

mtc- 69290

After recording return to:

Skies the Limit, Inc.  
Daniel Zakour  
541 Diego Court  
Central Point, OR 97502

**M06-03806**

Klamath County, Oregon  
03/01/2006 02:30:18 PM  
Pages 6 Fee: \$46.00

Send tax statements to:

Skies the Limit, Inc.  
Daniel Zakour  
541 Diego Court  
Central Point, OR 97502

GRANTORS: SKIES THE LIMIT, INC., an Oregon Business Corporation  
Daniel Zakour / Kenneth J. Grassman  
541 Diego Court  
Central Point, OR 97502

TRUSTEE: AmeriTitle  
300 Klamath Ave.  
Klamath Falls, OR 97601

BENEFICIARY: ZAKOUR INVESTMENTS, LLC, an Oregon Limited Liability Company  
Daniel Zakour  
541 Diego Court  
Central Point, OR 97502

and  
DOUBLE DOWN INVESTMENTS, LLC, an Oregon Limited Liability Company  
Kenneth J. Grassman  
P.O. Box 231076  
Tigard, OR 97281

---

**SECOND TRUST DEED**

---

THIS TRUST DEED, made this 15 day of February, 2006, between SKIES THE LIMIT, INC., as Grantor, AmeriTitle, as Trustee, and ZAKOUR INVESTMENTS, LLC and DOUBLE DOWN INVESTMENTS, LLC, as Beneficiaries.

WITNESSETH:

Grantor irrevocably grants, bargains, sells and conveys to trustee in trust, with power of sale, the property in ~~Jackson~~ Klamath County, Oregon, described as:

**See Legal Description on Exhibit "A", attached hereto and incorporated herein.**

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER CHAPTER 1, OREGON LAWS 2005 (BALLOT MEASURE 37 (2004)). THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER CHAPTER 1, OREGON LAWS 2005 (BALLOT MEASURE 37 (2004)).

together with all and 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 and all fixtures now or hereafter attached to or used in connection with the property.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of SEVEN HUNDRED THOUSAND and 00/100 (\$700,000.00) DOLLARS, payable according to the terms of a promissory note of even date herewith, payable in full no later than February 8, 2008.

Should the grantor either agree to, attempt to, or actually sell, convey or assign all (or any part) of the property or all (or any part) of grantor's interest in it without first obtaining the written consent or approval 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. The execution by grantor of an earnest money agreement does not constitute a sale, conveyance or assignment.

46.00

**Despite any language in this Trust Deed to the contrary, the beneficiaries shall not declare a default under this instrument unless a prior or superior lien institutes foreclosure proceedings against Grantor with respect to this property, in which case the Beneficiaries may declare a default and pursue all remedies provided by this Trust Deed.**

To protect the security of this trust deed, grantor agrees:

1. To protect, preserve and maintain the property in good condition and repair; not to remove or demolish any building or improvement thereon; not to commit or permit any waste of the property.

2. To complete or restore promptly and in good and habitable condition any building or improvement which may be constructed, damaged or destroyed thereon, and pay when due all costs incurred therefor.

3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property; if the beneficiary so requests, to join in executing such financing statements pursuant to the Uniform Commercial Code as the beneficiary may require and to pay for filing same in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by the beneficiary.

4. To provide and continuously maintain insurance on the buildings now or hereafter erected on the property against loss or damage by fire and such other hazards as the beneficiary may from time to time require, in an amount not less than full insurance value, written in companies acceptable to the beneficiary, with loss payable to the latter; all policies of insurance shall be delivered to the beneficiary as soon as insured; if the grantor shall fail for any reason to procure any such insurance and to deliver the policies to the beneficiary at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on the buildings, the beneficiary may procure the same at grantor's expense. The amount collected under any fire or other insurance policy may be applied by beneficiary upon any indebtedness secured hereby and in such order as beneficiary may determine, or at option of beneficiary the entire amount so collected, or any part thereof, may be released to grantor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

5. To keep the property free from construction liens and to pay all taxes, assessments and other charges that may be levied or assessed upon or against the property before any part of such taxes, assessments and other charges become past due or delinquent and promptly deliver receipts therefor to beneficiary; 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 6 and 7 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 hereinbefore 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.

6. To pay all costs, fees and expenses of this trust including the cost of title search as well as other costs and expenses of the trustee incurred in connection with or in enforcing this obligation and the trustee's and attorney's fees actually incurred.

7. 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, including any suit for the foreclosure of this deed or any suit or action related to this instrument, including but not limited to its validity and/or enforceability, to pay all costs and expenses, including evidence of title and the beneficiary's or trustee's attorney fees; the amount of attorney fees mentioned in this paragraph 7 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 attorney fees on such appeal.

It is mutually agreed that:

8. In the event that any portion or all of the property shall be taken under the right of eminent domain or condemnation, beneficiary shall have the right, if it so elects, to require that all or any portion of the monies payable as compensation for such taking, which are in excess of the amount required to pay all reasonable costs, expenses and attorney's fees necessarily paid or incurred by grantor in such proceedings, shall be paid to beneficiary and applied by it first upon any reasonable costs and expenses and attorney's fees, both in the trial and appellate courts, necessarily paid or incurred by beneficiary in such proceedings, and the balance applied upon the indebtedness secured hereby; and grantor agrees, at its own expense, to take such actions and execute such instruments as shall be necessary in obtaining such compensation, promptly upon beneficiary's request.

9. At any time and from time to time upon written request of beneficiary, payment of its fees and presentation of this deed and the note for endorsement (in case of full reconveyances, for cancellation), without affecting the liability of any person for the payment of the indebtedness, trustee may (a) consent to the making of any map or plat of the property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this deed or the lien or charge thereof; (d) reconvey, without warranty, all or any part of the property. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals

therein of any matters or facts shall be conclusive proof of the truthfulness thereof. Trustee's fees for any of the services mention in this paragraph shall be not less than \$50.

10. 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 attorney's fees upon any indebtedness secured hereby, and in such order as beneficiary may determine.

11. Grantor shall pay and keep current all prior liens recorded against the real property and shall not allow them to be declared in default.

12. Upon default by grantor in payment of any indebtedness secured by or in grantor's performance of any agreement 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 the beneficiary may elect to proceed to foreclose this trust deed in equity as a mortgage or direct the trustee to foreclose this trust deed by advertisement and sale, or may direct the trustee to pursue any other right or remedy, either at law or in equity, which the beneficiary may have. 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 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.

13. After the trustee has commenced foreclosure by advertisement and sale, and at any time prior to 5 days before the date the trustee conducts the sale, the grantor or any other person so privileged by ORS 86.753, may cure the default or defaults. If the default consists of a failure to pay, when due, the sums secured by the trust deed, the default may be cured by paying the entire amount due at the time of the cure other than such portion as would not then be due had no default occurred. Any other default that is capable of being cured may be cured by tendering the performance required under the obligation or trust deed. In any case, in addition to curing the default or defaults, the person effecting the cure shall pay to the beneficiary all costs and expenses actually incurred in enforcing the obligation of the trust deed together with trustee's and attorney's fees not exceeding the amounts provided by law.

14. Otherwise, the sale shall be held on the date and at the time and place designated in the notice of sale or the time to which the sale may be postponed as provided by law. The trustee may sell the property either in one parcel or in separate parcels and shall sell the parcel or parcels at auction to the highest bidder for cash, payable at the time of sale. Trustee shall deliver to the purchaser its deed in form as required by law conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed or any matters of fact shall be conclusive proof of the truthfulness thereof. Any person, excluding the trustee, but including the grantor and beneficiary, may purchase at the sale.

15. 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) to 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 interests may appear in the order of their priority and (4) the surplus, if any, to the grantor or to any successor in interest entitled to such surplus.

16. 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 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 instrument 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.

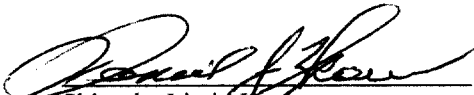
17. Trustee accepts this trust when this deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which grantor, beneficiary or trustee shall be party, unless such action or proceeding is brought by trustee.

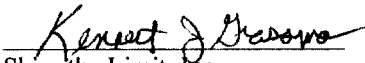
The grantor covenants and agrees to and with the beneficiary and the beneficiary's successor in interest that the grantor is lawfully seized in fee simple of the real property and has a valid, unencumbered title thereof, except as may be set forth in an addendum or exhibit attached hereto, and that the grantor will warrant and forever defend the same against all persons whomsoever.

**WARNING:** Unless grantor provides beneficiary with evidence of insurance coverage as required by the contract or loan agreement between them, 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 purchased by beneficiary may not pay any claim made by or against grantor. Grantor may later cancel the coverage by providing evidence that grantor has obtained property coverage elsewhere. Grantor is responsible for the cost of any insurance coverage purchased by beneficiary, which cost may be added to grantor's contract or loan balance. If it is so added, the interest rate on the underlying contract or loan will apply to it. 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 might otherwise obtain alone and may not satisfy the need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

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, assumed and implied to make the provisions hereof apply equally to corporation and to individuals.

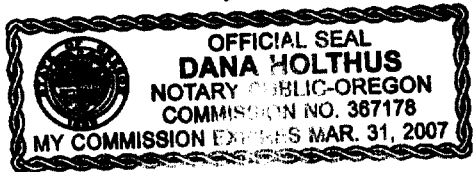
IN WITNESS WHEREOF, the grantor has executed this instrument the day and year first above written.


  
Skies the Limit, Inc.  
By: Daniel J. Zakour, President

  
Skies the Limit, Inc.  
By: Kenneth J. Grassman, Vice President/Secretary

STATE OF OREGON    )  
                                  ) ss.  
County of Jackson    )

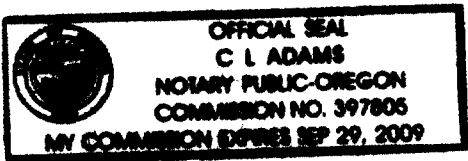
Personally appeared Daniel J. Zakour, President of Skies the Limit, Inc., and acknowledged the foregoing instrument to be his voluntary act and deed. Before me this 15th day of February, 2006.

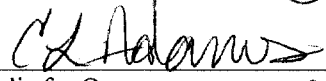


  
Notary Public for Oregon  
My commission expires: 3-31-07

STATE OF OREGON    )  
                                  ) ss.  
County of Linn        )

Personally appeared Kenneth J. Grassman, Vice President/Secretary of Skies the Limit, Inc., and acknowledged the foregoing instrument to be his voluntary act and deed. Before me this 22 day of February, 2006.



  
Notary Public for Oregon  
My commission expires: Sep 29, 2009

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

TO: First American Title Insurance Company of Oregon, 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 are hereby directed, on payment to you of any such 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 and documents to: Zakour Investments, LLC and DoubleDown Investments, LLC.

Dated: \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Zakour Investments, LLC.  
By: Daniel J. Zakour, Sole Member

\_\_\_\_\_  
DoubleDown Investments, LLC  
By: Kenneth J. Grassman, Sole Member

**EXHIBIT "A"**  
**LEGAL DESCRIPTION**

**PARCEL 1:**

A tract of land situated in the N1/2 of Section 14, Township 39 South, Range 9 East, Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at a point on the South line of Block 5 of "Tract 1035 – Gatewood", from which the Southeast corner of said Block 5 bears South 89° 58' 56" East 179.32 feet; thence South 89° 58' 56" East 179.32 feet to the said Southeast corner of Block 5, said point being on the Westerly right of way line of the U.S.B.R. 1-C-7 drain; thence, along the said Westerly right of way line, South 01° 17' 15" East 59.45 feet and South 10° 46' 25" West 634.07 feet; thence, leaving said Westerly right of way line, North 79° 13' 35" West 170.00 feet; thence South 10° 46' 25" West 22.06 feet; thence North 89° 58' 56" West 516.87 feet; thence South 01° 44' 41" East 44.74 feet; thence South 88° 15' 19" West 110.00 feet; thence North 01° 44' 41" West 83.54 feet; thence North 30° 55' 12" West 324.33 feet; thence North 00° 01' 04" East 298.74 feet; thence South 89° 58' 56" East 90.00 feet; thence, along the arc of a curve to the right (radius equals 20.00 feet and central angle equals 90° 00' 00") 31.42 feet; thence South 89° 58' 56" East 60.00 feet; thence South 00° 01' 04" West 95.00 feet; thence, along the arc of a curve to the left (radius equals 20.00 feet and central angle equals 90° 00' 00") 31.42 feet; thence South 00° 19' 25" East 60.00 feet; thence South 89° 58' 56" East 119.43 feet; thence South 00° 01' 04" West 75.95 feet; thence South 30° 55' 12" East 83.21 feet; thence South 89° 58' 56" East 493.47 feet; thence North 10° 46' 25" East 292.13 feet; thence, along the arc of a curve to the left (radius equals 170.00 feet and central angle equals 10° 45' 21") 31.91 feet; thence North 00° 01' 04" East 83.60 feet to the point of beginning with bearings based on the plat of "Tract 1035 – Gatewood" on file at the office of the Klamath County Surveyor.

**PARCEL 2:**

A tract of land situated in the N1/2 of Section 14, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at a point on the South line of Block 5 of "Tract 1035 Gatewood", from which the Southeast corner of said Block 5 bears South 89° 58' 56" East 179.32 feet; thence South 00° 01' 04" West 83.60 feet; thence, along the arc of a curve to the right (radius equals 170.00 feet and central angle equals 10° 45' 21") 31.91 feet; thence South 10° 46' 25" West 292.13 feet; thence North 89° 58' 56" West 493.47 feet; thence North 30° 55' 12" West 83.21 feet; thence North 00° 01' 04" East 75.95 feet; thence North 89° 58' 56" West 119.43 feet; thence North 00° 19' 25" West 60.00 feet; thence along the arc of a curve to the right (radius point bears North 00° 01' 04" East 20.00 feet and central angle equals 90° 00' 00") 31.42 feet; thence North 00° 01' 04" East 95.00 feet; thence North 89° 58' 56" West 60.00 feet; thence along the arc of a curve to the left (radius point bears North 89° 58' 56" West 20.00 feet and central angle equals 90° 00' 00") 31.42 feet; thence North 89° 58' 56" West 90.00 feet;

(Parcel 2 continued)

thence North 00° 01' 04" East 60.00 feet; thence South 89° 58' 56" East 484.88 feet to the Southwest corner of Block 6 of "Tract 1035-Gatewood"; thence continuing South 89° 58' 56" East along the South line of said Blocks 5 and 6, 418.66 feet to the point of beginning., with bearings based on the Plat of "Tract 1035-Gatewood" on file at the office of the Klamath County Surveyor.

Tax Account No.:	3909-014AB-04200-000	Key No.:	569664
Tax Account No.:	3909-014AC-05500-000	Key No.:	570938
Tax Account No.:	3909-014BA-07500-000	Key No.:	571287
Tax Account No.:	3909-014BD-00100-000	Key No.:	569183