

APN: 491024

Trust Deed - continued

File No.: NCS-80211-WA1 (tej)

Date: 04/15/2004



THIS SPACE RESERVED FOR RECORDER'S USE

State of Oregon, County of Klamath
 Recorded 04/23/2004 12:20 p m
 Vol M04 Pg 24418-24
 Linda Smith, County Clerk
 Fee \$ 51.00 # of Pgs 7

After recording return to:
 Round Lake Mobile Home Park and
 Golf Course, LLC
 10721 Glen Acres Dr. South
 Seattle, WA 98168

File No.: NCS-80211-WA1 (tej)
 Date: April 16, 2004

TRUST DEED*(Assignment Conditionally Restricted)****Mobile Home Park, Golf Course and Vacant Land***

THIS DEED OF TRUST, non-recourse, made this **Fifteenth day of April, 2004**, between **LK Investments L.L.C., a Washington Limited Liability Company**, as GRANTOR, and, **First American Title Insurance Company**, as TRUSTEE, and **Round Lake Mobile Home Park and Golf Course, L.L.C., a Washington Limited Liability Company**, as BENEFICIARY.

WITNESSETH: Grantor irrevocably conveys to Trustee in trust, with power of sale, certain real property in Klamath County, Oregon, described as:

Parcel 1: 3908-700-1500 ID #581613 (Vacant Land) and 581551 (Golf Course)

Parcel 2: 3908-700-1700 ID #494334 (Golf Course) and 706891 (Vacant Land); 3908-700-1800 ID #581490 and 494343 (Mobile Home Park)

See attached Exhibit "A"

Together with all singular the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in any way now or hereafter appertaining, and the rents, issues, and profits thereof, together with all fixtures now or hereafter attached to or used in connection with said real estate.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of Grantor herein contained and payment of the sum of **One Million Two Hundred Thousand dollars (\$1,200,000.00)**, with interest thereon according to the terms of three promissory notes – Mobile Home Park of \$850,000, and Vacant

Land note of \$150,000, Golf Course note of \$200,000 of even date herewith, payable to Beneficiary or order, and made by Grantor, the final payment of principal and interest hereof, if not sooner paid, to be due and payable .

This Deed of Trust is assignable/assumable to qualified buyer. Beneficiary has five days after receiving assumption application: which includes Buyer's resume, credit report, and financial statement, to disapprove the new buyer's credit in writing. Valid disapproval should include reasonable grounds for rejection. Deed assignment/assumption is considered to be approved if Beneficiary does not provide applicant with valid written disapproval within five days after receiving the application.

In the event the within described property, or any part thereof, or any interest therein is sold by the Grantor without first having obtained the written consent of the Beneficiary, then, at the Beneficiary's option, all obligations secured by this Instrument, irrespective of the maturity dates expressed therein, or herein, shall become immediately due and payable, unless, Grantor continues Grantor's obligation to make note payments or though an all-inclusive Deed of Trust which continues Grantor's payment obligation. In that case, Grantor does not need the consent of the Beneficiary.

Grantor agrees:

1. To protect, preserve and maintain the property in good condition and repair; not to remove or demolish any building or improvement therein; not to commit or permit any waste of said property.
2. To complete or restore promptly and in good and workmanlike manner any building or improvement, which may be constructed, damaged or destroyed thereon, and pay when due all costs incurred therefore.
3. To provide and continuously maintain insurance on the buildings now or hereafter erected on the said property against loss or damage by fire and other hazards as the Beneficiary may require, with loss first payable to Beneficiary as principal reduction; proof of insurance shall be delivered to the Beneficiary as soon as issued.
4. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting said property.
5. To keep said premises free from construction liens and to pay all taxes, assessments and other charges that may be levied or assessed upon or against said property before any part of such taxes, assessments and other charges become past due or delinquent and promptly deliver receipt of payment to Beneficiary.
6. Should the Grantor fail to make payment of any taxes, assessments, insurance premiums, liens or other charges payable by Grantor, either by direct payment or by providing Beneficiary with funds with which to make such payment, Beneficiary may, at its option, make payment thereof, and the amount so paid, with interest at the rate set forth in the note secured hereby, together with the obligations described in paragraphs 7 and 8 of this Trust Deed, shall be added to and become a part of the debt secured by this Trust Deed, without waiver of any rights arising from breach of any of the covenants hereof and for such payments, with interest as aforesaid, the property herein before described, as well as the Grantor, shall be bound to the same extent that they are bound for the payment of the obligation herein described and all such payments shall be immediately due and payable without notice, and the nonpayment thereof shall, at the option of the Beneficiary, render all sums secured by this Trust Deed immediately due and payable and constitute a breach of this Trust Deed.
7. To pay reasonable costs, fees and expenses of this trust of the Trustee incurred in connection with or in enforcing this obligation together with trustees' and attorneys' fees actually incurred.
8. To appear in and defend any action or proceeding purporting to affect the security rights or powers of Beneficiary or Trustee; and in any suit, action or proceeding in which the Beneficiary or Trustee may appear. The amount of attorneys' fees mentioned in this paragraph 7 above in all cases

shall be fixed by the trial court and in the event of an appeal from any judgment or decree of the trial court, Grantor further agrees to pay such sum as the appellate court shall adjudge reasonable as the Beneficiary's or Trustee's attorneys' fees on such appeal.

Releases: (Terms and Conditions of the promissory notes remain the same)

9. Grantor has the option, at his own expense; to sell or transfer title of the vacant land - Parcel 1 ID #581613 & Parcel 2 ID #706891. Upon the sale or title transfer of these two parcels, (1) all properties under this deed will be released and (2) two new Trust Deeds will be recorded as follows (If the note balance is the same as original): The Vacant land parcels will have a Trust Deed of \$150,000, The Golf Course and Mobile Home Park will have a Trust Deed of \$1,050,000. If the balance of the note is changed, the deed will be divided per the same percentages.
10. Grantor further has the option, at his own expense, to develop and/or to work with developers to sub-divide the vacant land. The balance of the note will be divided equally by the number of lots established by the new plat. Grantor will pay Beneficiary an amount equal to 100% of the value established as principal reduction for each lot, for each lot deed release.
11. With Beneficiary's consent, Grantor has the option, at his own expense, to separate the Golf Course and the Mobile Home Park. Upon release, (1) the existing deed will be eliminated, and (2) two new deeds will be recorded as follows (If the balance is not changed): The Mobile Home Park will have a Trust Deed of \$850,000 and the Golf Course will have a Trust Deed of \$200,000. If the balance of the note is changed, the deed will be divided per the same percentages.
12. Grantor further has the option, at his own expense, to develop and/or to work with developers to sub-divide the Mobile Home Park. The balance of the Park Note will be divided equally by the number of lots established by the new plat. Grantor will pay Beneficiary an amount equal to 100% of the value established as principal reduction for each lot deed release.

The parties mutually agree:

1. In the event that any portion of the property is taken under the right of eminent domain or condemnation, Beneficiary shall have the right, if it so elects, to require that pro rata portion of the monies received by Grantor. Said amount will be credited first to interest and then to principal reduction.

2. Upon any default by Grantor hereunder, Beneficiary may, at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of the property or any part thereof, in its own name, sue or otherwise collect the rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees upon any indebtedness secured hereby, and in such order as Beneficiary may determine.

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

4. Upon default by Grantor in payment of any indebtedness secured hereby or in Grantor's performance of any agreement contained hereunder, time being of the essence with respect to such payment and/or performance, the Beneficiary may declare all sums secured hereby immediately due and payable. In such event Beneficiary, at its election, may proceed to foreclose this trust deed by advertisement and sale. In the event the Beneficiary elects to foreclose by advertisement and sale, the Beneficiary or the Trustee shall execute and cause to be recorded a written notice of default and election to sell the said described real property to satisfy the obligation secured hereby whereupon the Trustee shall fix the time and place of sale, give notice thereof as then required by law and proceed to foreclose this trust deed in the manner provided in ORS 86.735 to 86.795.

5. The Grantor and those persons authorized by ORS 86.753 may cure any default(s) 5 days before the date the Trustee has designated for sale. Any cure of default(s) shall require payment of or tendering performance and the payment of all costs and expenses actually incurred in enforcing the obligations of this Trust Deed, including, but not limited to, trustees' and attorneys' fees as authorized by law.

In the absence of any such cure, the Trustee will enforce the obligations of this Trust Deed in accordance with paragraph 4 herein and as authorized and required by applicable law.

6. When Trustee sells pursuant to the powers provided herein, Trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including the compensation of the Trustee and a reasonable charge by Trustee's attorney, (2) the obligation secured by the trust deed, (3) to all persons having recorded liens subsequent to the interest of the Trustee in the trust deed as their interest may appear in the order of their priority and (4) the surplus, if any, to the Grantor or to his successor in interest entitled to such surplus.

7. Beneficiary may from time to time appoint a successor or successors to any Trustee named herein or to any successor trustee appointed hereunder. Upon such an appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers and duties conferred upon any Trustee herein named or appointed hereunder. Each such appointment and substitution shall be made by written interest executed by Beneficiary, which, when recorded in the mortgage records of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee.

The Grantor covenants to and agrees with the Beneficiary and the Beneficiary's successors in interest that the Grantor is lawfully seized in fee simple of the real property and has a valid, unencumbered title thereto, except as may be set forth in any addendum or exhibit attached hereto.

This deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors and assigns. The term Beneficiary shall mean the holder and owner, including pledgee, of the contract secured hereby, whether or not named as a Beneficiary herein. In construing this deed and whenever the context so requires the singular number includes the plural.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand the day and year first above written.

LK Investment, L.L.C., a Washington Limited Liability Company



By: Carol Lin, Manager

24422

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Trust Deed - continued

File No.: NCS-80211-WA1 (tag)

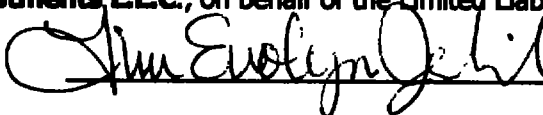
Date: 04/15/2004

STATE OF Washington)

County of King)

)ss.

This Instrument was acknowledged before me on this 21 day of April, 2004
by Carol Lin as Manager of LK Investments L.L.C., on behalf of the Limited Liability Company.



Notary Public for Washington

My commission expires: 3/29/04



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Trust Deed - continued

File No.: NCS-80211-WA1 (bq)

Date: 04/15/2004

REQUEST FOR FULL RECONVEYANCE (To be used only when obligations have been paid.)

TO: , Trustee

The undersigned is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sums secured by the trust deed have been fully paid and satisfied. You hereby are directed, on payment to you of any sums owing to you under the terms of the trust deed or pursuant to statute, to cancel all evidences of indebtedness secured by the trust deed (which are delivered to you herewith together with the trust deed) and to reconvey, without warranty, to the parties designated by the terms of the trust deed, the estate now held by you under the same.

Mail Reconveyance to:

Dated: _____

By _____

By _____

By _____

Beneficiary

**Do not lose or destroy this Deed of Trust OR THE NOTE which it secures.
Both must be delivered to the Trustee before cancellation before reconveyance is made.**

Exhibit "A"

Real property in the County of Klamath, State of Oregon, described as follows:

DESCRIPTION

The following described real property situate in Klamath County, Oregon:

Parcel 1:

The S $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Section 7, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, EXCEPTING THEREFROM the following:

Parts of Lot 3 in the SW $\frac{1}{4}$ and the SE $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Section 7, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the Southwest section corner of said Section 7; thence North along the West line of said Section a distance of 1091.7 feet to a 1 $\frac{1}{4}$ " iron pipe 30 inches long; thence South 46°30' East a distance of 425.0 feet to a 1 $\frac{1}{4}$ " iron pipe 30 inches long; thence South 73°30' East a distance of 831.0 feet to a 1 $\frac{1}{4}$ " iron pipe 30 inches long; thence North 88° East a distance of 691.7 feet to a 1 $\frac{1}{4}$ " iron pipe 30 inches long; thence South 83°30' East a distance of 367.2 feet to a 1 $\frac{1}{4}$ " iron pipe 30 inches long; thence South 8°30' East a distance of 90.8 feet to a 1 $\frac{1}{4}$ " iron pipe 30 inches long; thence South 30°30' East a distance of 67.7 feet to a $\frac{3}{4}$ " iron pipe 36 inches long; thence South 54°30' East a distance of 140.0 feet to a 1 $\frac{1}{4}$ " iron pipe 30 inches long; thence North 81° East a distance of 80.8 feet to a $\frac{3}{4}$ " iron pipe 40 inches long; thence South 72°30' East a distance of 101.40 feet to a 1 $\frac{1}{4}$ " iron pipe 30 inches long; thence North 77°30' East, a distance of 147.8 feet, more or less to a 1 $\frac{1}{4}$ " iron pipe 30 inches long, located at the East line of the SE $\frac{1}{4}$ of the SW $\frac{1}{4}$ of said Section; thence South along the East line of the SE $\frac{1}{4}$ of the SW $\frac{1}{4}$ of said Section, a distance of 365.0 feet, more or less, to the quarter corner on the South line of said Section 7; thence West along the South line of said Section, a distance of 2640.0 feet, more or less to the point of beginning.

Parcel 2:

That portion of the S $\frac{1}{2}$ of the SE $\frac{1}{4}$ of Section 7, Township 39 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, EXCEPTING THEREFROM the following:

Beginning at the Southeast section corner of said Section 7; thence West along the South line of said Section, a distance of 540 feet to the point of beginning; thence North a distance of 150 feet; thence West a distance of 200 feet; thence South, a distance of 150 feet; thence East along the South line of said Section, a distance of 200 feet to the point of beginning.