulligan
 Notary Public in and for the State
 of Washington, residing at Clark County
 My commission expires 7/4/04

EXHIBIT "A"
DESCRIPTION OF PROPERTY

PARCEL 1:

A portion of the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 2, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows: Beginning at a point in the North right of way line of The Dalles-California Highway, which lies North $89^{\circ}21'$ East a distance of 1158.8 feet, and North $0^{\circ}46'$ West a distance of 30 feet from an iron plug in the pavement, which marks the center of Section 2, Township 39 South, Range 9 East of the Willamette Meridian, running thence North $89^{\circ}21'$ East along the North right of way line of said Highway 150 feet; thence North $0^{\circ}46'$ West 95 feet; thence South $89^{\circ}21'$ West, parallel with the North line of the Highway, 150 feet; thence South $0^{\circ}46'$ East 95 feet, more or less to the place of beginning.

PARCEL 2:

A portion of the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 2, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows: Beginning at a point which lies North $89^{\circ}21'$ East a distance of 1308.8 feet and North $0^{\circ}46'$ West a distance of 125 feet from an iron plug in the pavement which marks the center of Section 2, Township 39 South, Range 9 East of the Willamette Meridian, running thence North $0^{\circ}46'$ West 94.4 feet, more or less, to the Southeast corner of Tract No. 86, of Pleasant Home Tracts No. 2; thence South $89^{\circ}21'$ West along the South line of said Tract No. 86, 150 feet; thence South $0^{\circ}46'$ East 94.4 feet; thence North $89^{\circ}21'$ East 150 feet to the place of beginning.

EXCEPT from the above described parcels that portion lying within the right of way of South 6th Street.

LESS AND EXCEPT from the above described parcels a tract of land situated in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 2, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows: Beginning at a point marking the Southwest corner of that tract of land described in Deed Volume M-70 at page 10061, from which the center quarter corner of said Section 2 bears South $89^{\circ}21'$ West 1068.8 feet and South $00^{\circ}46'$ East 30 feet; thence North $89^{\circ}21'$ East 90.00 feet to the Southeast corner of said tract; thence North $00^{\circ}46'$ West 10.00 feet to a point on the new right of way line of The Dalles-California Highway by Deed Volume 359 at page 463, and being the true point of beginning of this description; thence North $00^{\circ}45'09''$ West 178.44 feet; thence North $89^{\circ}22'56''$ East 10.50 feet; thence South $00^{\circ}25'58''$ West 95.43 feet; thence South $67^{\circ}51'42''$ East 15.17 feet; thence South $11^{\circ}06'03''$ West 78.85 feet to a point on the said new right of way line; thence South $89^{\circ}42'55''$ West 6.31 feet to the point of beginning. See recorded survey of property line adjustment 3-96 for basis of bearings and reference.

54459

SCHEDULE B

PERMITTED ENCUMBRANCES

None.

State of Oregon, County of Klamath
Recorded 10/25/01 at 2:45 p. m.
In Vol. M01 Page 54432
Linda Smith,
County Clerk Fee\$ 17⁰⁰