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Vol M02 Page 444

Return Address

U.S. Bank National Association
1420 Fifth Avenue, Suite 1100
Seattle, Washington 98101
Attention: Cathryn S. Schalkle

State of Oregon, County of Klamath
Recorded 01/03/2002 3:18 p. m.
Vol M02, Pg 444-479
Linda Smith, County Clerk
Fee \$ 211.00 # of Pgs 36

mtc SS622
LINE OF CREDIT INSTRUMENT

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

RED LION HOTELS, INC.,
a Delaware corporation
Grantor

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
Trustee

U.S. BANK NATIONAL ASSOCIATION, AS AGENT
Beneficiary

The maximum aggregate principal amount to be outstanding at any one time pursuant to the credit agreement, the guaranty of which is secured by this line of credit instrument, is \$70,000,000

The maturity date of the promissory note or notes, the guaranty of which is secured by this line of credit instrument, exclusive of any option to renew or extend such maturity date, is May 5, 2003.

Tax Account Number(s) of Trust Property: 3909-003DB-00500-000 and 3909-003DB-00600-000

[12187-2047/SB013620.155]

196.00
+ 15.00

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

This Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing ("Deed of Trust"), dated as of December 31, 2001, is among the following parties:

- Grantor: RED LION HOTELS, INC., a Delaware corporation, whose address is 201 W. North River Drive, Spokane, Washington 99201;
- Trustee: U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, whose address is 111 S.W. Fifth Avenue, Portland, Oregon 97204;
- Beneficiary: U.S. BANK NATIONAL ASSOCIATION, as administrative agent for the several financial institutions (the "Lenders") from time to time party to that certain amended and restated credit agreement dated as of December 29, 1999 (together with all amendments, modifications, supplements and exhibits thereto, the "Credit Agreement"), whose address is 1420 Fifth Avenue, Suite 1100, Seattle, Washington 98101.

W I T N E S S E T H

WHEREAS, Grantor is the owner of certain real property located in Klamath County, Oregon, legally described on EXHIBIT A hereto and by this reference made a part hereof (the "Land");

WHEREAS, the Lenders agreed to make available to WestCoast Hospitality, Limited Partnership ("Borrower") a secured revolving loan facility upon the terms and conditions set forth in the Credit Agreement;

WHEREAS, Grantor has guaranteed the indebtedness of Borrower to Lenders under the Credit Agreement under that certain guaranty dated as of December 31, 2001 ("Guaranty"); and

WHEREAS, the obligations of Grantor to Beneficiary and the Lenders under the Guaranty is or is to be secured by, among other things, the grant of a first priority deed of trust lien, except as otherwise provided herein, in the "Subject Property" described in Section 1.1 hereof.

ARTICLE I. GRANT IN TRUST**1.1 Grant**

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, and for the purposes and upon the terms and conditions in this Deed of Trust, Grantor irrevocably grants, transfers, assigns and conveys to Trustee in trust, for the benefit and security of Beneficiary, as administrative agent for the Lenders, with power of sale and right of entry and possession and grants a security interest in, all of Grantor's right, title, and interest in and to the following, whether now owned or hereafter acquired (collectively, the "Subject Property"):

(a) Land

The Land;

(b) Improvements

All buildings, structures, and improvements (including asphalt paving for parking), and all additions or alterations now or hereafter erected on the Land, including but not limited to, any attachment, apparatus and other articles now or hereafter attached to said buildings, structures, and improvements now owned or hereafter acquired by Grantor (collectively, the "Improvements");

(c) Fixtures

All materials, supplies, equipment, apparatus, personal property, goods, fixtures and other items now or hereafter attached to or installed in (temporarily or permanently) any of the Improvements or the Land, including, but not limited to, all partitions, window screens and shades, drapes, rugs, and other floor coverings, furniture, furnishings, awnings, motors, engines, boilers, furnaces, appliances, plumbing, call and sprinkler systems, fire prevention or extinguishing apparatus and equipment, water tanks, light fixtures, communication systems, built-in furniture, antennas and all equipment, fixtures and fittings used in connection with the generation, distribution, regulation or metering of air, water, heat, electricity, fuel or refrigeration or for ventilating for sanitary purposes or for the exclusion of vermin or insects or for the removal of dust, refuse or garbage, it being intended and agreed that all such items be conclusively deemed to be fixtures, now owned or hereafter acquired by Grantor (collectively, the "Fixtures");

(d) Leases, Rents, Etc.

All leases, subleases, licenses, concessions, or other agreements, now or hereafter in effect, which grant to a third party a possessory interest in, or the right to use, all or any portions of the Land, the Improvements, the personalty, or Fixtures (collectively the

"Leases"), and the rents, issues, profits, royalties, income, accounts and other benefits payable thereunder or from the Subject Property, including without limitation, all security deposits, advance rentals and deposits for payments of a similar nature or otherwise arising from the use or enjoyment of all or any portion of the Land, Improvements, the personalty or the Fixtures (collectively, the "Rents");

(e) Easements, Etc.

All easements, rights-of-way (including in any open or proposed street), sidewalks, alleys, access rights, development strips and gores of land, waters, water rights and powers and shares of stock evidencing the same and other rights, used in connection with the Land or as a means of access thereto or which are otherwise of benefit thereto to the users thereof, and all tenements, hereditaments, appurtenances, and licenses thereof and thereto;

(f) Condemnation Awards; Insurance Proceeds

Any and all awards (or claims for awards) made for taking by public or private improvement, eminent domain, by any event in lieu thereof, or decrease in value of all or any part of the Subject Property, including, without limitation, awards for severance damages, and all right, title, and interest of Grantor in and to any proceeds (or claims for proceeds) of casualty, liability, or other insurance pertaining to the Subject Property or otherwise required hereunder, all returned premiums or other payments;

(g) Claims

Any claim or demand against anyone with respect to damage to the Subject Property, including, without limitation, damage arising from any defect in the design or construction of the Improvements or in the condition of the Land, Fixtures, or Improvements;

(h) Deposits

Deposits of security or advance payment made by or on behalf of Grantor to others with respect to (i) insurance policies relating to the Subject Property, (ii) utility services for the Subject Property, and (iii) maintenance, repair, or similar services for the Subject Property; any refunds or rebates of taxes, insurance premiums or assessments on the Subject Property;

(i) Parking Facilities

Any parking facilities, covenants, leases, rights, or easements located other than on the Land and used or intended to be used in connection with the operation of the Subject Property;

(j) Entitlements and Permits

All licenses, contracts, management agreements, franchise agreements, permits, rights, and certificates pertaining to or useful in connection with the ownership, use, enjoyment, occupancy, management, or operation of the Subject Property, including without limitation accounts, franchises and general intangibles (including without limitation trademarks, trade names and symbols) (collectively, the "Contracts");

(k) Additional Interests

All interests, estate or other claims, both in law and in equity, which Grantor now has or may hereafter acquire in the Subject Property or any part thereof or any interest therein;

All and singular, and the privileges and appurtenances thereunto belonging.

ARTICLE II. SECURITY AGREEMENT; FIXTURE FILING

2.1 Creation of a Security Interest

Grantor hereby grants to Beneficiary, as administrative agent for the Lenders, a security interest in every portion of the Subject Property that is governed by the Uniform Commercial Code as adopted in the states of Washington and Oregon, and in the following (collectively referred to herein as the "Secured Property"):

(a) All furniture, furnishings, appliances, machinery, vehicles, equipment and other property of any kind now or hereafter located on the Subject Property, used principally or intended to be used principally on the Subject Property wherever actually located, or purchased with the proceeds advanced by Beneficiary or the Lenders, and all rights of Grantor as lessee of the Land;

(b) All plans, site plans, plats, architectural plans, work drawings, surveys, engineering reports, test borings, market surveys, specifications, contracts, agreements and purchase orders and other work products pertaining or incidental to the design or construction of any improvements on the Subject Property;

(c) All commitments or agreements now or hereafter in existence, that will provide Grantor with proceeds to improve the Subject Property or satisfy the Secured Obligations and the right to receive all proceeds due under such commitments or agreements including refundable deposits and fees;

(d) All construction materials, supplies and equipment delivered to the Subject Property or intended to be used in connection with the construction of Improvements on the Subject Property wherever actually located whether in the possession of Grantor, warehouseman, bailee, or any other person, purchased for use in the construction or

furnishing of improvements on the Land, together with any documents covering such materials, all contract rights and general intangibles relating to such materials, and proceeds of such materials, document contract rights and general intangibles;

(e) All construction contracts (if any) relating to Improvements on the Land, and all amendments thereto, together with all of the right, title, and interest of Grantor in, to and under any and all performance, payment, completion or other surety bonds now, or hereafter issued, by any surety in connection with or related to the aforesaid construction contracts, insofar as the same may be transferable by Grantor without breach of the agreement or bond referred to;

(f) All books, records, surveys, reports and other documents related to the Subject Property or operation of the Subject Property;

(g) All deposit accounts maintained by Grantor at Beneficiary or any Lender; and

(h) All additions, accessions, replacements, substitutions, proceeds and products of the property described in this Section 2.1.

2.2 Warranties, Representations, and Covenants of Grantor

Grantor hereby warrants, represents, and covenants to Beneficiary and the Lenders as follows:

(a) Grantor is a corporation formed and existing under the laws of the state of Delaware and has been duly authorized to execute, acknowledge and deliver this document and to perform the obligations stated herein.

(b) The Subject Property and the Secured Property are not used principally for agricultural or farming purposes.

(c) The Fixtures are not used or bought for personal, family, or household purposes. The proceeds of the Secured Obligations shall not be used for personal, family, or household purposes.

(d) Grantor lawfully possesses and holds a fee estate in and to the Land and good and marketable title to the Subject Property, without limitation on the right to encumber, and this Deed of Trust is a first and prior lien on the Subject Property except as provided in Section 2.2(e).

(e) There are no liens, encumbrances, claims or security interests of any nature whatsoever in or to the Subject Property, or any item thereof, which now have or will have with the passage of time or some act, such as filing, recording or giving of notice, priority over the lien and security interest herein granted except for (i) exceptions and reservation in

United States patents, taxes and assessments which are a lien but not yet payable, zoning ordinances, building, use and environmental restrictions, and (ii) the rights of the public in and to roads, streets and navigable waterways crossing or joining the land, (iii) the access restrictions, easements, rights-of-way, conditions, covenants, restrictions and reservations listed and other liens and encumbrances listed on the "schedule of permitted liens" attached as EXHIBIT B, and (iv) any lien or encumbrance in favor of Beneficiary, as administrative agent for the Lenders (collectively referred to as the "Permitted Liens").

(f) Grantor will not remove from the Subject Property, lease, sell, convey or in any other manner transfer any tangible personal property constituting Secured Property or remove it from Land covered by this Deed of Trust without Beneficiary's prior written consent. Such Secured Property shall be subject to no lien, encumbrance, or security interest other than this Deed of Trust.

(g) Grantor will not change the location of its chief executive office (as set forth on page 1 of this Deed of Trust) without (i) prior written notice to Beneficiary and (ii) the execution, delivery, filing (and payment of filing fees and taxes) of all such documents as may be necessary or advisable in the opinion of Beneficiary to continue to perfect and protect the liens and security interests in the Subject Property.

(h) Subject to subparagraph (e) hereof, (i) from time to time within 15 days after request by Beneficiary, Grantor shall execute, acknowledge, and deliver to Beneficiary, as administrative agent for the Lenders, such security agreements or instruments, in form and substance satisfactory to Beneficiary, covering the Secured Property which, in the reasonable opinion of Beneficiary, is necessary to evidence or perfect the lien on the Subject Property granted under this Deed of Trust; and (ii) at the same time Grantor shall execute, acknowledge and deliver each financing statement, renewal, affidavit, certificate, continuation statement, or other document which Beneficiary requests in order to perfect, preserve, extend, or maintain the security interest under, and the priority of, the liens granted on the Subject Property pursuant to this Deed of Trust as a first lien. However, neither a request so made by Beneficiary nor the failure of Beneficiary to make such a request shall be construed as a release of such property or any part thereof from the lien of this Deed of Trust, it being understood and agreed that this covenant and any such chattel mortgage, security agreement, or other similar security instrument delivered to Beneficiary are cumulative and given as additional security.

(i) This Deed of Trust constitutes a security agreement as that term is used in the Uniform Commercial Code as adopted in the states of Washington and Oregon.

2.3 Remedies

Beneficiary, as administrative agent for the Lenders, shall have all the rights, remedies, and recourse with respect to the Secured Property, of a secured party under the Uniform

Commercial Code. Such rights, remedies, and recourse shall be in addition to those provided for herein or at law or in equity.

2.4 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 Subject Property under the Uniform Commercial Code as adopted in the state of Oregon is located with respect to any and all Fixtures included within the term "Subject Property" as used herein and with respect to any goods or other personal property that may now be or hereafter become such fixtures. The mailing address of Grantor and the address of Beneficiary from which information may be obtained are set forth on the first page of this Deed of Trust.

2.5 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 III. OBLIGATIONS SECURED

3.1 Obligations Secured

Grantor makes the foregoing grant and assignment for the purpose of securing the following obligations (collectively referred to herein as the "Secured Obligations"):

(a) prompt payment or performance in full when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including the payment of amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)), of all loans, obligations and liabilities of every nature of Grantor now or hereafter existing under or arising out of or in connection with the Guaranty and the other Loan Documents (as defined in the Credit Agreement), and all extensions or renewals thereof, whether for principal, interest (including without limitation interest that, but for the filing of a petition in bankruptcy with respect to Grantor, would accrue on such obligations), reimbursement of amounts drawn under letters of credit, fees, prepayment fees, expenses, indemnities or otherwise, whether voluntary or involuntary, direct or indirect, absolute or contingent, liquidated or unliquidated, whether or not jointly owed with others, and whether or not from time to time decreased or extinguished and later increased, created or incurred, and all or any portion of such obligations or liabilities that are paid, to the extent all or any part of such payment is avoided or recovered directly or indirectly from Beneficiary or any Lender as a preference, fraudulent transfer or otherwise. The maximum aggregate principal amount to be outstanding at any one time pursuant to the credit agreement, the guaranty of which is secured by this line of credit instrument, is \$70,000,000 and the maturity date of the promissory note or notes, the guaranty of which is

secured by this line of credit instrument, exclusive of any option to renew or extend such maturity date, is May 5, 2003;

(b) Payment of all sums expended or advanced by Beneficiary or any Lender pursuant to the terms hereof, together with interest thereon as provided herein;

(c) Payment and performance of all obligations of Grantor under this Deed of Trust; and

(d) All modifications, extensions, and renewals of any of the obligations to Beneficiary secured hereby, however evidenced.

Notwithstanding the foregoing, the obligations of Grantor under those certain indemnification agreements dated as of December 31, 2001 shall not constitute Secured Obligations.

3.2 Obligations

The term "obligations" is used herein in its broadest and most comprehensive sense and shall be deemed to include without limit all interest and charges, prepayment charges, late charges and loan fees at any time accruing under or properly assessed on any of the Secured Obligations.

3.3 Incorporation

All terms of the Secured Obligations are incorporated herein by this reference. All persons who may have or acquire an interest in the Subject Property shall be deemed to have notice of the terms of the Secured Obligations.

ARTICLE IV. ASSIGNMENT OF LEASES AND RENTS

4.1 Assignment of Rents and Leases

As part of the consideration for the extension of credit by Lenders, and not as additional security therefor, Grantor hereby absolutely and unconditionally assigns and transfers to Beneficiary, as administrative agent for the Lenders, all its right, title, and interest in and to (a) all Leases, (b) all guaranties of tenants' or occupants' performances under the Leases, and (c) all Rents due, which may become due, or to which Grantor is now or hereafter may become entitled or may demand or claim (including Rents coming due during any redemption period), arising or issuing from or out of any and all Leases, including without limitation minimum, additional, percentage, and deficiency rents and liquidated damages.

4.2 Collection of Rents

Prior to the occurrence of an Event of Default, Grantor shall have a license to collect and receive, and shall collect and receive, all Rents of the Subject Property as trustee for the

benefit of Beneficiary, as administrative agent for the Lenders, and Grantor and shall apply all Rents so collected first to the payment of Impositions on the Subject Property prior to delinquency, second to the cost of insurance, maintenance and repairs required by the terms of this Deed of Trust, third to the costs of discharging the liability of Grantor under the Leases, and fourth to the Secured Obligations, with the balance, if any, so long as no Event of Default has occurred, to the account of Grantor. Upon the occurrence of an Event of Default (without any grace or cure period), and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Subject Property in person, by agent, or by a court-appointed receiver, Beneficiary, as administrative agent for the Lenders, shall immediately be entitled to possession of all Rents from the Subject Property as the same become due and payable, including without limitation Rents then due and unpaid, and all such Rents shall immediately upon occurrence of such Event of Default be held by Grantor as trustee for the benefit of Beneficiary, as administrative agent for the Lenders, only. Grantor hereby authorizes each tenant upon receipt of notice from Beneficiary to pay all Rents directly to Beneficiary on behalf of the Lenders. Upon receipt of written demand from Beneficiary, Grantor hereby agrees to direct each tenant or occupant of the Subject Property to pay all Rents to Beneficiary on behalf of the Lenders on Beneficiary's written demand therefor, without any liability on the part of said tenant or occupant to inquire further as to the existence of a default by Grantor. Grantor hereby authorizes Beneficiary to make such direction to tenants and occupants upon Grantor's failure to do so as required herein. Payments made to Beneficiary by Tenants or occupants shall, as to such tenants and occupants, be in discharge of the payors' obligations to Grantor. Beneficiary may exercise, in Grantor's, Beneficiary's, or the Lenders' name, all rights and remedies available to Grantor with respect to collection of Rents. Nothing herein contained shall be construed as obligating Beneficiary or any Lender to perform any of Grantor's obligations under any of the Leases.

4.3 Grantor's Representations and Warranties

Grantor hereby represents and warrants to Beneficiary and the Lenders that Grantor has not executed and will not execute any other assignment of the Leases or Rents, that Grantor has not performed and will not perform any acts and has not executed and will not execute any instrument which would prevent Beneficiary from exercising its rights on behalf of the Lenders under this Section, and that at the time of execution of this Deed of Trust there has been no anticipation or prepayment of any of the Rents prior to the due dates thereof. Grantor further represents and warrants to Beneficiary and the Lenders that all Leases are in good standing and, to Grantor's knowledge, there is no default thereunder, whether by Grantor or lessee, nor to Grantor's knowledge any event or condition which, with notice or the passage of time or both, would result in a default thereunder, except as previously disclosed in writing to Beneficiary.

4.4 Leases of the Subject Property

Grantor shall comply with and observe Grantor's material obligations as landlord under all Leases and shall do all that is necessary to preserve all Leases in force and free from any right of counterclaim, defense, or setoff. Without the prior written consent of Beneficiary, Grantor shall not terminate or modify any Lease, provided that if the Improvements are used principally in the hospitality business, Grantor may, without the prior written consent of Beneficiary, terminate or modify Leases to tenants of Grantor of space within the Improvements used for retail stores or restaurants if the area of the space that is the subject of any such Lease is less than 10,000 square feet. At Beneficiary's request, Grantor shall furnish Beneficiary with executed copies of all Leases now or hereafter existing. Upon demand of Beneficiary, Grantor shall obtain subordination agreements from lessees under the Leases in form and substance satisfactory to Beneficiary.

4.5 Lender in Possession; Appointment of Receiver

Upon the occurrence of an Event of Default, Beneficiary, on behalf of the Lenders, may, in person, by agent, or by a court-appointed receiver, regardless of the adequacy of Beneficiary's and the Lenders' security, enter upon and take and maintain full control of the Subject Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof in the same manner and to the same extent as Grantor could do the same, including, without limitation, the execution, enforcement, cancellation, and modification of Leases, the collection of all Rents, the removal and eviction of tenants and other occupants, the making of alterations and repairs to the Subject Property, and the execution and termination of contracts providing for management or maintenance of the Subject Property, all on such terms as are deemed best by Beneficiary to protect the security of this Deed of Trust. From and after the occurrence of any such Event of Default, if any party shall occupy the Subject Property or any part thereof such party shall pay to Beneficiary, as administrative agent for the Lenders, in advance on the first day of each month a reasonable rental for the space so occupied, and upon failure to do so Beneficiary, on behalf of the Lenders, shall be entitled to remove such owner from the Subject Property by any appropriate action or proceedings. Upon the occurrence of an Event of Default, Beneficiary, on behalf of the Lenders, shall be entitled (without notice and regardless of the adequacy of Beneficiary's and the Lenders' security) to the appointment of a receiver, Grantor hereby consenting to such appointment, and the receiver shall have, in addition to all the rights and powers customarily given to and exercised by such receivers, all the rights and powers granted to Beneficiary, as administrative agent for the Lenders, in this Article IV. Beneficiary or the receiver shall be entitled to serve without bond and to receive a reasonable fee for so managing the Subject Property.

4.6 Application of Rents

All Rents collected subsequent to an Event of Default hereunder shall be applied first to the costs, if any, of taking control of and managing the Subject Property and collecting the Rents, including, without limitation, reasonable attorney fees, receiver's fees, premiums on receiver's bonds (if any), costs of maintenance and repairs to the Subject Property, premiums on insurance policies, taxes, assessments, and other charges on the Subject Property, and the costs of discharging any obligation or liability of Grantor under the Leases, and then to the Secured Obligations. Beneficiary or the receiver shall be liable to account only for those Rents actually received. Beneficiary or any Lender shall not be liable to Grantor, anyone claiming under or through Grantor, or anyone having an interest in the Subject Property by reason of anything done or left undone by Beneficiary or any Lender under this Article IV.

4.7 Deficiencies

To the extent, if any, that the costs of taking control of and managing the Subject Property, collecting the Rents, and discharging obligations and liabilities of Grantor under the Leases exceed the Rents of the Subject Property, the excess sums expended for such purposes shall be indebtedness secured by this Deed of Trust. Such excess sums shall be payable upon demand by Beneficiary and shall bear interest from the date of disbursement at the "default rate" of interest provided in the Credit Agreement.

4.8 Lender Not Mortgagee in Possession

Nothing herein shall constitute Beneficiary or any Lender a "mortgagee in possession" prior to its actual entry upon and taking possession of the Subject Property. Entry upon and taking possession of the Subject Property by a receiver shall not constitute possession by Beneficiary or any Lender.

4.9 Enforcement

Beneficiary, on behalf of the Lenders, may enforce the assignment provided by this Article IV without first resorting to or exhausting any security or collateral for the Secured Obligations. The assignment provided by this Article IV shall terminate at such time as this Deed of Trust ceases to secure payment of the Secured Obligations.

ARTICLE V. RIGHTS AND DUTIES OF THE PARTIES

5.1 Performance of Secured Obligations

Grantor shall promptly pay and perform each Secured Obligation when due.

5.2 Impositions

(a) Grantor shall pay all Impositions prior to delinquency, subject to Section 5.2(c) below. "Impositions" means all real property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever (including without limitation, nongovernmental review or assessments such as maintenance charges, water and sewer rents and charges, owner association dues, or fees, levies or charges resulting from covenants, conditions and restrictions affecting the Subject Property) which are assessed or imposed upon the Subject Property, or become due and payable, and which create, may create or appear to create, a lien upon all or part of the Subject Property. However, if any Imposition is payable in installments without fine or penalty, Grantor may pay the same in such installments, together with any accrued interest as the same become due and prior to the addition of any fine, penalty, interest, or cost for nonpayment.

(b) "Impositions" also includes (i) any tax or assessment on the Subject Property in lieu of or in addition to the Impositions payable by Grantor under Section 5.2(a) or (ii) any revenue, documentary or license fee, stamp or other tax or assessment imposed on Beneficiary and any Lender and measured by or based in whole or in part upon ownership of the Note (as defined in the Credit Agreement) or this Deed of Trust or the amount of the outstanding obligations secured hereby. Grantor shall pay and discharge the same as provided in Section 5.2(a); provided, however, if the result of such payment is to make any transaction contemplated hereby usurious or otherwise in violation of law or if it shall be unlawful for Grantor to make such payment, at the option of Beneficiary and with the consent of Beneficiary, Grantor shall not be required to make such a payment. Grantor shall have no obligation to pay any franchise, excise, estate, inheritance, income, excess profits, or similar tax levied on Beneficiary, on any Lender or on the obligations secured hereby.

(c) Grantor may contest or object to the amount or validity of any Imposition by appropriate legal proceeding if, at least ten days prior to the delinquency date of the Imposition, (i) Grantor gives written notice to Beneficiary of Grantor's intent to contest or object to the same; (ii) Grantor demonstrates to Beneficiary's satisfaction that the legal proceedings shall conclusively operate to prevent the sale of any part of the Subject Property to satisfy the Imposition prior to final determination of such proceeding; and (iii) if requested by Beneficiary, Grantor immediately deposits with Beneficiary, as administrative agent for the Lenders, any funds or other forms of assurance Beneficiary in good faith from time to time determines, in its sole discretion, appropriate to protect it and the Lenders from the consequences of Grantor being unsuccessful in the contest. When the contest is finally decided, whether by judicial proceedings or otherwise, Grantor shall promptly pay the Imposition contested, to the extent it is or may become a lien on the Subject Property.

(d) Grantor shall not initiate or voluntarily acquiesce in the joint assessment of the real and personal property constituting the Subject Property or any other procedure whereby the lien of the real property taxes and the lien of the personal property taxes shall be assessed,

levied or charged to the Subject Property of a single lien, except as otherwise allowed by Section 5.2(c).

(e) If requested by Beneficiary, Grantor shall at its expense cause to be furnished to Beneficiary a tax reporting service contract covering the Subject Property of a type, duration and with a company satisfactory to Beneficiary.

5.3 Liens, Encumbrances and Charges

Grantor shall immediately discharge any lien not approved by Beneficiary in writing except the Permitted Liens. Grantor shall have the right to contest in good faith the validity of any such lien, encumbrance or charge if Grantor first deposits with Beneficiary, as administrative agent for the Lenders, a bond or other security satisfactory to Beneficiary in such amounts as Beneficiary shall reasonably require, but not more than 150 percent of the amount of the claim, and if Grantor thereafter diligently proceeds to cause such lien, encumbrance, or charge to be removed and discharged. If Grantor fails to discharge any such lien, encumbrance, or charge, then in addition to any other right or remedy of Beneficiary on behalf of the Lenders, Beneficiary, on behalf of the Lenders, may, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due or by procuring the discharge of such lien, encumbrance or claim by depositing in court a bond for the amount claimed or otherwise give security for such claim, or in such manner as may be prescribed by law. Subject to these provisions, Grantor shall pay when due all obligations secured by or reducible to liens and encumbrances which shall now or hereafter encumber or appear to encumber all or any part of the Subject Property or any interest therein whether senior or subordinate to the lien of this Deed of Trust.

5.4 Required Insurance

(a) Grantor shall obtain and at all times maintain and keep in force: (i) insurance against loss or damage to the Improvements, by fire and any of the risk covered by insurance now known as "fire and extended coverage" (including builder's risk during construction and mud/flood insurance if the real property is within a flood zone as described in the Federal Emergency Management Agency flood hazard boundary maps or flood insurance rate maps) in an amount not less than the full replacement value of the Improvements (exclusive of the cost to foundations, excavations, and footings); (ii) if requested by Beneficiary, business interruption insurance in such amounts as are reasonably satisfactory to Beneficiary; (iii) during the course of any construction or repair of Improvements on the Land, comprehensive public liability insurance (including coverage for construction of Improvements occurring after execution of this Deed of Trust) on an occurrence basis against claims for personal injury including, without limitation, bodily injury, death or property damage occurring on, in, or about the Land and the adjoining streets, sidewalks and passageways, such insurance to afford immediate minimum protection to a limit of not less than that required by Beneficiary with respect to personal injury or death to any one or more persons or

damage to property; (iv) during the course of any construction or repair of the Improvements on the Land, workers' compensation insurance (including employer's liability insurance, if required by Beneficiary) for all employees of Grantor engaged on or with respect to the Land in such amounts as are reasonably satisfactory to Beneficiary, or, if such limits are established by law, in such amounts; (v) during the course of any construction or repair of the Improvements on the Land, builder's completed value risk insurance against "all risk of physical loss," including collapse and transit coverage, during the construction of such Improvements in nonreporting form, covering the total value of work performed and equipment, supplies, and materials furnished; together with "permission to occupy and completion or occupancy" endorsement; (vi) insurance against loss or damage to the Fixtures by fire and other risk covered by insurance of a type generally known as "fire and extended coverage"; (vii) comprehensive public liability insurance and property damage insurance applicable to the Subject Property in amounts satisfactory to Beneficiary; and (viii) such other insurance that is usual and customary in the industry, and in such amounts, as may be reasonably required from time to time by Beneficiary against the same or other hazards, which insurance may include flood insurance, plate glass insurance and the like. The policies of insurance carried in accordance with this Section 5.4(a) shall contain a "Replacement Cost Endorsement" reasonably satisfactory to Beneficiary.

(b) All policies of insurance shall be issued by companies and in amounts satisfactory to Beneficiary. All policies of insurance shall have attached thereto a lender's loss payable endorsement for the benefit of Beneficiary in a form satisfactory to Beneficiary. Grantor shall furnish Beneficiary with an original policy or certified copy thereof of all policies of required insurance. In the case of workers' compensation insurance supplied by a governmental agency or fund, Grantor shall supply Beneficiary with satisfactory evidence of coverage. 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 premiums and the reissuance of a policy continuing insurance in force as required by this Deed of Trust. All policies shall contain a provision that such policies may not be cancelled or amended, which term shall include any reduction in the scope or limits of coverage, without at least 30 days' prior written notice to Beneficiary.

(c) 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.

5.5 Damages; Insurance and Condemnation Proceeds

(a) (i) All awards of damages and all other compensation payable directly or indirectly by reason of a condemnation or proposed condemnation for public or private use affecting all or any part of, or any interest in, the Subject Property; (ii) all other claims, awards, and judgments for damages to, or decrease in value of, all or any part of, or any interest in, the Subject Property; (iii) all proceeds of any insurance policies payable by reason of loss sustained to all or which may accrue on any of the foregoing (collectively, "Proceeds"), are all absolutely and irrevocably assigned to and shall be paid to Beneficiary, as administrative agent for the Lenders. Beneficiary, as administrative agent for the Lenders, may (A) apply all or any of the Proceeds to its and the Lenders' expenses in settling, prosecuting, or defending the claim ("Expenses") and apply the balance to the Secured Obligations in any order it determines, regardless of whether its and the Lenders' security is impaired and regardless of Grantor's obligation to complete and restore the Subject Property pursuant to Section 5.6(c), and/or release all or any part of the Proceeds to Grantor upon any conditions Beneficiary may impose and (B) commence, appear in, defend, or prosecute any assigned claim or action and may adjust, compromise, settle, and collect all claims and awards assigned to it, but it or any Lender shall not be responsible for any failure to collect any claim or award, regardless of the cause of the failure.

(b) Notwithstanding Section 5.5(a) above, if Grantor elects to rebuild, replace, repair, or restore the Subject Property, Beneficiary shall permit Proceeds in excess of the Expenses, whether or not held by it, to be used for rebuilding, replacement, repair, or restoration. However, where the Proceeds or damage are in excess of \$25,000, Beneficiary may condition its permission upon depositing with Beneficiary, as administrative agent for the Lenders, all funds which Beneficiary determines are needed to pay all the cost of rebuilding, replacement, repair, or restoration (including without limit taxes, financing charges, insurance, and rent during the repair period), upon establishment of an arrangement for lien releases and disbursement of funds acceptable to it and on delivery to it of:

(i) plans and specifications for the work of repairs or restoration ("Work"), a contract for the Work signed by a contractor acceptable to Beneficiary, a cost breakdown for the Work, and a payment and performance bond for the Work (if then

available on a commercially practical basis), unless, in the sole judgment of Beneficiary, the general contractor is of sufficient financial strength and reputation so that such general contractor is reasonably acceptable without such bond, all of which shall be acceptable to Beneficiary;

(ii) evidence acceptable to Beneficiary: (A) that Grantor will commence Work promptly and diligently complete such Work; (B) that after completion of the Work the income from the Subject Property will be sufficient to pay all expenses and debt service for the Subject Property or adequate provision is made therefor; (C) of continuation of leases acceptable to and required by Beneficiary (if applicable); (D) that after completion of the Work the size, capacity, and total value of the Subject Property will be at least as great as it was before the damage or condemnation occurred; (E) that there has been no material or substantial adverse change in the financial condition or credit of Grantor since the date of this Deed of Trust; and (F) of satisfaction of any additional conditions that Beneficiary may establish to protect its and the Lenders' security; and

(iii) requirements of insurance companies and any bureau or agency which establishes standards of insurability, which laws, covenants, or requirements affect the Subject Property and pertain to acts committed or conditions existing thereon, including without limit such work or alteration, improvement, or demolition as such laws, covenants, or requirements mandate.

Beneficiary shall act reasonably in exercising its discretion under this Section 5.5(b). Grantor acknowledges that the specific conditions described above are reasonable.

5.6 Maintenance and Preservation of the Subject Property

Grantor covenants to Beneficiary and the Lenders:

(a) Maintenance

Grantor shall keep the Subject Property in good condition, ordinary wear and tear excepted; shall complete promptly and in a good workmanlike manner any new Improvements and promptly restore in like manner any Improvements which may be damaged or destroyed; shall pay when due all claims for labor performed and materials furnished therefor; and, shall keep and maintain abutting roads, grounds, sidewalks, parking, and landscape areas in good and neat order and repair.

(b) Alterations

Except with Beneficiary's prior written consent, not to remove or demolish the Subject Property or any part thereof, except in the ordinary course of Grantor's business; not to materially alter, restore, or add to the Subject Property; and not to initiate or acquiesce in any change in any zoning or other land classification which affects the Subject Property; and

not to take any action which would result in the loss of the full right to use the Subject Property for its present use.

(c) Repairs

To complete or restore promptly and in good and workmanlike manner the Subject Property or any material part thereof which may be damaged or destroyed, without regard to whether Beneficiary requires the Proceeds to be used to reduce the Secured Obligations as provided in Section 5.5.

(d) Compliance with Laws

Not to suffer any material violation of any, and to comply in all material respects with, all (i) laws, ordinances, regulations, and standards, (ii) covenants, conditions, restrictions, and equitable servitudes, whether public or private.

(e) Waste

Not to commit or permit waste of the Subject Property and to take such action as is necessary to prevent the Subject Property or any use or occupancy thereof from becoming a public or private nuisance.

(f) Leases and Contracts

To promptly comply with all material obligations of Grantor under the Leases and Contracts.

(g) Inspection

To allow any representative of Beneficiary to visit and inspect the Subject Property, to examine the books of account and other records and files of Grantor with respect to the Subject Property, to make copies thereof and to discuss the affairs, business, finances, and accounts of Grantor, with its officers, employees, and accountants, all at such reasonable time and as often as Beneficiary may desire. Grantor shall reimburse Beneficiary and the Lenders for out-of-pocket costs and expenses incurred in connection with making any such examination or inspection.

(h) Maintenance of Records

Keep at all times books of records and accounts in which full, true and correct entries will be made of all dealings or transactions in relation to Grantor's business and office with respect to the Subject Property.

(i) Other

To do all other acts which from the character or use of the Subject Property may be reasonably necessary to maintain and preserve its value.

5.7 Defense and Notice of Losses, Claims, and Actions

Grantor shall protect, preserve, and defend the Subject Property and title and right of possession thereto, the security hereof, and the rights and powers of Beneficiary, the Lenders and Trustee hereunder at Grantor's sole expense against all adverse claims. Grantor shall give Beneficiary and Trustee prompt notice in writing of the assertion of any claim involving the filing of any action or proceeding against, or the occurrence of any damage to, the Subject Property, and of any condemnation offer or action.

5.8 Powers and Duties of Trustee

From time to time upon written request of Beneficiary and presentation of this Deed of Trust for endorsement, and without affecting the personal liability of any person for payment of any indebtedness or performance of any obligation secured hereby, Trustee may, without liability therefor and without notice: reconvey all or any part of the Subject Property; consent to the making of any map or plat thereof; join in any grant of easement thereon, any declaration of covenants and restrictions, any extension agreement, or any agreement subordinating the lien or charge hereof. Trustee or Beneficiary may from time to time apply to any court of competent jurisdiction for aid and direction in the execution of the trusts hereunder and the enforcement of the rights and remedies available hereunder, and may obtain orders or decrees directing or confirming or approving acts in the execution of said trusts and the enforcement of said rights and remedies. Trustee has no obligation to notify any party of any pending sale or any action or proceeding unless held or commenced and maintained by Trustee under this Deed of Trust. Trustee shall not be obligated to perform any act required of it hereunder unless the performance of the act is requested in writing and Trustee is reasonably indemnified against loss, cost, liability, and expense.

5.9 Compensation; Exculpation; Indemnification

(a) Grantor shall pay Trustee's fees and reimburse Trustee for reasonable expenses in the administration of this trust, including attorneys' fees. Grantor shall pay to Beneficiary on behalf of the Lenders standard compensation for services rendered concerning this Deed of Trust, including without limit, any statement of amounts owing under any Secured Obligation and a reasonable and customary fee for administering the disbursement of Proceeds to the cost of reconstruction following damage, destruction, or condemnation of the Subject Property. Beneficiary or any Lender shall not directly or indirectly be liable to Grantor or any other person as a consequence of the following, and any liability to Grantor which Beneficiary or any Lender would otherwise have for the following is hereby waived and released by Grantor: (i) the exercise of the rights, remedies, or powers granted to Beneficiary, as administrative

agent for the Lenders, in this Deed of Trust; (ii) the failure or refusal of Beneficiary or any Lender to perform or discharge any obligation or liability of Grantor under any agreement related to the Subject Property or under this Deed of Trust; or (iii) any loss sustained by Grantor or any third party resulting from Beneficiary's or any Lender's failure to lease the Subject Property after an Event of Default or from any other act or omission of Beneficiary or any Lender in managing the Subject Property after an Event of Default, unless the loss is caused by the willful misconduct or bad faith of Beneficiary or such Lender.

(b) Grantor indemnifies Trustee, Beneficiary and the Lenders against, and holds them harmless from, all losses, damages, liabilities, claims, causes of action, judgments, court costs, attorneys' fees, and other legal expenses, cost of evidence of title, cost of evidence of value, and other expenses which either may suffer or incur (i) by reason of this Deed of Trust; (ii) by reason of the execution of this trust or the performance of any act required or permitted hereunder or by law; (iii) as a result of any failure of Grantor to perform Grantor's obligations; or (iv) by reason of any alleged obligation or undertaking on Beneficiary's or any Lender's part (in performance of any of Grantor's obligations) to perform or discharge any of the representations, warranties, conditions, covenants, or other obligations contained in any other document related to the Subject Property.

(c) Grantor shall pay all indebtedness arising under this Section 5.9 immediately upon demand by Trustee or Beneficiary together with interest thereon from the date the indebtedness arises until paid at the "default rate" provided for in the Credit Agreement or the Note. Grantor's duty to indemnify Trustee, Beneficiary and the Lenders shall survive the release and reconveyance or any partial release or reconveyance of this Deed of Trust. All sums payable under this Deed of Trust shall be paid without notice, demand, counterclaim, set-off, or deduction.

5.10 Utilities

Grantor shall pay or cause to be paid when due all utility charges which are incurred by it for the benefit of the Subject Property for gas, electricity, water, or sewer services furnished to the Subject Property and all other assessments or charges of a similar nature whether public or private affecting the Subject Property or any portion thereof, whether or not such taxes, assessments, or charges create liens thereon.

5.11 Actions Affecting the Subject Property

Grantor agrees to appear in and contest any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or any Lender. Grantor shall pay all costs and expenses, including cost of evidence of title and attorneys' fees and expenses, in any such action or proceeding in which Beneficiary or any Lender may appear.

5.12 Actions by Trustee and/or Beneficiary to Preserve the Subject Property; Expenses

(a) If Grantor fails to make any payment or do any act as and in the manner provided hereunder or in the Guaranty, Beneficiary, on behalf of the Lenders, and/or Trustee each in its own discretion without obligation to do so and without notice or demand upon Grantor, and without releasing Grantor from any obligation may make any payment or perform any act to be made or performed by Grantor as and in the manner provided herein or in the Guaranty to such extent as either may deem necessary to protect the security hereof. In connection therewith (without limiting their general powers), Beneficiary, on behalf of the Lenders, and/or Trustee shall have and are hereby given the right but not the obligation (i) to enter upon and take possession of the Subject Property; (ii) to make additions, alterations, repairs, and improvements to the Subject Property which they or either of them may consider necessary or proper to keep the Subject Property in good condition or repair; (iii) to commence or to appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of Beneficiary, on behalf of the Lenders, or Trustee; (iv) to pay, purchase, contest, or compromise any encumbrance, claim, charge, lien, or debt which in the reasonable judgment of either may affect or appears to affect the security of this Deed of Trust or to be prior or superior hereto, except for such liens as are permitted hereunder; (v) to purchase insurance covering all or any part of the Subject Property; and (vi) in exercising such powers to pay necessary expenses including employment of counsel or other necessary or desirable consultants.

(b) Grantor shall immediately upon demand therefor by Beneficiary pay all costs and expenses incurred by Beneficiary, the Lenders or Trustee in connection with the exercise by Beneficiary or Trustee of the foregoing rights, including, without limitation, costs and evidence of title, court costs, appraisals, surveys, and attorneys' and consultant fees. If Beneficiary or any Lender shall incur or expend any sums, including reasonable attorneys' fees and disbursements in connection with evaluating and/or responding to inquiries or requests from Grantor or any proposed transferee of Grantor of all or any part of any interest in this Deed of Trust or the Guaranty, or in considering any transfer of the same, all such sums shall be immediately paid by Grantor to Beneficiary, as administrative agent for the Lenders, on demand therefor.

5.13 Substitution of Trustees

From time to time, by a writing signed and acknowledged by Beneficiary and recorded in the Office of the Recorder of the County in which the Subject Property is situated, and otherwise complying with the provisions of applicable law, Beneficiary may appoint another trustee to act in the place and stead of Trustee or any successor. The recordation of such instrument of substitution shall discharge Trustee herein named and shall appoint the new trustee as the Trustee hereunder with the same effect as if originally named Trustee herein. A

writing recorded pursuant to the provisions of this section shall be conclusive proof of the proper substitution of such new Trustee.

5.14 Releases, Extensions, Modifications, and Additional Security

Without notice to or the consent, approval, or agreement of any persons or entities having any interest at any time in the Subject Property or in any manner obligated under the Secured Obligations ("Interested Parties"), Beneficiary may, from time to time, release any person or entity from liability for the payment or performance of any Secured Obligation, take any action or make any agreement extending the maturity or otherwise altering the terms or increasing the amount of any Secured Obligation, or accept additional security or release all or a portion of the Subject Property and other security for the Secured Obligations. None of the foregoing actions shall release or reduce the personal liability of any of the Interested Parties, or release or impair the priority of the lien of this Deed of Trust upon the Subject Property.

5.15 Reconveyance

Upon Beneficiary's written request and upon surrender of this Deed of Trust and any note, instrument, or instruments setting forth all obligations secured hereby to Trustee for cancellation, Trustee shall reconvey, without warranty, all right and title to the Subject Property or that portion thereof then held hereunder. The recitals of any matters or facts in any reconveyance executed hereunder shall be conclusive proof of the truthfulness thereof. To the extent permitted by law, the reconveyance may describe the grantee as "the person or persons legally entitled thereto." Beneficiary, the Lenders and Trustee shall have no duty to determine the rights of persons claiming to be rightful grantees of any reconveyance. When all right and title to Subject Property has been fully reconveyed, the last such reconveyance shall operate as a reassignment of all future rents, issues, and profits of the Subject Property to the person or persons legally entitled thereto.

5.16 Subrogation

Beneficiary, as administrative agent for the Lenders, shall be subrogated to the lien of any encumbrances, whether released of record or not, paid in whole or in part by Beneficiary or any Lender pursuant to this Deed of Trust or by the proceeds of any loan, advance, or payment secured by this Deed of Trust.

5.17 Eminent Domain

Should the Subject Property or any part thereof or interest therein, be taken or damaged by reason of any public improvement or condemnation proceeding, or in any other manner ("Condemnation"), or should Grantor receive any notice of other information regarding such proceeding, Grantor shall give prompt written notice thereof to Beneficiary. Beneficiary shall be entitled at its option, in its own name or in the name of the Lenders, to participate in the commencement and prosecution of any action or proceeding and also shall

be entitled to participate in any compromise or settlement in connection with such taking or damage.

ARTICLE VI. RESERVES

6.1 Deposits

If Beneficiary so requires, Grantor shall, on the first day of each month, deposit with Beneficiary, as administrative agent for the Lenders, a sum, as reasonably estimated by Beneficiary, equal to (a) the taxes and special assessments due on the Subject Property for the next tax year, and (b) the premiums next due on the insurance policies required under this Deed of Trust, less all sums already deposited therefor, divided by the number of months to elapse before two months prior to the beginning of such tax year or the date when such premiums will become delinquent, as the case may be. Beneficiary may require Grantor to deposit with Beneficiary, as administrative agent for the Lenders, in advance, such other sums for other taxes, assessments, premiums, charges, and impositions in connection with the Subject Property as Beneficiary reasonably deems necessary to protect Beneficiary's and the Lenders' interests (herein "Other Impositions"). Such sums for Other Impositions shall be deposited in a lump sum or in periodic installments, at Beneficiary's option. If requested by Beneficiary, Grantor shall promptly deliver to Beneficiary all bills and notices with respect to any taxes, assessments, premiums, and Other Impositions. All sums deposited with Beneficiary under this Section 6.1 are hereby pledged as additional security for the Secured Obligations.

6.2 Application of Deposits

All sums deposited by Grantor under this Article VI shall be held by Beneficiary, as administrative agent for the Lenders, and applied in such order as Beneficiary elects to pay such taxes, assessments, premiums, and Other Impositions. Upon the occurrence of an Event of Default, such sums may be applied, in whole or in part, to the Secured Obligations. The arrangement provided for in this Article VI is solely for the added protection of Beneficiary and the Lenders and entails no responsibility on Beneficiary's or any Lender's part beyond the allowing of due credit, without interest, for the sums actually received by it. Upon any assignment of this Deed of Trust by Beneficiary, any funds on hand shall be turned over to the assignee and any responsibility of Beneficiary with respect thereto shall terminate.

6.3 Adjustment to Deposits

If the total deposits held by Beneficiary under this Article VI exceed the amount deemed necessary by Beneficiary to provide for the payment of such taxes, assessments, premiums, and Other Impositions as the same fall due, then such excess shall, provided no Event of Default then exists hereunder, be credited by Beneficiary on the next due installment or installments of such deposits. If at any time the total deposits held by Beneficiary are less than the amount deemed necessary by Beneficiary to provide for the payment thereof as the

same fall due, then Grantor shall deposit the deficiency with Beneficiary, as administrative agent for the Lenders, within 30 days after written notice to Grantor stating the amount of the deficiency.

ARTICLE VII. RESTRICTIONS ON TRANSFER OR ENCUMBRANCE

7.1 Restrictions on Transfer or Encumbrance of the Subject Property

Except as otherwise provided in the Credit Agreement, neither the Subject Property nor any part thereof or interest therein shall be encumbered, sold (by contract or otherwise), conveyed, or otherwise transferred by Grantor without Beneficiary's prior written consent. Any such encumbrance, sale, conveyance, or other transfer effected without Beneficiary's prior written consent shall constitute an Event of Default without any grace or cure period. Any transfer in violation of this Section 7.1 shall be void.

7.2 Restrictions on Transfer or Encumbrance of Grantor

In the event that Grantor ceases to be a wholly owned subsidiary (directly or indirectly) of WestCoast Hospitality Corporation, then in recognition of the reliance by Beneficiary and the Lenders on the control of Grantor by WestCoast Hospitality Corporation which is a material inducement to the Lenders to extend credit to Grantor, Beneficiary, on behalf of the Lenders, at its sole option, shall have the right to declare all sums secured hereby forthwith due and payable and this option may be exercised at any time after occurrence of any such Default; and the acceptance of one or more payments hereunder by Beneficiary thereafter shall not constitute a waiver of Beneficiary's option, on behalf of the Lenders, to demand immediate payment of all sums secured hereby. Grantor shall notify Beneficiary promptly in writing, but in any event, not later than 30 days prior to, any transaction or event which may give rise to the right of acceleration under this section.

ARTICLE VIII. DEFAULT AND REMEDIES

8.1 Default

"Default" or "Event of Default" means (a) the occurrence of an Event of Default as defined in the Credit Agreement or the Guaranty, (b) the failure by Grantor to perform when due any obligation of Grantor hereunder not cured within 30 days after notice thereof from Beneficiary unless a shorter period is specified herein, (c) the Improvements are destroyed or substantially damaged or the security value thereof otherwise materially reduced, (d) the Subject Property or any part thereof or any interest therein is transferred voluntarily or involuntarily under operation of law without the prior written consent of Beneficiary, (e) the commencement of any suit to enjoin or otherwise prevent any construction of any Improvements, or (f) Grantor fails to pay or perform any obligations under the Guaranty.

8.2 Rights and Remedies

At any time after Default, Beneficiary, on behalf of the Lenders, and Trustee shall have all the following rights and remedies:

- (a) With or without notice, to declare all Secured Obligations immediately due and payable;
- (b) With or without notice, and without releasing Grantor from any Secured Obligation, and without becoming a mortgagee in possession, to cure any breach or default of Grantor under any Loan Document, take the remedial action authorized in Section 5.12 hereof, and all other actions authorized herein;
- (c) To commence and maintain an action or actions to foreclose this instrument as a mortgage or to obtain specific enforcement of the covenants of Grantor hereunder, and Grantor agrees that such covenants shall be specifically enforceable by injunction or any other appropriate equitable remedy and that for the purposes of any suit brought under this subparagraph, Grantor waives the defense of laches and any applicable statute of limitations;
- (d) To apply to a court of competent jurisdiction for and obtain appointment of a receiver of the Subject Property as a matter of strict right and without regard to (i) the adequacy of the security for the repayment of the Secured Obligations, (ii) the existence of a declaration that the Secured Obligations are immediately due and payable, or (iii) the filing of a notice of default; and Grantor consents to such appointment;
- (e) To enter upon and take possession of the Subject Property or any part thereof for the purpose of collecting rents; to take and possess all documents, books, records, papers, and accounts of Grantor relating to the Subject Property or the then owner of the Subject Property; to make, terminate, enforce, or modify leases of the Subject Property upon such terms and conditions as Beneficiary deems proper; to make repairs, alterations, and improvements to the Subject Property necessary, in Trustee's or Beneficiary's judgment, to protect or enhance the security hereof;
- (f) To execute a written notice of such default and of its election to cause the Subject Property to be sold and to proceed under a power of sale to satisfy the Secured Obligations. Trustee shall give such notice as the law then requires as a condition precedent to a trustee's sale. When the minimum period of time required by law after such notice has elapsed, Trustee, without notice to or demand upon Grantor except as required by law, shall sell the Subject Property at the time and place of sale fixed by it in the notice of sale, at one or several sales, either as a whole or in separate parcels, and in such manner and order, all as Beneficiary in its sole discretion may determine, at public auction to the highest bidder for cash, in lawful money of the United States, payable at time of sale. Neither Grantor nor any other person or entity other than Beneficiary shall have the right to direct the order in which the Subject Property is sold. Subject to requirements and limits imposed by law, Trustee may

postpone sale of all or any portion of the Subject Property by public announcement. Furthermore, Trustee shall, upon instructions from Beneficiary, sell the Subject Property, the Secured Property, and any other real property encumbered by a deed of trust which secures the Secured Obligations together at a single sale. If the Subject Property includes real property in more than one County, Trustee shall, upon instructions from Beneficiary, sell all the Subject Property at a single sale in any County in which the Subject Property is located. Trustee shall deliver to the purchaser at such sale a deed conveying the Subject Property or portion thereof so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts shall be conclusive proof of the truthfulness thereof;

(g) To resort to and realize upon the Subject Property and any other security now or later held by Beneficiary concurrently or successively and in one or several consolidated or independent judicial actions or lawfully taken nonjudicial proceedings, or both, and to apply the proceeds received upon the Secured Obligations all in such order and manner as Trustee and Beneficiary or either of them determine in their sole discretion; and

(h) 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.

At any sale of the Subject Property held pursuant to Section 8.2(c) or Section 8.2(f) above, Beneficiary may bid, as the equivalent of cash, the amount of all or any of the Secured Obligations, including, without limitation, attorneys' fees.

8.3 Application of Foreclosure Sale Proceeds

After deducting all costs, fees, and expenses of Trustee and of this trust, including cost of evidence of title and attorneys' fees in connection with sale, Trustee shall apply all proceeds of any foreclosure sale to payment of all sums expended by Beneficiary and the Lenders under the terms hereof and not then repaid, with accrued interest at the rate of interest specified in the Credit Agreement to be applicable on or after maturity or acceleration of the Note; the payment of all other Secured Obligations in such order and amounts as Beneficiary in its sole discretion determines; and the remainder, if any, to the person or persons legally entitled thereto.

8.4 Application of Payments

Except as applicable law or this Deed of Trust may otherwise provide, all payments received by Beneficiary, as administrative agent for the Lenders, under the Note or this Deed of Trust shall be applied by Beneficiary (after reimbursement of all costs and expenses, together with any interest thereon) in the following order of priority: (a) amounts payable to Beneficiary by Grantor under Article VI hereof for reserves, if any; (b) interest and late charges payable on the Note; (c) interest payable on advances made to protect the security of this Deed of Trust; (d) principal of the Note; (e) principal of advances made to protect the

security of this Deed of Trust; and (f) any other sums secured by this Deed of Trust in such order as Beneficiary, at its option, may determine.

8.5 No Cure or Waiver

Neither Beneficiary's, any Lender's, Trustee's or any receiver's entry upon and taking possession of all or any part of the Subject 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 Secured Obligation, nor the exercise of any other right or remedy by Beneficiary, any Lender, Trustee or any receiver shall cure or waive any breach, Default, or notice of default under this Deed of Trust, or nullify the effect of any notice of default or notice of sale (unless all Secured Obligations then due have been paid and performed and Grantor has cured all other defaults), or impair the status of the security, or prejudice Beneficiary, the Lenders or Trustee in the exercise of any right or remedy, or be construed as an affirmation by Beneficiary or any Lender of any tenancy, lease, or option, or a subordination of the lien of this Deed of Trust.

8.6 Payment of Costs, Expenses, and Attorneys' Fees

Grantor agrees to pay to Beneficiary, as administrative agent for the Lenders, immediately and without demand all costs and expenses incurred by Trustee, Beneficiary and the Lenders pursuant to subparagraphs (a) through (g) inclusive of Section 8.2 (including, without limitation, court costs and attorneys' fees) with interest from the date of expenditure until such sums have been paid at the "default rate" provided in the Credit Agreement.

8.7 Power to File Notices and Cure Defaults

Grantor hereby irrevocably appoints Beneficiary and its successors and assigns as its attorney-in-fact, which appointment is coupled with an interest (a) to execute and/or record any notices of completion, cessation of labor, or any other notices that Beneficiary deems appropriate to protect Beneficiary's and the Lenders' interest, and (b) upon the occurrence of an event, act, or omission which, with notice or passage of time or both, would constitute a Default, Beneficiary may perform any obligation of Grantor hereunder; provided, that (i) Beneficiary as such attorney-in-fact shall only be accountable for such funds as are actually received by Beneficiary, and (ii) Beneficiary or any Lender shall not be liable to Grantor or any other person or entity for any failure to act under this section.

8.8 Waiver of Order of Sale and Marshaling

Grantor waives all rights to direct the order in which any of the Subject Property will be sold in the event of any sale under this Deed of Trust, waives any right to have any of the Subject Property marshaled upon any sale, and agrees that Beneficiary, on behalf of the Lenders, or any court in which foreclosure of this Deed of Trust is sought shall have the right to sell the Subject Property as a whole or in several parcels.

8.9 Expenses During Redemption Period

If this Deed of Trust is foreclosed as a mortgage and the Subject Property is sold at a foreclosure sale, the purchaser may, during any redemption period allowed, make such repairs or alterations on the Subject Property as may be reasonably necessary for the proper operation, care, preservation, protection, and insuring thereof. Any sums so paid shall be added to and become a part of the amount required to be paid for redemption from such sale, together with interest thereon from the date of expenditure at the "default rate" provided in the Credit Agreement.

8.10 Foreclosure Subject to Tenancies

Beneficiary, on behalf of the Lenders, shall have the right, at its option, to foreclose this Deed of Trust subject to the rights of any tenant or tenants of the Subject Property.

8.11 Remedies Cumulative

To the extent permitted by law, every right and remedy provided in this Deed of Trust is distinct and cumulative to all other rights or remedies under this Deed of Trust or afforded by law or equity or any other agreement between Beneficiary or any Lender and Grantor, and may be exercised concurrently, independently, or successively, in any order whatsoever. Beneficiary, on behalf of the Lenders, may exercise any of its rights and remedies at its option without regard to the adequacy of its and the Lenders' security.

ARTICLE IX. GENERAL

9.1 Grantor's Liability

Grantor shall be fully liable to Beneficiary and the Lenders for damages suffered by Beneficiary or any Lender to the extent provided by law for, but not limited to, the following: (i) as a result of fraud or a material misrepresentation by Grantor in connection with the delivery of the Guaranty or the performance of its obligations under the Loan Documents; (ii) as a result of the retention of any rental or other income arising with respect to the Subject Property which is collected by Grantor after Beneficiary has given notice that Borrower is in default under the Note or the Credit Agreement (to the full extent of such rental or other income retained and collected by Grantor after the giving of any such notice); (iii) for the fair market value of any personal property or Fixtures removed or disposed of by Grantor in violation of the terms of this Deed of Trust as of the time Beneficiary gave notice to Grantor of Borrower's default under the Note or any Loan Document; and (iv) as a result of the misapplication of any proceeds in violation of the terms of any documents securing the Note, to the full extent of said misapplied proceeds, under any insurance policies or awards resulting from Condemnation or the exercise of the power of eminent domain by reason of damage, loss, or destruction of any portion of the Subject Property.

9.2 Merger

No merger shall occur as a result of Beneficiary's or any Lender's acquiring any other estate in, or any other lien on, the Subject Property unless Beneficiary on behalf of the Lenders consents in writing to a merger.

9.3 Obligations of Grantor Joint and Several

If more than one person has executed this Deed of Trust as "Grantor," the obligations hereunder of all such persons shall be joint and several.

9.4 Rules of Construction

When the identity of the parties or other circumstances make it appropriate, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. The term "Subject Property" means all and any part of the Subject Property.

9.5 Successors in Interest

The terms, covenants, and conditions herein contained shall be binding upon and inure to the benefit of the heirs, successors, and assigns of the parties hereto.

9.6 Exhibits

All exhibits are incorporated into this Deed of Trust by this reference.

9.7 Addresses; Request for Notice

All notices, consents, approvals, and other communications required or permitted hereunder shall be in writing and shall be sent to the addresses of the parties on page 1 hereof.

9.8 Beneficiary's Powers

Without affecting the liability of any person for payment or performance of the Secured Obligations, the Lenders, at their option, may extend the time for payment of the indebtedness secured hereby or any part thereof, reduce payment thereon, release anyone liable on any of said indebtedness, accept a renewal note or note therefor, or agree to modify the terms and time of payment of the indebtedness, release the lien of this Deed of Trust on any part of the Subject Property, take or release other or additional security, release or reconvey or cause to be released or reconveyed all or any part of the Subject Property, consent or cause Trustee to consent to the making of any map or plat of the Subject Property, consent or cause Trustee to consent to the granting of any easement or the creating of any restriction on the Subject Property, or join or cause Trustee to join in any subordination or other agreement affecting this Deed of Trust or the lien or charge hereof. Grantor shall pay Beneficiary a reasonable service charge, together with such title insurance premiums and

attorneys' fees as may be incurred at Beneficiary's option for any such action if taken at Grantor's request.

9.9 Calculation of Interest Rate

All agreements between Grantor and Beneficiary and the Lenders are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid to Beneficiary or any Lender hereunder exceed the highest lawful rate permissible under applicable usury laws. In the event performance of any obligation of Grantor hereunder shall require the payment of interest in excess of such highest lawful rate, then such obligation shall, automatically and retroactively to the date hereof, be deemed reduced to the highest lawful rate permissible under applicable usury laws. If Beneficiary or any Lender ever receives as interest an amount which would exceed such highest lawful rate, the amount of excessive interest shall not be applied to the payment of interest, but shall, automatically and retroactively to the act of payment, be applied to the sums due hereunder, and, if and to the extent such amount of excessive interest exceeds such sums due, be immediately returned by Beneficiary or such Lender to Grantor without interest.

9.10 Severability

If any term of this Deed of Trust, or the application thereof to any person or circumstances, shall to any extent be invalid or unenforceable, the remainder of this Deed of Trust, or the application of such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby. Each term of this Deed of Trust shall be valid and enforceable to the fullest extent permitted by law.

9.11 Nonwaiver

Failure to exercise any such right or remedy shall in no event be construed as a waiver or release of such rights or remedies or the right to exercise them at a later time. The right, if any, of Grantor and all other persons or entities who are, or may become, liable for all or any part of the indebtedness evidenced by the Note and the Credit Agreement to plead any statute of limitations as a defense to any demand by Beneficiary, any Lender or Trustee is expressly waived by each and all of such parties to the fullest extent permitted by law.

9.12 No Amendment or Waiver Except in Writing

The provisions of this Deed of Trust may not be amended or modified orally in any manner, and may be amended or modified solely by a writing duly executed by Grantor and Beneficiary. No provision of this Deed of Trust may be waived by Trustee or Beneficiary except in writing executed by them which expressly refers to this Deed of Trust. No such waiver may be implied from any act or conduct of Beneficiary or any Lender or any omission by Beneficiary or any Lender to take any action with respect to any provision of this Deed of Trust. No express written waiver shall affect any other provision of this Deed of Trust or

cover any Default or time period or event other than the matter as to which such express written waiver has been given.

9.13 After Acquired Property

All property of every kind acquired by Grantor after the date hereof which, by the terms hereof, is required to be subjected to the lien of this Deed of Trust, shall immediately upon the acquisition thereof by Grantor, and without any further deed of trust, conveyance, assignment, or transfer, become subject to the lien of this Deed of Trust. Nevertheless Grantor will do, execute, acknowledge, and deliver all and every further act, conveyance, deed of trust, and assurance as Beneficiary shall reasonably require for accomplishing the purposes of this Deed of Trust.

9.14 Definitions

As used herein, the term "Grantor" means the Grantor herein named, together with any subsequent owner of Grantor's interest in the Subject Property or any part thereof or interest therein; the term "Trustee" means the Trustee herein named, together with any successor Trustee; the term "Beneficiary" means the Beneficiary herein named, together with any successor administrative agent arising under the Credit Agreement; "Lenders" means the Lenders named in the Credit Agreement, together with any subsequent owner or holder of the Note or any interest therein, including pledgees, assignees, and participants; the term "Loan Documents" means the Credit Agreement, the Deed of Trust, the Note, together with all other agreements, instruments and documents arising out of or relating to the Credit Agreement, as well as all amendments, renewals and modifications thereof.

9.15 Attorneys' Fees

In the event suit or action is instituted to enforce or interpret any provision of this Deed of Trust, Grantor agrees to pay Beneficiary's and the Lenders' expenses in connection therewith, including, without limitation, such amount as the court may adjudge reasonable as attorneys' fees at trial or on any appeal. Any such expenses shall be additional indebtedness of Grantor secured by this Deed of Trust, shall be immediately due and payable, and shall bear interest from the date of disbursement at the "default rate" of interest provided in the Credit Agreement.

9.16 Future Advances

This Deed of Trust is given in part to secure a guaranty of obligations under revolving credit loans and shall secure not only existing indebtedness hereby secured but also such future advances, whether such advances are obligatory or to be made at the option of Beneficiary or the Lenders, or otherwise, to the same extent as if such future advances were made on the date of execution of this Deed of Trust although there may be no advance made at the time of the execution of this Deed of Trust and although there may be no indebtedness

secured hereby outstanding at the time any advances are made. All future indebtedness, including term notes, revolving notes, letters of credit, other notes of any kind, bonds, advances, overdrafts, accounting entries and future advances of any nature on these debts shall be deemed a part of the indebtedness secured by this Deed of Trust and shall be recoverable as such. The lien of this Deed of Trust shall be valid as to all indebtedness secured hereby and including future indebtedness from the time of its filing of record in the county where the Subject Property is located. The total amount of the indebtedness hereby secured may increase or decrease from time to time. This Deed of Trust shall be valid and have priority over all subsequent liens and encumbrances including statutory liens excepting solely taxes and assessments levied on the Subject Property.

9.17 Governing Law

This Deed of Trust shall be governed by the law of the state in which the Land is located.

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

Grantor:

RED LION HOTELS, INC.

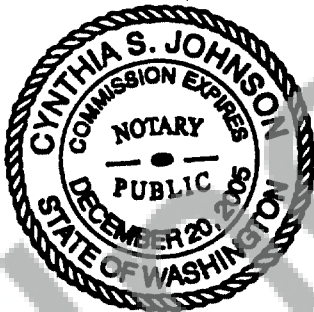
By:

D. Barbier
 Name: *Damond K. Barbier*
 Title: *President*

STATE OF WASHINGTON)
) ss.
 COUNTY OF SPOKANE)

On this 31 day of December, 2001, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Donald K. Barbieri, to me known to be the person who signed as President of RED LION HOTELS, INC., the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that _____ was duly elected, qualified and acting as said officer of the corporation, that _____ was authorized to execute said instrument, that the seal affixed, if any, is the corporate seal of said corporation, and that said corporation was authorized to execute said instrument on behalf of said corporation.

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.



Cynthia S. Johnson
 (Signature of Notary)

Cynthia S. Johnson
 (Print or stamp name of Notary)

NOTARY PUBLIC in and for the State of
 Washington, residing at Spokane
 My Commission Expires: 12-20-05

EXHIBIT A

Legal Description

Beginning at a 1/2 inch iron pin on the South line of the relocated right of way of the Klamath Falls-Lakeview Highway (South Sixth Street) which bears South 80 degrees 45' West a distance of 290.3 feet and South 0 degrees 06' 30" West a distance of 11.82 feet from the Northeast corner of the NW1/4 SE1/4 of Section 3, Township 39 South, Range 9 East, Willamette Meridian; said iron pin also being the Northwest corner of parcel of land conveyed to the United States National Bank of Portland by deed recorded in Volume 293, page 435, Deed Records of Klamath County, Oregon; thence North 89 degrees 58' 30" West along said relocated right of way line, a distance of 100.0 feet to an iron pin and the true point of beginning of this description; thence South 0 degrees 06' 30" West parallel with the West line of said United States National Bank parcel a distance of 150.0 feet to an iron pin; thence South 89 degrees 58' 30" East parallel to the South line of said relocated highway right of way a distance of 100.0 feet to an iron pin on the West line of said United States National Bank parcel; thence South 0 degrees 06' 30" West along said West line a distance of 30.0 feet to a 5/8 inch iron pin marking the Southwest corner of said parcel; thence South 0 degrees 55' 30" East a distance of 329.18 feet, more or less, to a 5/8 inch iron pin on the Northeasterly right of way line of the O.C.&E. Railroad; thence North 67 degrees 15' West along said right of way line a distance of 472.81 feet, more or less, to an iron pin on the Easterly right of way line of the U.S.R.S. Drain 1-C; thence North 29 degrees 11' 00" West along said right of way line a distance of 65.47 feet to an iron pin; thence North 01 degrees 22' 00" West along the West line of parcel of land conveyed to Johann L. Uherek et ux., by deed recorded September 20, 1950, in Deed Volume 242, page 201, Records of Klamath County, Oregon, a distance of 266.9 feet, more or less, to the South line of the said Klamath Falls Lakeview Highway (South Sixth Street); thence South 89 degrees 58' 30" East along said relocated right of way line a distance of 367.8 feet, more or less, to the point of beginning.

EXHIBIT B**Permitted Encumbrances**

1. Taxes for the fiscal year 2001-2002, a lien now due and payable.
 Account No: 3909-003DB-00500-000 Key No: 528619
 Amount: \$5,196.29 Code No: 041

- Account No: 3909-003DB-00600-000 Key No: 528637
 Amount: \$31,412.08 Code No: 041

2. Personal Property Taxes for the fiscal year 2001-2002, a lien now due and payable.
 Account No: P-063270 Key No: 15405
 Amount: \$1,606.77 Code No: 041

3. The premises herein described are within and subject to the statutory powers, including the power of assessment and easements of South Suburban Sanitary District.

4. The premises herein described are within and subject to the statutory powers, including the power of assessment and easements of Klamath Irrigation District.

5. The premises herein described are within and subject to the statutory powers, including the power of assessment and easements of Klamath County Drainage District.

6. Right of way for power line, subject to the terms and provisions thereof, given by O.R. Moeller, et ux, and The California Oregon Power Company, dated December 15, 1925, recorded December 19, 1925, in Deed Volume 69, page 145, Records of Klamath County, Oregon.

7. Right of way for transmission line, subject to the terms and provisions thereof, given by Bert Schultz, et al, to California Oregon Power Company, dated August 9, 1941, recorded August 25, 1941, in Deed Volume 140, page 475, Records of Klamath County, Oregon.

8. Slope Easement, subject to the terms and provisions thereof, in deed from Oscar R. Moeller and Pauline Moeller, husband and wife, to Sate of Oregon, by and through its State Highway Commission, dated July 2, 1943, recorded July 12, 1943, in Deed Volume 156, page 514, Records of Klamath County, Oregon.

9. Easement for water main, subject to the terms and provisions thereof, given by Paul E. Skeen, et al, to The California Oregon Power Company, dated April 11, 1946, recorded May 20, 1946, in Deed Volume 189, page 158, Records of Klamath County, Oregon.
10. Easement for water main, subject to the terms and provisions thereof, given by Charles H. Mack, et al, to The California Oregon Power Company, dated April 30, 1946, recorded May 20, 1946, in Deed Volume 189, page 162, Records of Klamath County, Oregon.
11. Easement for water main, subject to the terms and provisions thereof, given by Ernest G. Gienger and Ora M. Gienger, his wife, to The California Oregon Power Company, a corporation, dated April 11, 1926, recorded May 20, 1946, in Deed Volume 189, page 167, Records of Klamath County, Oregon.
12. Easement for water main, subject to the terms and provisions thereof, given by Everett E. Metler and Elenora D. Metler, his wife, to The California Oregon Power Company, dated April 19, 1946, recorded May 20, 1946, in Deed Volume 189, page 169, Records of Klamath County, Oregon.
13. Agreement, subject to the terms and provisions thereof, between Nyback's Flower Fair, a partnership consisting of Alrick Nyback and Hazel Ninon Nyback, co-partners, and Tod E. McClaskey and Edward H. Pietz, second parties, dated May 20, 1971, recorded June 1, 1971, in Volume M71, page 5236, Microfilm Records of Klamath County, Oregon.