

MT079247-KR

Return Address:

Business Loan Center, LLC
Independence Corporate Park
One Independence Point, Suite 102
Greenville, South Carolina 29615

2007-011554

Klamath County, Oregon



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06/27/2007 11:41:35 AM

Fee: \$131.00

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

THIS DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, AND FIXTURE FILING (this "Deed of Trust") is made and entered into as of the 25th day of June, 2007 by and between HARDIP SINGH SANDHU dba Ray's Market ("Grantor"), with a mailing address of 4237 Greensprings Drive, Klamath Falls, Oregon 97601, as Grantor; AMERITITLE ("Trustee"), with an address at 300 Klamath Avenue, Klamath Falls, Oregon 97601, as Trustee; and BLX CAPITAL, LLC ("Lender"), with an address at Independence Corporate Park, One Independence Point, Suite 102, Greenville, South Carolina 29615, as beneficiary. The maturity date of the indebtedness secured by this Deed of Trust, exclusive of any option to renew or extend such maturity date, is June 25, 2032.

WHEREAS, Grantor desires to obtain from Lender a loan in the original principal amount of SIX HUNDRED FIFTY THOUSAND AND NO/100 Dollars (\$650,000.00) (the "Loan"). As a condition to making the Loan, Lender requires, and Grantor has agreed to grant a first lien on the Trust Property (as defined in Section 1.01 below), and a first lien security interest in all other personal property that is located on, used, or to be used in connection with the Trust Property (the "Security Agreement"). The Loan is evidenced by a promissory note of even date herewith (the "Note"), which will be secured by, among other things, (i) this Deed of Trust, and (ii) the Security Agreement both of even date herewith. The Note, this Deed of Trust, the Security Agreement, and all the documents evidencing, securing, or relating to the Loan are collectively referred to herein as the "Loan Documents."

WITNESSETH, THAT, on even date herewith, Grantor, as grantor, executed in favor of Trustee, as trustee, and Beneficiary, as beneficiary, that certain second lien Deed of Trust, Assignment of Leases and Rents and Fixture Filing (the "Second Deed of Trust"), encumbering the Trust Property (defined below) and securing a loan in the total principal amount of \$455,000 (the "Second Loan").

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WITNESSETH, THAT in consideration of Lender's agreement to make the Loan, and for purposes of securing the Loan, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby warrants, represents, covenants and agrees as follows:

ARTICLE I
Granting Clauses

Section 1.01. Grant of Real Estate Security. Grantor hereby irrevocably grants, bargains, sells, mortgages, warrants, transfers, conveys, assigns, sets over and pledges to Trustee, IN TRUST FOR THE BENEFIT OF LENDER, WITH POWER OF SALE AND RIGHT OF ENTRY AND POSSESSION, all of Grantor's right, title, and interest in and to the following described property (the "Trust Property"):

(a) The real property owned by Grantor located in Klamath County, State of Oregon, legally described in Exhibit A attached hereto and incorporated herein by this reference, which real property is not currently used or employed principally for agricultural purposes, together with and all and singular the tenements, hereditaments and appurtenances thereto, together with all right, title and interest of Grantor in all easements, rights-of-way, gores or strips of land, surface waters, ground waters, watercourses, mineral interests and subsurface rights, alleys, streets and sidewalks, whether now owned or hereafter acquired, either in law or in equity (the "Land"); and

(b) Any and all buildings and improvements now or hereafter erected or located on the Land, including all fixtures, attachments, appliances, equipment, machinery and other articles attached to such buildings and improvements (the "Improvements"); and

(c) All present and future rights in and to the trade name by which all or any portion of the Land and the Improvements are known; all books and records relating to the use and operation of all or any portion of the Land and Improvements; all right, title, and interest of Grantor in, to, and under all present and future plans, specifications, and contracts relating to the design, construction, management, or inspection of any Improvements; all rights, titles, and interests of Grantor in and to all present and future licenses, permits, approvals, and agreements with or from any municipal corporation, county, state, or other governmental or quasi-governmental entity or agency relating to the development, improvement, division, or use of all or any portion of the Trust Property to the extent such trade names, licenses, permits, approvals, and agreements are assignable by law; and all other general intangibles relating to the Trust Property, the Improvements, or their use and operation; and

(d) All agreements for use and occupancy of any part of the Trust Property, now existing or hereafter entered into, including any and all extensions or modifications thereto (the "Leases"), and all of the rents, royalties, security deposits, income, receipts, revenues and other sums now due or which may hereafter become due to Grantor under any Lease or arising

from the use and enjoyment of any part of the Trust Property, and all rights and remedies which Grantor may have against any party under the Leases (the "Rents"); and

(e) All the estate, interest, right, title or other claim or demand with respect to the proceeds of insurance and any and all awards made for the taking of any part of the Trust Property by the power of eminent domain, or by any proceeding or purchase in lieu thereof. Subject to the terms of this Deed of Trust, Lender is authorized to collect and receive such proceeds, to give proper receipts and acquittances for the proceeds, and to apply them to the Loan secured by this Deed of Trust.

TO HAVE AND TO HOLD the Trust Property unto Trustee, for the benefit of Lender and its substitutes, successors and assigns, forever.

PROVIDED ALWAYS, that if all the Secured Obligations (as defined in Section 1.02 below) shall be paid, performed, and satisfied in full, then the lien and estate granted by this Deed of Trust shall be reconveyed.

Section 1.02. Secured Obligations.

(a) This Deed of Trust shall secure the following indebtedness and obligations, including all replacements, renewals, amendments, extensions, substitutions and modifications thereof:

(i) Payment of all indebtedness and performance of all obligations and covenants of Grantor under or pursuant to (1) the Note dated as of the date hereof, executed by Grantor in favor of Lender in the aggregate principal amount of the Loan, (2) this Deed of Trust, and (3) all other Loan Documents; and

(ii) Payment of all future advances and all sums advanced by Lender to protect the Trust Property, or otherwise pursuant to the terms of the Loan Documents, with interest on all of the foregoing at the interest rate (as defined in the Note) from the date of Lender's advance to the date of Borrowers' repayment of same.

(b) The indebtedness and the obligations secured by this Deed of Trust, which are described in paragraph (a) above, are hereinafter referred to as the "Secured Obligations."

ARTICLE II
Payment and Performance

Section 2.01. Payment of Secured Obligations. Borrowers shall pay all sums due under the Loan Documents without offset, counterclaim or defense, as when the same shall become due. Borrowers shall fully and faithfully observe and perform all of the obligations of Borrowers to be observed and performed under the Loan Documents.

Section 2.02. Warranty of Title. Grantor warrants and represents that: (i) Grantor has good and marketable title to an indefeasible estate in fee simple in the Land and Improvements of the Trust Property; (ii) Grantor has good and marketable title to all of the rest of the Trust Property; and (iii) such title of Grantor is free and clear of any liens or encumbrances, except as are set forth in Exhibit B herein (the "Permitted Encumbrances"). Grantor shall preserve Grantor's title and interest in the Trust Property and will forever warrant and defend the validity and priority of the lien, security interest and assignments created herein against the claims of all persons whomsoever, subject only to the Permitted Encumbrances.

ARTICLE III
Taxes and Insurance

Section 3.01. Taxes. Grantor shall pay when due and before any penalty attaches or interest accrues, all general taxes, special taxes, assessments, water charges, sewer service charges, and other similar charges against or affecting the Land or any property or equipment located on the Land, or which might become a lien upon the Land (the "Taxes"). If any Tax may be legally paid in installments, Grantor shall have the right, at its option, to pay such Tax in installments.

Section 3.02. Insurance.

(a) Grantor shall at all times keep in full force and effect the following policies of insurance with respect to the Trust Property: (i) comprehensive general public liability insurance in an amount of not less than \$2,000,000.00, combined single limit coverage for injury to persons and damage to property, with a deductible limit satisfactory to Lender; (ii) standard fire and extended coverage casualty insurance, with vandalism and malicious mischief coverage and so called "all risks" or "DIC" coverage in the amount of the full insurable value of the Trust Property on a replacement cost basis (but in any event not less than the amount of the Loan); (iii) loss of rents or business interruption insurance covering all Rents for a period of one (1) year; and (iv) such other policies of insurance as Lender may from time to time require.

(b) All insurance policies shall: (i) be issued by a company or companies rated "A" or better by A.M. Best & Company and otherwise satisfactory to Lender; (ii) shall name Lender as an additional insured and loss payee; and (iii) shall provide a minimum of thirty (30) days' written notice to Lender prior to the expiration or any cancellation or modification of such policies. Grantor shall provide Lender with certificates evidencing all required insurance. In the event Grantor shall fail to maintain the insurance required by this section, Lender may, but shall not be so obligated, to procure such insurance as Lender shall deem necessary, and any amount so expended by Lender shall be secured by this Deed of Trust and be repayable by Grantor upon demand, with interest at the rate of twelve percent (12%) per annum.

(c) In the event of any damage or destruction to the Trust Property, Grantor shall promptly make proof of loss to the insurers, and Grantor shall not adjust or compromise

any claim under such insurance without the prior written approval of Lender. All proceeds of such insurance shall be paid directly to Lender, and each insurer is hereby authorized and directed to make such payment directly to Lender. Any proceeds shall be applied first to the payment of all costs and expenses incurred by Lender in obtaining such proceeds. The balance of the proceeds, if any, may be applied at the option of the Lender (i) against the Secured Obligations, without prepayment charge, or (ii) to the restoration or the repair of the Trust Property, in such order as Lender may elect, in its sole discretion. If Lender elects or has agreed to apply the insurance proceeds to restoration or repair of the Trust Property, Lender shall have the right to establish requirements for the disbursement of such proceeds as may be imposed by responsible mortgagees or holders of deeds of trust for advances of proceeds of commercial construction loans in the state in which the Trust Property is located.

(d) **WARNING.** Unless you provide us with evidence of the insurance coverage as required by our contract or loan agreement, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the collateral becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

You are responsible for the cost of any insurance purchased by us. The cost of this insurance may be added to your contract or loan balance. If the cost is added to your contract or loan balance, the interest rate on the underlying contract or loan will apply to this added amount. The effective date of coverage may be the date your prior coverage lapsed or the date you failed to provide proof of coverage.

The coverage we purchase may be considerably more expensive than insurance you can obtain on your own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

ARTICLE IV

Maintenance; Alterations; Inspections

Section 4.01. Maintenance. Grantor shall: (i) maintain the Trust Property in good condition and repair, subject to ordinary wear and tear; (ii) not commit or suffer to be committed any waste of the Trust Property; (iii) comply with all laws, ordinances, regulations and restrictions now or hereafter affecting the Trust Property; and (iv) not do or permit to be done any act which would otherwise diminish the value of the Trust Property.

Section 4.02. Alterations. Grantor shall not remove, demolish or alter any of the Improvements without the prior written approval of Lender; provided, however, that Grantor may make interior, nonstructural alterations in an amount not to exceed \$5,000.00 in each calendar year. Grantor shall complete any construction or alteration of the Trust Property in a good and workmanlike manner.

Section 4.03. Inspections. Lender shall have the right at any time, upon reasonable prior notice to Grantor, to enter upon the Trust Property for the purpose of inspecting the same or to exercise any of its rights and remedies under the Loan Documents.

ARTICLE V
Eminent Domain

Section 5.01. Eminent Domain. If all or any part of the Trust Property is taken or damaged by the exercise of the power of eminent domain or a conveyance in lieu thereof (a "Condemnation"), or should Grantor receive any notice or other information regarding any such proceeding, Grantor shall give prompt written notice thereof to Lender. Lender may participate in Condemnation proceedings, and Grantor shall consult with Lender and its attorneys and cooperate with them in the carrying on or defense of any such proceedings. All proceeds of Condemnation awards or sales in lieu thereof, and all judgments, decrees and awards for injury or damage to the Trust Property shall be paid to Lender and shall be applied first to all costs and expenses incurred by Lender in obtaining the proceeds. The balance of the proceeds, if any, may be applied at the option of Lender (i) against the Secured Obligations, without prepayment premium or (ii) to the restoration or repair of the Trust Property, in such order as Lender may elect, in its sole discretion. Lender shall not be liable or responsible for failure to collect or exercise diligence in the collection of any proceeds, judgments, decrees or awards.

ARTICLE VI
Events Of Default; Remedies

Section 6.01. Events of Default. Each of the following shall be an "Event of Default" under this Deed of Trust:

- (a) Failure of Grantor or Borrowers to make any payment of principal or interest or any other payment under the Note or any other sum secured under any Loan Document within five (5) days of the date such payment shall be due and payable (calculated by including the due date);
- (b) Failure by Grantor to perform or observe any other covenant or agreement set forth in this Deed of Trust, and the continuance of such default for thirty (30) days after notice thereof from Lender specifying such default;
- (c) The occurrence of a default or an "Event of Default" under any Loan Document other than this Deed of Trust which is not cured within the applicable cure period, if any, provided therein;
- (d) Any suit or proceeding shall be filed against Grantor or Borrowers or any guarantor of Borrowers under any Loan Document which, if adversely determined, could

materially impair the ability of Grantor or Borrowers or such guarantor to perform any of its obligations under any Loan Document, in the opinion of Lender, in its sole reasonable discretion;

(e) Any representation, warranty or statement made by Grantor, Borrowers, any guarantor or other party under any Loan Document or any other affidavit or instrument executed or delivered with respect to the Loan shall be determined by Lender to be false or misleading in any material respect;

(f) Grantor shall convey, alienate, transfer, mortgage, encumber, lease or assign ownership or control of all or any part of the Trust Property or any interest therein, whether legal or equitable, in Grantor in violation of Section 7.01 hereof, or Grantor shall be divested of its title or any interest in the Trust Property in any manner, whether voluntarily or involuntarily, or if there is any merger, consolidation or dissolution affecting Grantor;

(g) Grantor (i) shall execute an assignment for the benefit of creditors or an admission in writing of Borrowers' inability or failure to pay debts generally as they become due; or (ii) shall allow the levy against the Trust Property or any part thereof of any execution, attachment, sequestration or other writ or action which is not vacated or discharged within sixty (60) days after such levy; or (iii) shall allow the appointment of a receiver, trustee or custodian of Grantor or the Trust Property or any part thereof which receiver, trustee or custodian is not discharged within sixty (60) days after such appointment; or (iv) shall file as a debtor a petition, case, proceeding or other action pursuant to, or shall voluntarily seek the benefit or benefits of, any law granting relief to any debtor, or shall take any action in furtherance thereof; or (v) shall file a petition, complaint, answer or other instrument which seeks to effect a suspension of, or which has the effect of suspending, any of the rights or powers of Lender or Trustee granted under any Loan Document; or (vi) shall allow the filing of a petition, case, proceeding or other action against Grantor as a debtor under any law granting relief to a debtor, or shall seek or allow appointment of a receiver, trustee, custodian or liquidator of Grantor or of the Trust Property, or any part thereof, or of any significant portion of Grantor's other property, and (vii) Grantor shall admit, acquiesce in or fail to contest diligently the allegations thereof, or (viii) such petition, case, proceeding or other action shall result in the entry of an order for relief or order granting the relief sought against Grantor, or (ix) such petition, case, proceeding or other action is not permanently dismissed or discharged on or before the earlier of trial thereon or sixty (60) days following the date of filing;

(h) The occurrence of any event described in paragraph (g) above with respect to any guarantor of the Secured Obligations or any other person or entity obligated in any manner to pay or perform the Secured Obligations; and

(i) Any Event of Default under any loan document related to the Second Loan, which is not cured within the applicable cure period, if any, provided therein.

Section 6.02. Remedies. Upon the occurrence of an Event of Default, Lender shall have the right to take any one or more of the following actions:

(a) Declare all Secured Obligations to be due and payable, and the same shall thereupon become due and payable without any presentment, demand, protest or notice of any kind except as otherwise provided herein, and Borrowers hereby waives notice of intent to accelerate the Secured Obligations;

(b) Lender may direct Trustee, and Trustee shall be empowered, to foreclose the Trust Property by advertisement and sale under applicable law.

(c) Lender may judicially foreclose this Deed of Trust and obtain a judgment foreclosing Grantor's interest in all or any part of the Trust Property and giving Lender the right to collect any deficiency remaining due after disposition of the Trust Property.

(d) Sue on the Note according to law;

(e) Exercise any or all of the remedies available to a secured party under the UCC pursuant to this Deed of Trust or any other Loan Documents;

(f) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon and take possession of the Trust Property or any part thereof and do any acts which it deems necessary or desirable to protect and preserve Lender's security. Upon request after an Event of Default, Grantor shall peacefully relinquish possession and control of the Trust Property to the Lender or any receiver appointed under this Deed of Trust; and

(g) Without notice to Grantor or anyone claiming under Grantor, and without regard to the value of the Trust Property, to apply to any court having jurisdiction to appoint a receiver or receivers of the Trust Property, and Grantor hereby irrevocably consents to such appointment and waives notice of any application therefore. Any such receiver or receivers shall have all of the usual powers and duties of receivers in like or similar cases and all powers and duties of Lender in case of entry as provided in Section 6.06.

Section 6.03. Power of Sale. In any sale under this Deed of Trust or pursuant to any judgment, the Trust Property, to the extent permitted by law, may be sold as an entirety or in one or more parcels and in such order as Lender may elect, without regard to the right of Grantor, any person claiming under Grantor, or any guarantor or surety to the marshalling of assets. The purchaser at any such sale shall take title to the Trust Property or the part thereof so sold, free and clear of the estate of Grantor, the purchaser being hereby discharged from all liability to see to the application of the purchase money. Any person, including Lender and its officers, agents, and employees, may purchase at any such sale. Lender and each of its officers are irrevocably appointed Grantor's attorney-in-fact, with power of substitution, to make all appropriate transfers

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and deliveries of the Trust Property or any portions thereof so sold and, for that purpose, Lender and its officers may execute all appropriate instruments of transfer. Nevertheless, Grantor shall ratify and confirm, or cause to be ratified and confirmed, any such sale or sales by executing and delivering, or by causing to be executed and delivered, to Lender or to such purchaser or purchasers all such instruments as may be advisable, in the judgment of Lender, for such purpose.

Section 6.04. Remedies Not Exclusive; No Waiver. Every power or remedy given Lender by any of this Deed of Trust or any other Loan Document, or to which Lender may be otherwise entitled, may be exercised without prejudice to any other power or remedy, concurrently, independently, in any order or any manner from time to time and as often as may be deemed expedient by Lender. No remedy or power is intended to be exclusive of any other remedy or power, and Lender may pursue inconsistent remedies. The acceptance by Lender of the payment or performance of any Secured Obligation after the same shall be due shall not constitute a waiver of Lender's right to the prompt payment or performance of same, or to declare a default as herein provided. The acceptance by Lender of any sum in an amount less than the sum then due shall not constitute a waiver of Grantor's or Borrowers' obligation to pay the entire sum, and such failure shall continue to be a default by Grantor or Borrowers notwithstanding Lender's acceptance of such partial payment. Consent by Lender to any action or inaction of Grantor or Borrowers which is subject to consent or approval shall not be deemed a waiver of any other or future right of Lender to consent under this Deed of Trust. Nothing set forth in this Deed of Trust shall be construed to constitute Lender as a "mortgagee in possession" in the absence of its actual taking possession of the Trust Property pursuant to the powers granted herein.

Section 6.05. Waivers. To the extent permitted by law, Grantor hereby agrees that it shall not at any time insist upon, plead, claim or take any benefit or advantage, in any way whatsoever, whether now or in the future, and Grantor hereby irrevocably waives, all of the following, whether the same exists under federal or state law, or otherwise at law or in equity:

(a) Any right of redemption of any of the Trust Property after sale under this Deed of Trust;

(b) All rights and claims it may have in or to any of the Trust Property as a "homestead exemption," or similar exemptions;

(c) Any stay, extension or moratorium law which may extend the period for enforcement of this Deed of Trust or any period of redemption;

(d) Any and all right to require the marshaling of assets in connection with the exercise of any of Lender's remedies under this Deed of Trust, it being agreed that Lender shall have the right to determine, in its sole discretion, the order in which any of the Trust Property

shall be sold, or the order in which any Secured Obligations are satisfied from the proceeds of such sale;

(e) Any right to trial by jury in any action, proceeding or counterclaim brought by any party against any other party on any matter arising out of or in any way connected with this Deed of Trust or the Loan Documents, the relationships among Grantor, Borrowers, Trustee and Lender, or Grantor's use and occupancy of the Trust Property;

(f) Any law providing for the valuation or appraisal of all or any part of the Trust Property prior to or after any sale or sales made pursuant to this Deed of Trust;

(g) Personal service of process in any action or proceeding at any time commenced to enforce this Deed of Trust or any of the Loan Documents, Grantor and Borrowers hereby agreeing that such process shall be deemed properly and adequately served if sent to Grantor as provided in Section 7.03 of this Deed of Trust;

(h) All notices not herein specifically required of Borrowers' default under any of the Loan Documents, or of Lender's exercise, or election to exercise, any right, option or election under this Deed of Trust;

(i) Any and all technical or procedural errors, defects and imperfections in any of the Loan Documents or any proceedings instituted by Lender or the Trustee under this Deed of Trust; and

(j) Any claim or defense of Grantor contesting or challenging the personal jurisdiction of the "Courts" (as defined in Section 6.07 below), and any objection that Grantor may now or hereafter have to the laying of venue in the Courts for any suit, action or proceeding arising out of or relating to this Deed of Trust or any other Loan Document or any objection that such suit, action or proceeding in the Courts has been brought in an inconvenient forum.

Section 6.06. Preservation of Security. Notwithstanding the provisions of this Article VI, and in addition to any other rights or remedies of Lender under this Deed of Trust, should Grantor or Borrowers at any time fail to make any payment or perform any obligation under any Loan Document, Lender, in its sole discretion, without obligation to do so and without notice to or demand upon Grantor or Borrowers, and without releasing Grantor or Borrowers from any Secured Obligation or waiving any of Lender's rights under the Loan Documents, may cure such default of Grantor or Borrowers in such manner and to such extent as Lender may deem necessary to protect the security of this Deed of Trust. In connection therewith, without limiting its general powers, Lender shall have and is hereby given the right, but not the obligation:

(a) To enter upon and take possession of the Trust Property;

(b) To direct Grantor to terminate any management agent and employ such management agent as Lender may determine;

(c) To make additions, alterations, repairs and improvements to the Trust Property which Lender may consider necessary or proper to keep the Trust Property in good condition and repair;

(d) To appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of Lender or Trustee;

(e) To pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which in the judgment of Lender may affect the security of this Deed of Trust or be prior or superior hereto; and

(f) In exercising such powers, to pay necessary expenses, including employment of counsel or other necessary or desirable consultants.

All costs and expenses incurred by Lender in connection with the exercise of the foregoing rights, including costs of evidence of title, court costs, appraisals, surveys and reasonable attorneys' fees, shall be secured by this Deed of Trust and be repayable by Grantor upon demand, with interest at twelve percent (12%) per annum (the "Default Rate").

Section 6.07. Consent to Jurisdiction; Waiver; Other Forums.

(a) Any suit, action or proceeding arising out of or relating to this Deed of Trust or any other Loan Document, or any action or proceeding to execute on or otherwise enforce any judgment arising out of an Event of Default or other default under this Deed of Trust or any other Loan Document can be brought by Lender in the applicable federal district court or in the state superior court having jurisdiction for Klamath County, Oregon (collectively, the "Courts"). By executing and delivering this Deed of Trust, Grantor, its successors and assigns, hereby irrevocably and unconditionally submit to the non-exclusive personal jurisdiction of the Courts, for any suit, action or proceeding arising out of or relating to this Deed of Trust or any other Loan Document, and irrevocably and unconditionally agree not to assert in any proceeding before the Courts or any other court or tribunal, by way of motion, as a defense or otherwise, any claim contesting or challenging the personal jurisdiction of the Courts. In addition, Grantor irrevocably waives, to the fullest extent permitted by law, (i) any objection that it may now or hereafter have to the laying of venue in the Courts for any suit, action or proceeding arising out of or relating to this Deed of Trust or any other Loan Document or (ii) any objection that such suit, action or proceeding brought in the Courts has been brought in an inconvenient forum.

(b) Nothing in this Section 6.07 or in any other Loan Document shall be deemed to preclude Lender from bringing a suit, action or proceeding arising out of or relating to this Deed of Trust or any other Loan Document in any other jurisdiction.

ARTICLE VII
General Covenants

Section 7.01. Prohibition On Transfer. Grantor shall not, by operation of law or otherwise, sell, convey, alienate, transfer, mortgage, encumber, lease or assign ownership or control of all or any part of the Trust Property or any interest therein, whether legal or equitable (including rents, issues or profits arising therefrom), or in Grantor (including any general or limited partnership interests, shares of stock or any other equity, beneficial or ownership interest in Grantor) without the prior written approval of Lender, in its sole discretion. Lender may withhold its approval or condition its approval of a transfer of the Trust Property, in Lender's sole discretion, upon (i) the credit worthiness and management experience of the proposed transferee; (ii) the terms of the purchase agreement; (iii) assumption by the proposed transferee of all of Grantor's or Borrowers' obligations under the Loan Documents; (iv) payment of a transfer fee; and (v) such other terms and conditions as Lender may deem reasonably necessary. Notwithstanding the foregoing, such approval of Lender shall not be required for any such transfer by devise or descent.

Section 7.02. Compliance With Laws. Grantor shall promptly comply with all present and future federal, state and local laws, statutes and ordinances, and all covenants and restrictions of record affecting the Trust Property, including but not limited to (i) the Occupational Safety and Health Act (OSHA) 29 U.S.C. § 651, and (ii) the Americans with Disabilities Act (ADA) 42 U.S.C. §12101. Grantor shall not initiate or acquiesce in any zoning reclassification or material change in the zoning affecting the Trust Property without the prior written approval of Lender.

Section 7.03. Notices. Any notices or demands required or permitted under this Assignment shall be in writing and addressed to the address set forth hereinabove, or to such other address as either party may designate from time to time by written notice to the other party. All notices, approvals or communications required or permitted to be given under this Assignment shall be in writing and shall be deemed to have been properly given and received (i) if sent by hand delivery, then upon delivery, (ii) if sent by overnight courier or U.S. Express Mail, then one (1) day after dispatch, and (iii) if mailed by registered or certified U.S. mail, postage prepaid and return receipt requested, then two (2) days after deposit in the mail.

Section 7.04. Legal Existence. If Grantor, or any party comprising Grantor, is a corporation, partnership, limited liability company or other entity, Grantor shall preserve and keep in full force and effect its legal existence and all franchises, rights and privileges under the laws of the state of its incorporation or formation and its standing and/or qualification to do business in the state in which the Trust Property is located.

Section 7.05. Liens and Subrogation Rights of Lender.

(a) Grantor shall not create, permit to accrue or suffer to exist upon any of the Trust Property, any security interest, judgment lien, mechanic's or materialman's lien, or any other lien, encumbrance, charge, retention or reservation of title, as security, pledge, hypothecate or assign any of the Trust Property as security, and shall promptly pay, when the same shall become due, all claims and demands of contractors, subcontractors, mechanics, materialmen, laborers and others which claims, if unpaid, might result in or permit the creation of a lien upon the Trust Property, and Grantor shall cause any such lien to be promptly paid and discharged, whether by payment, bonding or otherwise, within thirty (30) days after the filing of same.

(b) Lender, at its option, shall be subrogated, as further security for the Secured Obligations, to the lien of any lien, encumbrance or claim against the Trust Property paid out of the proceeds of the Loan, even though the same be released of record.

Section 7.06. Financial Statements. Grantor shall deliver to Lender, with reasonable promptness: (i) an income and expense statement with respect to the operation of the Trust Property for the immediately preceding fiscal year of Grantor, and (ii) a balance sheet and statement of profit and loss of Grantor for the immediately preceding fiscal year of Grantor. Each such operating and expense statement and financial statement shall be certified by the general partner or chief financial officer of Grantor, and shall be prepared in accordance with generally accepted accounting principles. Grantor shall also provide Lender with such additional information or records relating to the Trust Property or Grantor's financial condition as Lender may from time to time request. Upon request of Lender, Grantor shall furnish financial statements from major tenants under any Leases, to the extent Grantor is entitled under the Leases to receive such statements.

Section 7.07. Successors. The terms and provisions of this Deed of Trust, and the rights and obligations of Grantor, Trustee and Lender, shall inure to the benefit of and be binding upon Grantor, Trustee and Lender and their successors and assigns.

Section 7.08. Governing Law. This Deed of Trust shall be governed by and construed and enforced in accordance with the substantive laws of the State of Oregon without regard to Oregon conflict of laws principles.

Section 7.09. Release of Deed of Trust. Upon payment and performance in full of all of the Secured Obligations, Lender shall, upon demand of Grantor but in no event later than the time prescribed by applicable law, release the Trust Property from the lien of this Deed of Trust and shall furnish Grantor with a properly executed and recordable instrument evidencing such release.

Section 7.10. Estoppel Certificate. Within twenty (20) days after request by Lender, Grantor shall furnish Lender a duly acknowledged written statement, in form satisfactory to Lender, setting forth the amount of principal and interest then owing under the Note, any other charges payable under any Loan Documents, and stating whether any offsets or defenses exist to the indebtedness secured hereby.

Section 7.11. Lender's Approval. In any instance under this Deed of Trust in which Lender's approval shall be required, such approval may be given or withheld by Lender in Lender's sole discretion, and shall be final and conclusive. The granting of any approval by Lender shall not be deemed a waiver of such right of approval to any future matter, and all approvals by Lender must be in writing.

Section 7.12. Severability. If any term or provision of this Deed of Trust or the application thereof to any person or circumstance shall, to any extent, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof or any other circumstance or situation with respect to this Deed of Trust, and each remaining term and provision of this Deed of Trust shall be valid and be enforced to the fullest extent by law.

ARTICLE VIII

Trustee

Section 8.01. Responsibilities. Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth herein, and no implied covenants or obligations shall be imposed upon Trustee. No provisions of this Deed of Trust shall require Trustee to expend or risk its own funds or incur any financial obligation. Trustee may consult with counsel of its own choosing, and action taken by Trustee on the advice of such counsel shall be conclusive proof that such actions are taken in good faith and in reliance thereon, and Trustee shall not be liable for any action taken in accordance with such advice or which is reasonably believed by Trustee to be within the rights and powers conferred upon it by this Deed of Trust.

Section 8.02. Successor Trustee. Lender shall have the full power, at any time and from time to time, to appoint a successor or substitute trustee by instrument properly executed, acknowledged and filed for record in the county in which the Trust Property is located. Such successor or substitute trustee shall thereupon have and possess all of the powers, authorities, duties and obligations vested in and upon the Trustee named herein.

ARTICLE IX
Hazardous Substances; Handicapped Access

Section 9.01. Hazardous Substances.

(a) Grantor represents and warrants to Lender that to the best of Grantor's knowledge after due and diligent inquiry, no hazardous or toxic waste or substances are being stored on the Trust Property or any adjacent property nor have any such waste or substances been stored or used on the Trust Property or any adjacent property prior to or during Grantor's ownership, possession or control of the Trust Property. Grantor agrees to provide written notice to Lender immediately upon Grantor becoming aware that the Trust Property or any adjacent property, ground or surface water, or air is being or has been contaminated with, or is being threatened with contamination with, hazardous or toxic waste or substances. Grantor will not cause nor permit any activities or conditions on the Trust Property which directly or indirectly could result in the Trust Property or any other property, ground or surface water, or air becoming contaminated with or threatened with contamination with, hazardous or toxic waste or substances, or which constitute a violation of any law or regulation pertaining to hazardous or toxic waste or substances. For purposes of this Deed of Trust, the term "hazardous or toxic waste or substances" means any substance or material defined or designated as hazardous or toxic wastes, hazardous or toxic material, a hazardous, toxic or radioactive substance or other similar term by any applicable federal, state or local statute, regulation or ordinance now or hereafter in effect, including without limitation the statutes listed below:

Federal Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6902 et seq.

Federal Comprehensive Environmental Response, Compensation, and liability Act of 1980, 42 U.S.C. Section 9602 et seq.

Federal Hazardous Materials Transportation Control Act, 49 U.S.C. Section 1801 et seq.

Federal Clean Air Act, 42 U.S.C. Sections 7401-7626.

Federal Water Pollution Control Act, Federal Clean Water Act of 1977, 33 U.S.C. Section 1251 et seq.

Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. Section 136 et seq.

Federal Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq.

Federal Safe Drinking Water Act, 42 U.S.C. Section 300(f) et seq.

Oregon Revised Statutes, Chapter 466, Oregon Revised Statutes, Chapter 468.

The Northwest Interstate Compact on Low-Level Radioactive Waste Management, Oregon Revised Statutes, Section 469.93.

(b) Grantor will indemnify and hold Lender harmless from and against any and all claims, demands, damages, costs, expenses, losses, liens, liabilities, penalties, fines and lawsuits and other proceedings (including attorneys' fees), arising directly or indirectly from or out of, or in any way connected with (i) the inaccuracy of the certifications contained herein or in any other document executed by Grantor in connection with the Loan evidenced by the Note, (ii) any activities or conditions on the Trust Property during Grantor's ownership, possession or control of the Trust Property which directly or indirectly result in the Trust Property or any other property, ground or surface water, or air becoming contaminated with hazardous or toxic waste or substances, (iii) the discovery of hazardous or toxic waste or substances on the Trust Property, or the discovery of hazardous or toxic waste or substances on any other property, ground or surface water, or air caused by activities or conditions on the Trust Property, or (iv) the cleanup of hazardous or toxic waste or substances from the Trust Property or the cleanup of hazardous or toxic waste or substances from any other property, ground or surface water, or air caused by activities or conditions on the Trust Property. Grantor acknowledges that it will be solely responsible for all costs and expenses relating to the investigation, cleanup or remediation of hazardous or toxic waste or substances from the Trust Property or from any other properties, ground or surface water, or air which become contaminated with hazardous or toxic waste or substances as a result of the contamination of or activities or conditions on the Trust Property.

(c) Lender and its representatives may enter the Trust Property at any time for the purpose of conducting an environmental audit, committing only such injury to the Trust Property as may be necessary to conduct the environmental audit. Lender shall not be required to remedy any such injury or compensate Grantor therefor. Grantor shall cooperate in all respects in the performance of the audit. Grantor shall pay the costs of any environmental audit if either a default exists under this Deed of Trust at the time Lender arranges to have the audit performed or the audit reveals a default pertaining to hazardous substances. If grantor refuses to permit Lender or its representatives to conduct an environmental audit on the Trust Property, Lender may specifically enforce performance of this provision.

Section 9.02. Handicapped Access.

(a) Grantor agrees that the Trust Property shall at all times strictly comply to the extent applicable with the requirements of the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act of 1988, all federal, state, and local laws and ordinances related to handicapped access, and all statutes, rules, regulations, ordinances and orders of governmental bodies and regulatory agencies, and orders and decrees of any court adopted or enacted with respect thereto including, without limitation, the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities (collectively "Access Laws"). As a condition precedent to the obligation of Lender to disburse any funds with respect to the loan secured hereby, Lender may require a certificate of Access Law compliance and indemnification in a form reasonably acceptable to Lender. Lender may also require a certificate of Access Law compliance from an architect, engineer, or other third party acceptable to Lender.

(b) Notwithstanding any limits set forth herein or in any other document on Grantor's obligation to obtain Lender's approval of alterations of the Trust Property, Grantor shall not alter the Trust Property in any manner which would increase Grantor's responsibilities for compliance with the applicable Access Laws without the prior written approval of Lender. The foregoing shall apply to tenant improvements constructed by Grantor or by any of its tenants. Lender may condition any such approval upon receipt of a certificate of Access Law compliance from an architect, engineer, or other person acceptable to Lender.

(c) Grantor agrees to give prompt notice to Lender of the receipt by Grantor of any complaints related to violation of any Access Laws and of the commencement of any proceedings or investigations which relate to compliance with applicable Access Laws.

(d) Grantor shall indemnify, defend, and hold harmless Lender from and against any and all claims, demands, damages, costs, expenses, losses, liabilities, penalties, fines, and other proceedings including without limitation reasonable attorney fees and expenses arising directly or indirectly from or out of or in any way connected with any failure of the Trust Property to comply with applicable Access Laws. The obligations and liabilities of Grantor under this section shall survive any termination, satisfaction, assignment, entry of a judgment of foreclosure, delivery of trustee's deed in a nonjudicial foreclosure proceeding, or delivery of a deed in lieu of foreclosure.

ARTICLE X Fixture Filing

Section 11.01 Fixture Filing. This Deed of Trust constitutes a financing statement, filed as a fixture filing in the real estate records of the county of the state in which the real property described in Exhibit A is located, with respect to any and all fixtures included within the definition of Improvements described in Section 1.01 of this Deed of Trust and to any goods or other personal property that are now or hereafter will become a part of the Trust Property as fixtures.

ARTICLE XI Statutory Notice

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY LENDER AFTER OCTOBER 3, 1989 CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY LENDER TO BE ENFORCEABLE.

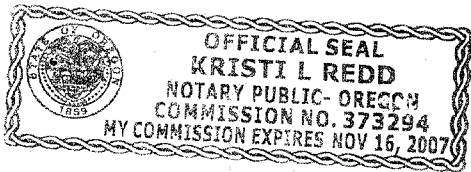
IN WITNESS WHEREOF, Grantor has caused this Deed of Trust to be duly executed on the day and year set forth in the acknowledgment attached hereto and to be effective as of the date first set forth above.

Hardip Singh Sandhu
Hardip Singh Sandhu dba Ray's Market

STATE OF OREGON)
COUNTY OF *Klamath*) ss.

This instrument was acknowledged before me on the *25th* day of *June*, 2007 by Hardip Singh Sandhu.

Kristi L. Redd
Notary Public for Oregon
My Commission Expires: *11/16/2007*



VS
Initial

Do not record. To be used only when note has been paid.

The undersigned is the legal owner and holder of the note and all other indebtedness secured by the within Trust Deed. Said note, together with all other indebtedness secured by said Trust Deed, has been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Trust Deed, to cancel said note above mentioned, and all other evidences of indebtedness secured by said Trust Deed delivered to you herewith, together with the said Trust Deed, and to reconvey, without warranty, to the parties designated by the terms of said Trust Deed, all the estate now held by you thereunder.

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EXHIBIT A

Legal Description

PARCEL 1

Lot 3 in Block 3 of Stewart Addition, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

PARCEL 2

Lots 4 and 5 in Block 3 Stewart Addition, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

EXHIBIT A TO TRUST DEED

EXHIBIT B

Permitted Encumbrances

1. An easement created by instrument, subject to the terms and provisions thereof:
Dated: April 2, 1926
Recorded: April 8, 1926
Volume: 69, page 441, Microfilm Records of Klamath County, OR
In favor of: The California Oregon Power Company
For: Electrical transmission line