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Klamath County, Oregon



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Fee: \$207.00

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Recording Requested By and
When Recorded Mail to:

Bryan Cave LLP
3161 Michelson Drive, Suite 1500
Irvine, CA 92612
Attention: James P. Kousoulas

*Notice to Recorder: This Document
To Be Recorded Both as a
Deed of Trust and a Fixture Filing*

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

[4404 South 6th Street, Klamath Falls, Oregon 97603]

Dated: effective as of May 29, 2012

LARIOT CORPORATION, a Nevada corporation, and
L & B HOLDINGS LLC, a Nevada limited liability company,
as Borrower

and

L & B HOLDINGS LLC, a Nevada limited liability company, as "Owner"
(Borrower and Owner hereinafter collectively referred to as "Trustor")

CITY NATIONAL BANK, as Beneficiary

FIRST AMERICAN TITLE INSURANCE COMPANY, as Trustee

*Deed of Trust
Store #1 -- 4404 South 6th Street, Klamath Falls, Oregon 97603
552860.3*

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DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust"), dated effective as of May 29, 2012, by L & B HOLDINGS LLC, a Nevada limited liability company, having a principal business address at 8189 Kings Way, Klamath Falls, Oregon 97603 ("Owner") and LARIOT CORPORATION, a Nevada corporation, having a principal business address at 4404 S. 6th Street, Klamath Falls, collectively as the Trustor hereunder ("Trustor"), to FIRST AMERICAN TITLE INSURANCE COMPANY, the trustee hereunder ("Trustee"), for the benefit of CITY NATIONAL BANK, having an address at 555 South Flower Street, 24th Floor, Los Angeles, California 90071, Attention: Lorena J. Gonzalez, as beneficiary hereunder ("Beneficiary").

THIS DEED OF TRUST CONSTITUTES A FIXTURE FILING UNDER THE UNIFORM COMMERCIAL CODE AS IN EFFECT ON THE DATE HEREOF IN THE STATE OF OREGON. TO THE EXTENT THE GOODS ARE FIXTURES UNDER THE LAWS OF THE STATE OF OREGON, THE FIXTURES ARE OR ARE TO BECOME FIXTURES ON THE REAL PROPERTY LOCATED IN THE COUNTY OF KLAMATH, STATE OF OREGON, MORE PARTICULARLY DESCRIBED ON EXHIBIT A ATTACHED HERETO, AND LOCATED AT THE FOLLOWING ADDRESS: 4404 SOUTH 6TH STREET, KLAMATH FALLS, OREGON 97603.

TRUSTOR HEREBY IRREVOCABLY MORTGAGES, GRANTS, CONVEYS, TRANSFERS, GRANTS A SECURITY INTEREST IN AND ASSIGNS unto the Trustee, in trust, with power of sale, all of its present and future estate, right, title and interest in and to that certain real property more particularly described in Exhibit A attached hereto and made a part hereof (the "Real Property") and all rights to the Real Property which may be acquired by the Trustor at any time, including all rights, privileges, options, elections and other benefits of every name and nature; together with all present and future easements and rights used in connection therewith or as a means of access thereto; together with:

(i) all right, title and interest of the Trustor in, to, under or derived from all buildings, structures, facilities and other improvements of every kind and description now or hereafter located on the Real Property, including all parking areas, roads, driveways, walks, fences, walls, drainage facilities and other site improvements, all water, sanitary and storm sewer, drainage, electricity, steam, gas, telephone and other utility equipment, fixtures and facilities, all plumbing, lighting, heating, ventilating, air-conditioning, refrigerating, incinerating, compacting, fire, protection and sprinkler, surveillance and security, public address and communications equipment, fixtures and systems, all awnings, floor coverings, partitions, elevators, escalators, motors, machinery, pipes, fittings and other items of equipment and personal property of every kind and description now or hereafter located on the Real Property, as defined herein, or attached to the improvements which by the nature of their location thereon or attachment thereto are real property under applicable law; and including all materials intended for the construction, reconstruction, repair, replacement, alteration, addition or improvement of or to such buildings, structures, facilities and improvements, or of or to any Equipment as defined below therein all of which materials shall be deemed to be part of the Real Property immediately upon delivery thereof on the Real Property and to be part of the improvements immediately upon their incorporation therein (the foregoing being collectively the "Improvements"; and the Real Property with the Improvements thereon and Equipment as defined below therein and appurtenant rights thereto being collectively called the "Property");

(ii) all estate, right, title and interest of Trustor in, to, under or derived from all machinery, equipment, appliances, fixtures and accessions thereof and renewals and replacements thereof and substitutions therefor (including, but not limited to, chairs, tables, counters, furniture, cookware, drink dispensers, ice makers, electronic equipment, computers, security systems, heating, lighting and plumbing fixtures, fire prevention and extinguishing apparatus, cooling and air conditioning systems, grills, stoves, ranges, fryers, refrigerators, tools, machinery, engines, motors, boilers, incinerators, conduits, vacuum cleaning systems, electrical signs, conveyors, cabinets,

lockers, shelving, spotlighting equipment, dishwashers, garbage disposals, washers and dryers, recreational items, windows, structural cleaning rigs, or advertising signs), other customary franchise equipment and other tangible property of every kind and nature whatsoever owned by the Trustor, or in which the Trustor has or shall have an interest, now or hereafter located upon the Real Property, or appurtenant thereto, or usable in connection with the present or future operation and occupancy of the Real Property or the Improvements (hereinafter collectively called the "Equipment");

(iii) all estate, right, title and interest of the Trustor in, to, under or derived from all tenements, hereditaments and appurtenances now or hereafter relating to the Real Property; the streets, roads, sidewalks and alleys abutting the Real Property; all air space and rights to use air space above the Real Property; all development, operating or similar rights appurtenant to the Real Property (including, without limitation, all rights arising from reciprocal access agreements, joint occupancy, use or development agreements, and parking agreements); all water and water rights appurtenant or relating to the Real Property; all rights of ingress and egress now or hereafter appertaining to the Real Property; and all easements, licenses and rights of way now or hereafter appertaining to the Real Property;

(iv) all estate, right, title and interest of the Trustor in, to, under or derived from all contract rights, chattel paper, instruments, general intangibles, computer hardware, software and intellectual property, accounts, guaranties and warranties, letters of credit, and documents, in each case relating to the Property or to the present or future operation or occupancy of the Property, and all plans, designs, blueprints, specifications, maps, surveys, studies, books of account, records, files, insurance policies, guarantees and warranties, all relating to the Property or to the present or future operation or occupancy of the Property, all architectural, engineering, construction and management contracts, all supply and service contracts for water, sanitary and storm sewer, drainage, electricity, steam, gas, telephone and other utilities relating to the Property, and all deposits or other security or advance payments made by or on behalf of Trustor under any of the foregoing agreements or contracts and all other agreements affecting or relating to the use, enjoyment or occupancy of the Property;

(v) all estate, right, title and interest of the Trustor in, to, under and derived from all leases of or relating to the Property (together with all amendments, supplements, consolidations, replacements, restatements, extensions, renewals and other modifications of any thereof), if any, now or hereafter in effect, whether or not of record (the "Leases") including, but not limited to, cash and securities deposited thereunder, advance rentals, deposits or payments or a similar nature and the right to receive and collect the rents, income, proceeds, issues and profits payable thereunder; and the right to bring actions and proceedings under the Leases or for the enforcement thereof and to do anything which the Trustor or any lessor is or may become entitled to do under the Leases;

(vi) all estate, right, title and interest of the Trustor in, to, under or derived from all rents, royalties, issues, profits, receipts, revenue, income, earnings and other benefits now or hereafter accruing with respect to all or any portion of the Real Property, including all rents and other sums now or hereafter payable pursuant to the Leases all other sums now or hereafter payable with respect to the use, occupancy, management, operation or control of the Property and all other claims, rights and remedies now or hereafter belonging or accruing with respect to the Real Property, including oil, gas and mineral royalties (collectively, "Rents"), all of which the Trustor hereby irrevocably directs to be paid to the Beneficiary, subject to the license granted to the Trustor pursuant to Section 2.7, to be held, applied and disbursed, as provided in this Deed of Trust;

(vii) all estate, right, title and interest of the Trustor in, to, under or derived from all licenses, authorizations, certificates, variances, consents, approvals and extensions, improvements, betterment, renewals, substitutions and replacements of, and additions and appurtenances to, any of

the Property hereafter acquired by or released to the Trustor or constructed or located on, or attached to, the Real Property;

(viii) all estate, right, title and interest of the Trustor in, to, under or derived from all claims and proceeds of any sale, transfer, taking by condemnation (or any proceeding or purchase in lieu thereof, financing, refinancing or a conversion into cash or liquidated claims, whether voluntary or involuntary, of any of the Property and all judgments, damages, awards, settlements and compensation (including interest thereon) heretofore or hereafter made to the present and all subsequent owners of any of the Property for any injury to or decrease in the value thereof for any reason, and all claims therefor (including but not limited to all claims arising from any defect in or with respect to the design or construction of all or any part of the Improvements and damage resulting therefrom), including all insurance claims and proceeds and awards and title insurance proceeds under any title insurance policy now or hereafter held by the Trustor, and all rights, dividends and other claims and awards of any kind whatsoever (including damage, condemnation secured, unsecured, priority and bankruptcy claims and awards) now or hereafter relating to the Property, all of which the Trustor hereby irrevocably directs be paid to the Beneficiary to the extent provided hereunder, to be held, applied and disbursed as provided in the Loan Agreement (as below defined);

(ix) all estate, right, title and interest of the Trustor in, to, under or derived from all inventory held or maintained at the Property, or otherwise used in the ownership or operation of the Property (including, without limitation, all food and paper inventory together with all additions and accessions thereto, replacements therefor, products thereof and documents therefor) (collectively, the "Inventory");

(x) to the extent not otherwise included herein, and to the extent related to the Property, all estate, right, title and interest of Trustor in all accounts (including health-care insurance receivables), chattel paper (whether tangible or electronic), commercial tort claims, contracts, deposit accounts, documents, general intangibles (including payment intangibles and software), goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), letter of credit rights (whether or not the letter of credit is evidenced by a writing), securities and all other investment properties, supporting obligations and any and all proceeds of any thereof, wherever located, whether now owned and hereafter acquired, as such terms are defined in the Uniform Commercial Code, as it may be in effect, of the State in which the Property is located; and

(xi) all estate, right, title and interest of the Trustor in, to, under or derived from all products and proceeds of any and all of the above items (i) through (x) (all such items (i) through (xi) being sometimes referred to as the "Collateral"). Beneficiary acknowledges that the Collateral does not include the Excluded Collateral (as defined in the Loan Agreement) or a security interest in the Franchise Agreements, but does include a security interest in the proceeds of the Franchise Agreements and any claims (including commercial tort claims) arising under the Franchise Agreements.

FOR THE PURPOSE OF SECURING:

ONE. Payment of the indebtedness evidenced by those certain two (2) Term Notes, dated as of May 29, 2012, executed by the Trustor in favor of the Beneficiary, in the original aggregate principal amount of \$8,378,000.00 including all renewals, replacements, extensions or modifications thereof (collectively, the "Note"), together with the interest thereon (including post-petition interest after commencement of a case under the U.S. Bankruptcy Code), fees, and all other amounts due under the Note or the Loan Agreement (as defined below) (including, without limitation, all Obligations as such term is defined in the Loan Agreement).

TWO. Performance of all covenants, warranties, and agreements of Trustor contained in and payment of the indebtedness evidenced by that certain Loan and Security Agreement dated as of May 29, 2012, between Trustor, as borrower, and Beneficiary, as lender (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement").

THREE. Payment of such further sums as Trustor or any successor in ownership hereafter may borrow from the Beneficiary when evidenced by another note or notes, reciting it is so secured, payable to Beneficiary or order and made by Trustor or any successor in ownership.

FOUR. Payment of all other moneys and performance of all other covenants, warranties and agreements of Trustor herein or in the Note, the Loan Agreement or the other Loan Documents (as defined below) agreed or provided to be paid by Trustor, including, but not limited to, all "Obligations" as such term is defined in the Loan Agreement (except that (i) the Environmental Indemnity Agreement executed by Trustor and BARRY B. THIRIOT dated as of May 29, 2012, and (ii) the General Continuing Guaranty executed by BARRY B. THIRIOT dated as of May 29, 2012, shall not in any way be secured by this Deed of Trust).

FIFTH. The performance of any and all obligations, contingent or otherwise, whether now existing or hereafter arising, of Trustor to Beneficiary or to any of Beneficiary's subsidiaries or affiliates or successors arising under or in connection with any "**Interest Hedging Instrument(s)**" (as defined in the Loan Agreement) (collectively "**Hedging Obligations**"). The parties hereto acknowledge and agree that this Deed of Trust shall have first priority with respect to all of the Obligations secured hereby, including the Hedging Obligations (all such obligations being referred to collectively as the "**Loan Obligations**"). As provided below, in the event of a foreclosure of this Deed of Trust, in addition, but not by way of limitation to the terms of this Deed of Trust, the proceeds from any foreclosure sale of the Property shall be first applied to the payment of all of Trustor's Loan Obligations in such order as beneficiary may elect in its sole discretion.

This Deed of Trust, the Loan Agreement, the Note, the other Loan Documents (as defined in the Loan Agreement), including without limitation, any interest rate risk management agreements relating to the Loan or any Swap Agreement) and any other agreements given by Trustor to Beneficiary to evidence or secure (or otherwise relating to) the indebtedness evidenced by the Note are hereafter sometimes referred to collectively as the "Loan Documents". The indebtedness and other obligations described in the foregoing Clauses ONE, TWO, THREE, FOUR and FIFTH are hereinafter sometimes referred to collectively as the "Secured Obligations."

TRUSTOR COVENANTS AND AGREES THAT:

ARTICLE I.

COVENANTS

1.1 Performance of Note, Loan Documents and Deed of Trust. Trustor will pay the principal and interest, additional interest, fees, and other charges payable under the Loan Agreement, the Note and the other Loan Documents according to their respective terms, and will perform and comply with each and every term, covenant and condition hereof, and of the Loan Agreement, the Note and the other Loan Documents to which it is a party.

1.2 Warranty of Title.

(a) Trustor hereby represents and warrants to the Beneficiary and to the purchaser at any foreclosure sale that:

(i) Owner is the owner of a valid fee interest in the Real Property and holds good and marketable title to the Improvements, free from all liens, security interests, leases, charges or other encumbrances subject only to the liens which are described in Schedule B of the title insurance policy in favor of Beneficiary insuring the lien of this Deed of Trust and Permitted Liens, as defined in the Loan Agreement (the "Permitted Liens");

(ii) the Owner is the owner of good and marketable title to the Equipment, the Inventory and all the other personal property encumbered by this Deed of Trust, free and clear of all liens, security interests, charges or other encumbrances other than Permitted Liens;

(iii) the Owner has good and lawful right to grant a lien on the Real Property to the Trustee without the consent of any person other than those consents which have been obtained;

(iv) the lien created by this Deed of Trust constitutes a valid, binding and enforceable first priority lien on the Property, subject only to the Permitted Liens; and

(v) the Permitted Liens do not materially interfere with or materially adversely affect the use, value or operation of the Property.

(b) The Owner shall (i) cause the representations and warranties in subsection (a) of this Section to continue to be true in each and every respect at all times prior to the reconveyance of this Deed of Trust, and (ii) preserve, protect, warrant and defend (A) the estate, right, title and interest of the Owner in and to the Property, (B) the validity, enforceability and priority of the lien of this Deed of Trust, and (C) the right, title and interest of the Trustee and Beneficiary and any purchaser at any sale of the Property hereunder or relating hereto, in each case against all other liens and claims whatsoever, subject only to the Permitted Liens.

(c) Upon the recording of this Deed of Trust in the county recording office of the county in which the Real Property is located and the consummation of the other actions contemplated by the Loan Agreement, the lien of this Deed of Trust shall be a perfected lien and fixture filing on the Property prior to all liens other than the Permitted Liens. Other than the Permitted Liens, there are no liens or encumbrances other than the lien of this Deed of Trust upon the Property or any portion thereof, and Owner shall not grant or suffer to exist any other lien or encumbrance, except for Permitted Liens, upon the Property without Beneficiary's written approval.

(d) Owner shall perform all acts that may be necessary to continue, maintain, preserve, protect and perfect the Property, the lien granted to the Trustee in favor of Beneficiary herein and the perfection and priority of such lien. Upon request by the Trustee or Beneficiary, Trustor shall at its sole cost and expense (i) promptly correct any defect or error which may be discovered in this Deed of Trust or any financing statement or other document relating hereto, and (ii) promptly execute, acknowledge, deliver, record, and re-record, register and re-register, and file and re-file this Deed of Trust and any fixture filings, financing statements or other documents which Beneficiary may reasonably require from time to time (all in form and substance reasonably satisfactory to Beneficiary) in order (A) to effectuate, complete, perfect, continue or preserve the lien of this Deed of Trust on the Collateral, whether now owned or hereafter acquired, subject only to the Permitted Liens, (B) to correct or change the name of the Owner following any change in its identity, sale of the Property, or (C) to effectuate, complete, perfect, continue or preserve any right, power or privilege granted or intended to be granted to the Trustee or Beneficiary hereunder. Beneficiary is hereby irrevocably appointed the true and lawful attorney of the Owner and any subsequent owner of the Property to take, in its own name or in the name of the Owner or any subsequent owner of the Property, all such actions as the Beneficiary may deem necessary in accordance with the prior sentence. Beneficiary may execute all necessary documents, deeds and instruments to effectuate the

provisions of this Section, the Owner or any subsequent owner of the Property hereby ratifying and confirming all that their said attorney or such substitutes shall lawfully do by virtue hereof. Nevertheless, the Owner or any subsequent owner of the Property, if so requested in writing by the Beneficiary, shall ratify and confirm any such sale by executing and delivering to the Beneficiary any document or instrument which, in the judgment of the Beneficiary, is suitable or appropriate therefor.

1.3 Taxes, Liens and Other Charges. Subject to Section 1.16, the Trustor shall (i) duly and punctually pay all Impositions (as defined below) and provide evidence of such payment to Beneficiary at least five (5) Business Days (as defined in the Loan Agreement) before any fine, penalty, interest or cost may be added for nonpayment; (ii) duly and punctually file at least five (5) Business Days before delinquent all returns and other statements required to be filed with respect to any Imposition; and (iii) promptly notify the Beneficiary of the receipt by the Trustor of any notice of default in the payment of any Imposition or in the filing of any return or other statement relating to any Imposition and simultaneously furnish to Beneficiary a copy of such notice of default. The term "Impositions" means real and personal property taxes, other taxes, assessments and other governmental charges, ground rents, water, sewer and other or other rents, rates and charges, excises, levies, fees and other charges (public or private) which may be assessed, levied, confirmed or imposed on, or in respect of or be a lien upon the Property or other Collateral or any part thereof or any interest therein. Upon the occurrence and during the continuation of an Event of Default and at the request of Beneficiary, Trustor will pay to Beneficiary monthly an amount equal to one-twelfth (1/12th) of the annual cost of Impositions on the Property in order to accumulate with Beneficiary sufficient funds to pay such Impositions at least thirty (30) days prior to their respective due dates.

1.4 Insurance, Casualty.

(a) The Trustor shall maintain or cause to be maintained the insurance required to be maintained by it pursuant to subsection 7.2 of the Loan Agreement. In the event of any casualty or condemnation (a "Loss") with respect to the Property (or any portion thereof), the Trustor shall give prompt written notice thereof to Beneficiary. Any insurance proceeds or awards with respect to such Loss (the "Proceeds") shall be applied as set forth in the Loan Agreement.

(b) In the event of any insured loss or condemnation claim in excess of ten percent (10%) of the fair market value of the Property immediately prior to the loss or claim, Beneficiary shall have the right to participate in any claim or proceeding relating thereto, and payment for any such loss or claim shall be made directly to Beneficiary.

1.5 Care of the Property. The Trustor (i) shall not cause or permit the Property or the other Collateral to be misused, wasted or damaged or to deteriorate (except, in the case of deterioration, for reasonable wear and tear); (ii) shall use and operate the Property, or cause the same to be used and operated, for substantially the same uses and purposes, as they are used and operated as of the date hereof and agrees that all activities on the Property shall at all times comply with all laws, including, but not limited to, Environmental Laws (as defined in the Loan Agreement), except for non-compliance which is not reasonably expected to have a Material Adverse Effect (as defined in the Loan Agreement); (iii) shall operate and maintain the Property, or cause the same to be operated and maintained, in good order, repair and condition except (subject to the provisions of this Section) for reasonable wear and tear; (iv) shall maintain the Property according to the standards set forth in the Franchise Documents (as defined in the Loan Agreement) and all other requirements imposed by the Franchisor (as defined in the Loan Agreement); (v) shall promptly make, or cause to be made, all repairs, replacements, renewals, restorations, alterations, additions and improvements of and to the Property, whether interior or exterior, structural or nonstructural, foreseen or unforeseen, necessary or appropriate to keep the Property in good order, repair and condition, all of which repairs, replacements, renewals and restorations shall be equal in quality to

or better than the Property as of the date hereof and in accordance with the Franchise Documents; (vi) shall not initiate or affirmatively support any change in the applicable zoning or seek any variance (or any change in any variance), under the zoning of the Property if such change or variance would adversely affect the Property; and (vii) shall, promptly after receiving notice or obtaining knowledge of any proposed or threatened change in the zoning affecting the Property which would result in the current use of the Property being a non-conforming use, notify Beneficiary thereof and diligently contest the same at Trustor's expense by any action or proceeding deemed appropriate by Trustor or requested by Beneficiary.

1.6 Zoning and Other Laws. (a) Trustor represents and warrants that (i) the Property is served by all necessary water, sanitary and storm sewer, drainage, electric, steam, gas, telephone and other utility facilities which facilities have capacities which are sufficient to serve the current and anticipated future use and occupancy of the Property as presently constructed; (ii) the Property has legal access to public streets or roads sufficient to serve the current and anticipated future use and operation of the Property as presently constructed; (iii) to the extent that the Property is located in an area identified by the Federal Emergency Management Agency or a successor thereto as an area having special flood hazards or as an area designated as "flood prone" or a "flood risk area" pursuant to the National Flood Insurance Act of 1968 or the Flood Disaster Protection Act of 1973, and any amendments or supplements thereto or substitutions therefor, the Trustor has purchased flood insurance to the maximum extent available; (iv) all activities and conditions on the Property are currently in compliance with all Environmental Laws; (v) none of the Real Property is part of a tax parcel which includes other real property; and (vi) the Property and the use thereof, separate and apart from any other properties, constitute a legal and conforming use under applicable zoning regulations and comply with all applicable legal requirements, except to the extent that failure to comply therewith would not be reasonably expected to have a Material Adverse Effect (as defined in the Loan Agreement). All material inspections, licenses, permits and certificates required, whether by law, ordinance, regulation or insurance standards, to be made or issued with respect to the Property and the uses thereof have been made by or issued by appropriate authorities.

1.7 Alterations.

(a) The Trustor may construct any new Improvement or otherwise alter or restore the Property, provided that (i) in the case of any alteration or restoration (subject to the provisions of Section 1.4), no Event of Default exists; (ii) any alteration or restoration when completed shall not result in a reduction of the value of the Property below the value thereof immediately preceding the commencement of such alteration or, in the case of restoration, the value thereof immediately preceding the casualty or condemnation in question; (iii) any alteration or restoration shall be substantially equal in quality to, or better than, the Improvements or Equipment located on the Property as of the date hereof; (iv) prior to commencing any phase of any alteration or restoration, the Trustor shall obtain all permits applicable to such phase and all other consents or approvals required therefor; (v) any alteration or restoration shall be effected with due diligence, in a good and workmanlike manner and all applicable legal requirements and insurance requirements; (vi) the Trustor shall have the funds to pay, and shall promptly and fully pay, the cost of any alteration or restoration; and (vii) any alteration will not adversely affect the present use of the Property and shall be according to the standards set forth in the Franchise Documents and all other requirements imposed by the Franchisor.

(b) Nothing herein shall be construed to be a consent by Beneficiary to any mechanic's, materialman's, supplier's, repairman's or similar lien on the Property or any interest therein or to any Indebtedness to finance any such Improvement, alteration or restoration, or any lien servicing such Indebtedness.

1.8 Expenses.

(a) Beneficiary may, at its option, engage attorneys, appraisers, agents and/or special servicers with respect to this Deed of Trust for retaking, holding, preparing for sale, or selling in connection with any action or actions which may be brought for the foreclosure of this Deed of Trust and/or for possession of the Property and/or for the protection of or the defense of the priority of the lien provided for by this Deed of Trust and/or for the appointment of a receiver and/or for the enforcement of any and all covenants or rights contained in or secured by this Deed of Trust and/or for any case or proceeding under Chapters 7, 11 or 13 of the U.S. Bankruptcy Code or any successor thereto.

(b) Trustor shall pay or, on demand, reimburse Trustee or Beneficiary for all appraisal fees, recording and filing fees, taxes, brokerage fees and commissions, escrow fees, trustee's fee, title insurance premiums and fees, attorneys' fees and disbursements and all other costs and expenses of every character reasonably incurred by Trustor, Trustee or Beneficiary in connection with or incidental to the closing of the transactions under any of the terms of this Deed of Trust, with interest from the date of demand for payment at the Default Rate (as defined in the Loan Agreement). All sums so paid and expended by Beneficiary, and the interest thereon, shall be added to and be secured by the lien of this Deed of Trust.

(c) Trustor will pay the amount demanded by Beneficiary or its authorized loan servicing agent in any statement regarding the obligations secured hereby; provided, however, that such amount may not exceed the maximum amount allowed by law at the time the statement is made.

1.9 Inspection of Property. Upon reasonable prior notice to Trustor (unless an Event of Default exists, in which case no such notice shall be required), Beneficiary is authorized by itself, its agents, employees or workers, to enter at any reasonable time upon any part of the Property for the purpose of inspecting the same, performing any environmental site assessment, and/or performing any of the acts it is authorized to perform under the terms of this Deed of Trust or any other Loan Document. Trustor agrees to cooperate with Beneficiary to facilitate such inspections. Beneficiary's inspection rights shall without limitation apply for the purposes of determining the existence, location, nature, and magnitude of any past or present release or threatened release of any hazardous substance into, onto, beneath, or from the Property (it being agreed by Trustor that Beneficiary's good faith belief of the existence of a past or present release or threatened release of any Hazardous Material into, onto, beneath or from the Property shall be conclusively deemed reasonable).

1.10 Performance by Trustor. Trustor will faithfully perform each and every covenant to be performed by Trustor under the Loan Documents and under any lien or encumbrance including, without limiting the generality hereof, deeds of trust, leases, declarations or covenants, conditions and/or restrictions and other agreements which affect the Property (even if not a Permitted Lien), in law or in equity. Trustor's failure to perform any such obligation or Trustor's breach of or default under any such lien or encumbrance shall constitute an Event of Default under this Deed of Trust and the Loan Agreement.

1.11 Collateral Security Instruments. Trustor covenants and agrees that if Beneficiary or Trustee at any time holds additional security for any obligations secured hereby, it may enforce the terms thereof or otherwise realize upon the same, at its option, either before or concurrently herewith or after a sale is made hereunder, and may apply the proceeds to the indebtedness secured hereby in such order as Beneficiary may determine, without affecting the status of or waiving any right to exhaust all or any other security, including the security hereunder, and without waiving any

breach or default or any right or power whether exercised hereunder or contained herein or in any such other security.

1.12 Reimbursement. In the event any tax, stamp tax, assessment, water rate, sewer rate, insurance premium, repair, rent charge, debt, claim, inspection or lien having priority over this Deed of Trust, or in the event any other amount required to be paid by Trustor hereunder shall remain unpaid and Trustor is not contesting such amount pursuant to the terms hereof or of the Loan Documents, in addition and without prejudice to its other rights and remedies hereunder, Beneficiary shall have the right without prior notice to pay such amount and Trustor shall be obligated to reimburse Beneficiary for such payment on demand.

1.13 Waiver of Offsets. All sums payable by Trustor hereunder or under the other Loan Documents shall be paid without notice, demand, counterclaim, set off, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of Trustor hereunder shall in no way be released, discharged or otherwise affected by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Property or any part thereof; (ii) any restriction or prevention of or interference with any use of the Property or any part thereof; (iii) any title defect or encumbrance or any eviction from the Property or any part thereof by title paramount or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Beneficiary, or any action taken with respect to this Deed of Trust by any trustee or receiver of Beneficiary, or by any court, in any such proceeding; (v) any default or failure on the part of Beneficiary to perform or comply with any of the terms hereof or of any other agreement with Trustor; or (vi) any other occurrence whatsoever, whether similar or dissimilar to the foregoing; whether or not Trustor shall have notice or knowledge of any of the foregoing.

1.14 Indemnity. Trustor agrees to indemnify and hold harmless Trustee, Beneficiary and their respective agents from and against any and all losses, liabilities, suits, obligations, fines, damages, judgments, penalties, claims, charges, costs and expenses (including attorneys fees and disbursements) which may be imposed on, incurred or paid by or asserted against Trustee, Beneficiary or any agent by reason or on account of, or in action with, (i) any Default or Event of Default by Trustor under the Note, under any Loan Documents or hereunder, (ii) Trustee's, Beneficiary's or any such holder's exercise of any of its rights and remedies, or the performance of any of its duties, under the Note, under any Loan Document or hereunder, (iii) the construction, reconstruction or alteration of the Improvements, (iv) any negligence or willful misconduct of Trustor, or any of its respective agents, contractors, subcontractors, servants, employees, (v) any accident, injury, death or damage to any person or property occurring in, on or about the Property or any street, drive, sidewalk, curb or passageway adjacent thereto, (vi) any action or proceeding in which it becomes necessary to defend or uphold the lien of this Deed of Trust or (vii) any other transaction arising out of or in any way connected with the Property or the other Collateral, the Note, any Loan Document or this Deed of Trust, except for the willful misconduct or gross negligence of the indemnified person. Any amount payable to Trustee, Beneficiary or such agent shall be deemed a demand obligation and shall be part of the Secured Obligations. Trustor's obligations under this Section shall not be affected by the absence or unavailability of insurance covering the same or by the failure or refusal by any insurance carrier to perform any obligation on its part under any such policy of insurance.

1.15 Suits to Protect Property. Trustor covenants and agrees to appear in and defend any action or proceeding purporting to affect the security of this Deed of Trust, and/or any additional or other security for the obligations secured hereby, the interest of Trustee and Beneficiary or the rights, powers and/or duties of Trustee and Beneficiary hereunder; and to pay all costs and expenses, including cost of evidence of title and attorneys' fees actually expended by Trustee and Beneficiary, in any action or proceeding in which Trustee and/or Beneficiary may appear or be made a party,

including, but not limited to, any foreclosure or other proceeding commenced by those claiming a right to any part of the Property or other Collateral under subordinate liens, in any action to partition or condemn all or part of the Property, whether or not pursued to final judgment, and in any exercise of the power of sale contained herein, whether or not the sale is actually consummated.

1.16 Right of Contest. Trustor shall have the right to contest any tax, assessment, governmental charges or levies applicable to the Trustor or the Collateral in accordance with, and subject to the provisions of, the Loan Documents.

1.17 Conveyance or Transfer of Property. Trustor agrees that if Trustor sells, conveys, transfers, disposes of or leases or further encumbers the Property or any portion thereof, whether directly or indirectly (by transfer of voting securities or control of Trustor or otherwise), either voluntarily, involuntarily, or otherwise, or enters into an agreement to do so without the prior written consent of Beneficiary, Beneficiary shall have the right to declare the then outstanding principal balance evidenced by the Note immediately due and payable, together with all accrued interest thereon, and all other amounts due thereunder or under the other Loan Documents. The foregoing right to accelerate such indebtedness may be exercised at any time in Beneficiary's sole discretion after the occurrence of any event described above and the acceptance of one or more installments of principal and interest due under the Note from any person thereafter shall not constitute a waiver of Beneficiary's right. Beneficiary may withhold its consent to any proposed transfer for no reason or any reason, including the failure of the prospective transferee of the Property to reach an agreement in writing with Beneficiary increasing the interest payable on the Secured Obligations to such rate as Beneficiary shall request. Trustor acknowledges that the continuous ownership of the Property by Trustor is of a material nature to the transaction and Beneficiary's agreement to create the indebtedness secured hereby. Trustor expressly agrees to the payment of the fees (if any) provided for in the Loan Documents upon acceleration under circumstances described in this Section (as well as any other circumstances provided for under the Loan Agreement).

1.18 Business Purposes. The proceeds of the Loan shall be used exclusively for business purposes.

1.19 Non Agricultural. No portion of the Property is used or will be used principally for agricultural purposes.

ARTICLE II.

DEFAULTS AND REMEDIES

2.1 Events of Default. The occurrence or existence of an Event of Default under and as defined in the Loan Agreement ("Event of Default") shall be deemed an Event of Default hereunder;

2.2 Remedies Upon Default. Upon an Event of Default, without notice to or demand upon Trustor (each of which is waived to the extent permitted by applicable law), and without releasing Trustor from any obligation hereunder, Trustee or Beneficiary may, in addition to any other rights or remedies available:

(a) Beneficiary may without notice declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and written notice of default and of election to cause the Property to be sold, which notice Trustee shall cause to be duly filed for record. After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place

fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as Beneficiary may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale, and any person, including Trustor, Trustee or Beneficiary, may purchase at such sale, and in the event of a sale, by foreclosure or otherwise, of less than all of the Property or other Collateral, this Deed of Trust shall continue as a lien and security interest on the remaining portion of the Property or other Collateral.

(b) Trustee or Beneficiary may exercise any of its rights to enforce the provisions herein or to which it is entitled by law or equity without regard to the adequacy of the security or the solvency of Trustor by any one or more of the procedures provided in Oregon Statutes.

(c) Beneficiary may (i) institute and maintain a proceeding or proceedings for foreclosure of this Deed of Trust against any of the Property or other Collateral under any applicable provisions of law; (ii) institute and maintain an action with respect to the Property or other Collateral under any other Loan Documents; or (iii) take such other action as may be allowed at law or in equity for the enforcement of this Deed of Trust and the other Loan Documents. Beneficiary may, to the extent and in the manner permitted by applicable law, proceed in any such action to final judgment and execution thereon for the whole of the indebtedness, together with all interest, late payment fees and other amounts to which Beneficiary is entitled under the Note and the other Loan Documents, from the date on which the same was due and payable to the date of repayment to Beneficiary, and all costs of any such action, including, but without limiting the generality of the foregoing, reasonable attorneys' fees, costs and disbursements.

(d) Beneficiary may proceed as to the personal property in accordance with Beneficiary's rights and remedies in respect of the Property or sell the personal property separately and without regard to the remainder of the Property in accordance with Beneficiary's rights and remedies provided by the UCC as well as other rights and remedies available at law or in equity or under any of the other Loan Documents.

(e) Beneficiary may act in such manner and to such extent as Beneficiary may deem necessary to protect the security hereof, Beneficiary being authorized to enter upon and take possession of the Property for such purposes, and any sums expended for such purposes shall become part of the indebtedness secured hereby.

(f) Beneficiary may commence, appear in and/or defend any action or proceedings purporting to affect the security hereof, and/or any additional or other security for the indebtedness secured hereby, and/or the interests, rights, powers and/or duties of Trustee or Beneficiary hereunder, whether brought by or against Trustor or Trustee or Beneficiary.

(g) Trustee or Beneficiary may pay, purchase, contest or compromise any claim, debt, lien, charge or encumbrance which in the judgment of the Trustee or Beneficiary may affect or appear to affect the security of this Deed of Trust, the interests of Trustor or the rights, powers and/or duties of Trustee or Beneficiary hereunder, and any sums expended for such purposes shall become part of the indebtedness secured hereby.

(h) Trustee or Beneficiary may institute an action, suit or proceeding in equity for the specific performance of any of the provisions contained in the Note, in any Loan Document or herein.

(i) Beneficiary may apply for the appointment of a receiver, custodian, trustee, liquidator or conservator of the Property, including a receiver appointed under applicable Oregon law, to be invested with the fullest powers permitted under applicable law, as a matter of right, without notice to Trustor or anyone claiming under Trustor; and without regard to or the necessity

to disprove the adequacy of the security for the Secured Obligations or the solvency of Trustor or any other person liable for the payment of the Secured Obligations, and Trustor and each other person so liable waives or shall be deemed to have waived such notice, necessity and consents or shall be deemed to have consented to such appointment, to the extent permitted by applicable law.

(j) Beneficiary is authorized either by itself or by its agent to be appointed by it for that purpose or by a receiver appointed by a court of competent jurisdiction, to enter into and upon and take and hold possession of any portion or all of the Property and other Collateral, both real and personal, and all books, records and accounts relating thereto and exclude Trustor and all other persons therefrom, without liability for trespass, damages or otherwise, and Trustor agrees to surrender possession of the Property, the other Collateral and of such books, records and accounts on demand after the happening of any Event of Default and to operate and manage the Property and other Collateral and rent and lease the same, perform such reasonable acts of repair, protection or improvements as may be reasonably necessary or proper to conserve the value thereof, complete construction of Improvements and, in the course of such completion, make such changes in the contemplated Improvements as it may deem advisable, pay, purchase or compromise any encumbrance, charge or lien that in the judgment of Trustee or Beneficiary may be prior or superior hereto, advice any and all clean-up, remediation or other response action with respect to the Property (it being conclusively presumed between Trustor and Beneficiary that any and all such costs and expenses were incurred by Beneficiary in good faith) and, in every such case in connection with the foregoing have the right to exercise all rights and powers of Trustor with respect to the Property either in Trustor's name or otherwise.

(k) Subject to the provisions and restrictions of any applicable law, Trustee or Beneficiary may, directly or indirectly by agent or receiver, with or without the entrance upon or taking possession of the Property or any part thereof and with or without the appointment of a receiver, collect any and all income, rents, issues, profits and proceeds from the Property and other Collateral, the same being hereby assigned and transferred to Beneficiary, for the benefit and protection of Beneficiary, and from time to time apply and/or accumulate such income, rents, issues, profits and proceeds in such order and manner as Trustee or Beneficiary or such receiver in its sole discretion shall consider advisable, to or upon the following: the expenses of receivership, if any; the proper costs of upkeep, maintenance, repair and/or operation of the Property and other Collateral; the payment of insurance premiums and other charges in connection with the Property and the other Collateral, the payment of reasonable compensation for the services of Trustee, Beneficiary and their respective attorney's and agents the repayment of any sums theretofore or thereafter advanced pursuant to the terms of this Deed of Trust; the interest then due or next to become due upon the indebtedness secured hereby; the taxes and assessments upon the Property then due or next to become due; the unpaid principal of such indebtedness; and any other amounts due from Trustor to Trustee or Beneficiary hereunder or under the other Loan Documents. The collection and receipt of income, rents, issues, profits and/or proceeds from the Property and other Collateral by Trustee or Beneficiary, its agent or receiver, after declaration of default and/or election to cause the Property and other Collateral to be sold under and pursuant to the terms of this Deed of Trust shall not affect or impair such default or declaration of default and/or election to cause the Property and other Collateral to be sold or any sale proceedings predicated thereon, and such proceedings may be conducted and sale effected notwithstanding the receipt or collection of any such income, rents, issues, profits or proceeds. Any such income, rents, issues, profits or proceeds in the possession of Trustee or Beneficiary, its agent or receiver, at the time of sale and not theretofore applied as herein provided, shall be applied in the same manner and for the same purposes as the proceeds of the sale. Trustor agrees to pay to Trustee or Beneficiary, upon demand, all expenses, costs and other amounts incurred by Trustee or Beneficiary in connection with any appointment of a receiver under the relevant state code statutes.

(l) Trustee or Beneficiary may release any portion of the Property or other Collateral for such consideration as Trustee or Beneficiary may require without, as to the remainder of the Property or other Collateral, in any way impairing or affecting the lien or priority of this Deed of Trust, or improving the position of any subordinate lienholder with respect thereto, except to the extent that the Secured Obligations shall have been reduced by the actual monetary consideration, if any, received by Trustee or Beneficiary for such release, and may accept by assignment, pledge or otherwise any other property in place thereof as Trustee or Beneficiary may require without being accountable for so doing to any other lienor.

Beneficiary shall have the right to petition the court, on an ex parte basis, for the appointment of a receiver for the Property. Trustor acknowledges and agrees that Beneficiary is entitled to the appointment of a receiver for the Property without regard to (a) the adequacy of the collateral or (b) the existence of any waste with respect to the Property. TRUSTOR HEREBY CONSENTS TO THE APPOINTMENT OF A RECEIVER ON AN EX PARTE BASIS. BENEFICIARY MAY PROVIDE ANY COURT WITH A COPY OF THIS AGREEMENT AS PROOF OF BENEFICIARY'S AUTHORITY, AND TRUSTOR'S AND GUARANTOR'S CONSENT THERETO, TO OBTAIN A RECEIVER FOR THE PROPERTY. Such right shall be exercised, if at all, by Beneficiary in Beneficiary's sole and absolute discretion at any time on or after the date hereof.

In the event that Trustee or Beneficiary shall exercise any of the rights or remedies set forth in subsections (i), (j) and (k) of this Section 2.2, neither such party shall be deemed to have entered upon or taken possession of the Property except upon the exercise of its option to do so, evidenced by its demand and overt act for such purpose, nor shall either be deemed a beneficiary or mortgagee in possession by reason of such entry or taking possession. Neither Trustee nor Beneficiary will be liable to account for any action taken pursuant to any such exercise other than for rents actually received by such party, nor liable for any loss sustained by Trustor resulting from any failure to let the Property, or from any other act or omission of Trustee or Beneficiary except to the extent such loss is caused by the gross negligence, willful misconduct or bad faith of such party. Trustor hereby consents to, ratifies and confirms the exercise by either Trustee or Beneficiary as its attorney-in-fact, which appointment shall be deemed to be coupled with an interest and is irrevocable, for such purposes.

Trustor shall indemnify and hold Trustee or Beneficiary harmless and defend it from any loss, liability, cost and expense (including, without limitation, attorneys' fees and disbursements) and all claims, actions, proceedings and suits arising out of, or in connection with, any lawful action by Trustee or Beneficiary to enforce this Deed of Trust or any other Loan Document, whether or not any action, proceeding or suit is filed. In any suit to foreclose this Deed of Trust or enforce any other remedy of Trustee or Beneficiary under the Note, under any Loan Document or hereunder, there shall be allowed and included as an addition to and a part of the Secured Obligations in the decree for sale or other judgment or decree all expenditures and expenses which may be paid or incurred in connection with the exercise by Trustee or Beneficiary of any of its rights and remedies provided or referred to in this Section 2.2, and such expenditures and expenses shall be secured by this Deed of Trust, as permitted by applicable law.

2.3 Waiver of Certain Rights and Defenses. To the full extent Trustor may do so under applicable law, Trustor agrees with Beneficiary as follows: Each successor and assign of Trustor, including, without limitation, a holder of a lien subordinate to the lien created hereby (without implying that Trustor has, except as expressly provided herein, a right to grant an interest in, or a subordinate lien on, the Collateral), by acceptance of its interest or lien, agrees that it shall be bound by the following waivers as if it gave the waivers itself.

(i) Trustor shall not have or assert any right under any statute or rule of law providing for any appraisal, valuation, stay, extension, moratorium, redemption or statute of limitations, notice of intention to mature or declare due the whole of the obligations, rights to a marshalling of the assets of Trustor, rights to a sale in inverse order of alienation, to the administration of estates of decedents or to any other matters whatsoever to defeat, reduce or affect any of the rights or remedies of Trustee or Beneficiary hereunder, including the rights of Trustee or Beneficiary hereunder to a sale of the Property or other Collateral for the collection of the Secured Obligations without any prior or different resort for collection, or to the payment of the Secured Obligations out of the proceeds of sale of the Property or other Collateral in preference to any other person (other than the holder of a Permitted Lien);

(A) Trustor shall not be relieved of its obligation to pay the Secured Obligations at the time and in the manner provided in the Note, in any Loan Document or herein, nor shall the lien, security interest or priority of this Deed of Trust or any Loan Document be impaired by any of the following actions, non-actions or indulgences by Beneficiary, each of which actions, non-actions or indulgences Beneficiary may, in its discretion, take or refrain from taking:

(B) any failure or refusal by Beneficiary to comply with any request by Trustor (A) to consent to any action by Trustor, or (B) to take any action to foreclose this Deed of Trust or otherwise enforce any of the provisions of the Note or any Loan Document or hereof;

(C) any release, regardless of consideration, of any part of the Property or other Collateral or any other security for the Secured Obligations, or any person liable for payment of any such Secured Obligations; any waiver by Beneficiary of compliance by Trustor with any provision of the Note,

(D) any Loan Document or this Deed of Trust, or consent by Beneficiary to the performance by Trustor of any action which would otherwise be prohibited hereunder or thereunder, or to the failure by Trustor to take any action which would otherwise be required hereunder or thereunder, and

(ii) any agreement or stipulation between Beneficiary and Trustor, or with or without Trustor's consent, between Beneficiary and any subsequent owner or owners of the Property or any other Collateral, renewing, extending or modifying the time of payment or their terms of the Note, any Loan Document, or this Deed of Trust (including a modification of any interest rate), and in any such event Trustor shall continue to be obligated to pay and perform the Secured Obligations at the time and in the manner provided in the Note in the Loan Documents and herein, as so renewed, extended or modified, unless expressly released and discharged by Beneficiary.

2.4 Rights Pertaining to Sales. The following provisions shall apply to any sale or sales of all or any portion of the Property or other Collateral under or by virtue of this Article II, whether made under the power of sale herein granted or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale:

(a) Beneficiary or Trustee may conduct any number of sales from time to time. The power of sale granted hereunder shall not be exhausted by any one or more such sales as to any part of the Property or other Collateral which shall not have been sold, nor by any sale which is not completed or is defective in Trustee's or Beneficiary's opinion, until the Secured Obligations shall have been paid in full.

(b) Any sale may be postponed or adjourned by public announcement at the time and place appointed for such sale or for such postponed or adjourned sale without further notice, as permitted by applicable law.

(c) After each sale, Beneficiary, Trustee or any officer of any court empowered to do so, shall execute and deliver to the purchaser or purchasers at such sale a good and sufficient instrument or instruments granting, conveying, assigning and transferring all right, title and interest of Trustor in and to the property and rights sold and shall receive the proceeds of said sale or sales and apply the same as herein provided. Each of Beneficiary and Trustee is hereby appointed the true and lawful attorney-in-fact of Trustor, which appointment is irrevocable and shall be deemed to be coupled with an interest, in Trustor's name and stead, to make all necessary conveyances, assignments, transfers and deliveries of the property and rights so sold, and for that purpose Beneficiary or Trustee may execute all necessary instruments of conveyances, assignment, transfer and delivery, or may substitute one or more persons with like power, Trustor hereby ratifying and confirming all that said attorney or such substitute or substitutes shall lawfully do by virtue thereof. Nevertheless, Trustor, if requested by Trustee or Beneficiary, shall ratify and confirm any such sale or sales by executing and delivering to Trustee or such purchaser or purchasers all such instruments as may be advisable, in Trustee's or Beneficiary's judgment, for the purposes designated in such request.

(d) The receipt of Beneficiary or Trustee of the purchase money paid at any such sale, or the receipt of any other person authorized to give same, shall be sufficient discharge therefor to any purchaser of any property or rights sold as aforesaid, and no such purchaser, or its representatives, grantees or assigns, after paying such purchase price and receiving such receipt, shall be bound to see to the application of such purchase price or any part thereof upon or for any trust or purpose of this Deed of Trust or, in any manner whatsoever, be answerable for any loss, misapplication or nonapplication of any such purchase money, or part thereof, or be bound to inquire as to the authorization, necessity, expediency or regularity of any such sale.

(e) Any such sale or sales and the expiration of any applicable redemption period shall operate to divest all of the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of Trustor in and to the properties and rights so sold, and shall be a perpetual bar both at law and inequity against Trustor and any and all persons claiming or who may claim the same, or any part thereof, by, through or under Trustor to the fullest extent permitted by applicable law.

(f) Upon any such sale or sales, Beneficiary or any holder of the Secured Obligations may bid for and acquire the Property or other Collateral and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting against the Secured Obligations the amount of the bid made therefor, after deducting therefrom the expenses of the sale.

(g) In the event that Trustor, or any person claiming by, through or under Trustor, shall transfer or refuse or fail to surrender possession of the Property or other Collateral after any sale thereof, then Trustor or such person shall be deemed a tenant at sufferance of the purchaser at such sale subject to eviction by means of forcible entry and unlawful detainer proceedings, or subject to any other right or remedy available hereunder or under applicable law.

(h) Upon any such sale, it shall not be necessary for Trustee, Beneficiary or any public officer acting under execution or order of court to have present or constructively in its possession any or all of the Property or other Collateral.

(i) In the event a sale referred to in this Section shall be commenced by Trustee or Beneficiary, Beneficiary may, at any time before the sale of the Property or other Collateral,

abandon or direct Trustee to abandon the sale, and may institute suit for the foreclosure of this Deed of Trust, or in the event that Trustee or Beneficiary should institute a suit for the foreclosure of this Deed of Trust, Beneficiary may at any time before the entry of final judgment in said suit dismiss the same and sell or require Trustee to sell the Property or other Collateral in accordance with the provisions of this Deed of Trust.

2.5 Application of Proceeds. The purchase money, proceeds or avails of any sale referred to in this Article II, together with any other sums which may be held by Trustee or Beneficiary hereunder, whether under the provisions of this Article II or otherwise, shall, except as herein expressly provided to the contrary, be applied as follows:

FIRST To the payment of the reasonable costs and expenses of any such sale, including compensation to Trustee, Beneficiary, their agents and counsel, and of any judicial proceeding wherein the same may be made, and of all expenses, liabilities and advances made or incurred by Trustee or Beneficiary hereunder, together with interest thereon as provided herein, and all taxes, assessments and other charges related to the foregoing.

SECOND To the payment in full of the Secured Obligations (including principal, interest, premium and fees in such order as Beneficiary or Trustee may elect), in any order selected by Beneficiary.

THIRD To the payment of any other sums secured hereunder or required to be paid by Trustor pursuant to any provision of this Deed of Trust, the Note or any Loan Document, in any order selected by Beneficiary.

FOURTH To the extent permitted by applicable law, to be set aside by Beneficiary as adequate security in its judgment for the payment of sums which would have been paid by application under clauses First through Third above to Trustee or Beneficiary, arising out of an obligation or liability with respect to which Trustor has agreed to indemnify it, but which sums are not yet due and payable or liquidated.

FIFTH To the payment of the surplus, if any, to whomsoever may be lawfully entitled to receive the same.

2.6 Exercise by Trustee. Notwithstanding anything herein to the contrary, and subject to the limitations of applicable law, Trustee (a) shall not exercise, or waive the exercise of, any of its rights or remedies under this Article (other than its right to reimbursement) except upon the request of Beneficiary, and (b) shall exercise, or waive the exercise of, any or all of such rights or remedies upon the request of Beneficiary and at the direction of Beneficiary as to the manner of such exercise or waiver, provided that Trustee shall have the right to decline to follow any such request or direction if Trustee shall be required by applicable law or advised by counsel that the action or proceeding; or manner thereof so directed, may not lawfully be taken or waived.

2.7 Assignment of Leases.

(a) Subject to subsection (d) below, the Leases and Rents, if any, are hereby assigned to Beneficiary, which assignment of the Leases and Rents are and shall be present, absolute and irrevocable assignments by the Trustor to Beneficiary. Subject to the license to the Trustor under subsection (b) hereof, Beneficiary or a receiver appointed pursuant to Section 2.2 (as the case may be, as the person exercising the rights under this Section) shall have the absolute, immediate and continuing right to collect and receive all Rents now or hereafter, including during any period of redemption, occurring with respect to the Property, with or without taking possession of the property. At the request of Beneficiary or such receiver, the Trustor shall promptly execute,

acknowledge, deliver, record, register and file any additional general assignment of the Leases or specific assignment of any of the Leases which Beneficiary or such receiver may require from time to time (all in form and substance reasonably satisfactory to Beneficiary or such receiver) to effectuate, complete, perfect, continue or preserve the assignments of the Leases and the Rents.

(b) As long as no Event of Default exists, the Trustor shall have the right under a license granted hereby, subject to subsection (c) hereof, to collect all Rents, if any, upon, but not prior to fifteen (15) days before, the due date thereof.

(c) If any Event of Default exists, Beneficiary or receiver appointed pursuant to Section 2.2 (as the case may be, as the person exercising the rights under this Section) shall have the right to do any of the following: (i) terminate the license granted under subsection (b) hereof by notice to the Trustor, collect the Rents and apply the same to the obligation secure; (ii) exercise the rights and remedies provided to Trustor under the Lease; (iii) exercise the rights and remedies provided in this Deed of Trust or under applicable law; (iv) hold, operate, manage and control the Property, either personally or by its agents, contractors or nominees, with full power to use such measures, legal or equitable, as in its discretion may be deemed proper and necessary to enforce the payment of any Rents, the Leases and other Property relating thereto (including actions for the recovery of Rent, actions in forcible detainer and actions in distress of Rent); (v) cancel or terminate any Leases or sublease for any cause or on any ground which would entitle the Trustor to cancel the same; (vi) elect to disaffirm any Leases or sublease made subsequent hereto or subordinated to the lien hereof; and (vii) perform such other acts in connection with the management and operation of the Property as the person exercising the rights under this Section in its discretion may deem proper, the Trustor hereby granting full power and authority to exercise each and every one of the rights, privileges and powers contained herein at any time and all times while an Event of Default exists without notice to the Trustor. Trustor irrevocably appoints Beneficiary its true and lawful attorney, at the option of Beneficiary at any time, to exercise the foregoing rights set forth in this Section 2.7(c), including but not limited all rights to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, either in the name of the Trustor or in the name of Beneficiary, for all Rents and apply the same to the Secured Obligations.

(d) Nothing in this Section shall be construed to be an assumption by the person exercising the rights under this Section, or to otherwise make such person liable for performance, of any of the obligations of the Trustor under the Leases, or to make such person a "mortgagee in possession" or otherwise responsible or liable in any manner with respect to the Property or the use, occupancy, enjoyment or operation of all or any portion thereof.

ARTICLE III.

GENERAL COVENANTS

3.1 Waiver of Statute of Limitations. Trustor waives to the full extent permitted by law, the right to plead any and all statutes of limitation as a defense to any demand secured by or made pursuant to this Deed of Trust.

3.2 No Waiver. Trustor covenants and agrees that the acceptance by Beneficiary of any sum secured hereby after its due date, or in an amount less than the sum then due, shall not constitute a waiver by Beneficiary of its rights either to require prompt payment when due of all other sums so secured or to declare a default or exercise such other rights as herein provided for failure so to pay. No failure by Beneficiary to insist upon strict performance of any term, covenant or condition hereof or of any other Loan Document, nor failure to exercise any right or remedy hereunder or thereunder shall constitute a waiver of any such breach of such term, covenant or condition or of the later exercise of such right or remedy.

3.3 Remedies Cumulative.

(a) No remedy herein conferred upon or reserved to Beneficiary, is intended to be exclusive of any other remedy herein or in any other Loan Document or provided or permitted by law, but each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under any other Loan Document or now or hereafter existing at law or in equity or by statute. Every power or remedy given by this instrument to Beneficiary or to which Beneficiary may be otherwise entitled may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Beneficiary.

(b) No delay or omission by Trustee or Beneficiary to exercise any right or remedy hereunder upon an Event of Default shall impair any such exercise, or be construed to be a waiver of any such Event of Default or an acquiescence therein.

(c) The failure, refusal or waiver by Trustee or Beneficiary of its right to assert any right or remedy hereunder upon any Event of Default or other occurrence shall not be construed as waiving such right or remedy upon any other or subsequent Event of Default or other occurrence.

3.4 Notices.

(a) All notices hereunder shall be given as set forth in the Loan Agreement. Trustor hereby requests that a copy of any Notice of Default and Notice of Sale be sent to Trustor at Trustor's address set forth in the Loan Agreement.

3.5 Successors; Terminology; Joint and Several Liability.

(a) This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term "Trustor" shall mean both the original Trustor and any subsequent owner or owners of any of the Property. The term "Beneficiary" shall mean the owner and holder, including pledgees, successors and assigns, of the Note, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(b) If more than one person, corporation, partnership or other entity shall execute this Deed of Trust, then each person and entity shall be fully liable for all obligations of Trustor hereunder, and such obligations shall be joint and several.

3.6 Severability. If any provision hereof should be held unenforceable or void, then such provision shall be deemed separable from the remaining provisions and shall in no way affect the validity of this Deed of Trust, except that if such provision relates to the payment of any monetary sum, then Beneficiary may, at its option, declare the indebtedness and all other sums secured hereby immediately due and payable.

3.7 Governing Law; Consent to Jurisdiction. Grantor agrees as provided below, the Loan Documents shall be governed by, and shall be construed and enforced in accordance with, the internal laws of the State of California (without regard to conflicts of laws principles) as to interpretation, enforcement, validity, construction, effect and in all other respects (except as provided below). Grantor hereby:

(a) consents and submits to the jurisdiction of any local, state or federal court located within the County of Los Angeles, the State of California and Clackamas County, State of Oregon, and hereby irrevocably agrees that, subject to Grantee's election, all actions or proceedings

in any way, manner or respect arising out of, from or relating to the Loan Documents, shall be litigated in such courts;

(b) accepts, generally and unconditionally, the nonexclusive jurisdiction of such courts, waives any defenses of forum non conveniens, and irrevocably agrees to be bound by any final, nonappealable judgment rendered thereby in connection with any of the Loan Documents;

(c) with respect to the foregoing choice of law, agrees that the State of California has a substantial relationship to the parties, to the Loan and to the transactions evidenced by the Loan Documents; and,

(d) in all respects (including without limitation matters of construction, validity and performance), agrees that the Loan Documents and the obligations arising thereunder shall be governed by, and construed in accordance with, the laws of the State of California applicable to contracts made and performed in such state and any applicable law of the United States of America; except that at all times:

(i) enforcement of the real property liens created pursuant to the Loan Documents on that portion of the collateral at any time securing payment of the loan which is subject to Oregon's real property and foreclosure laws and rules shall be governed by and construed according to the law(s) of the state(s) in which the applicable portion of such collateral is located;

(ii) enforcement of the liens created pursuant to the Loan Documents on that portion of the collateral at any time securing payment of the loan which is not subject to the Uniform Commercial Code shall be governed by and construed according to the law(s) of the state(s) in which the applicable portion of such collateral is located;

(iii) enforcement of the liens and security interests created pursuant to the Loan Documents on that portion of the collateral at any time securing payment of the loan which is subject to the Uniform Commercial Code shall be governed and construed by the laws of the State of California, but the provisions for the perfection of such liens shall be governed by and construed according to the laws of the state whose law is designated as the governing law pursuant to the Uniform Commercial Code of the State of California;

it being understood that, to the fullest extent permitted by the laws of the States of California and Oregon, the laws of the State of California shall govern the validity and the enforceability of the Loan Documents and the indebtedness and obligations arising thereunder. Grantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

3.8 Reconveyance.

(a) Upon written request of Beneficiary stating that all sums and obligations secured hereby have been paid or satisfied, as the case may be, Trustee and Beneficiary shall execute, acknowledge and deliver to Trustor proper instruments evidencing the termination, release and reconveyance of this Deed of Trust. Trustor shall pay the fees of Trustee and the costs of Beneficiary in connection with such reconveyance and Beneficiary may require payment of the same prior to delivery of such instruments.

(b) Upon surrender to Trustee of this Deed of Trust and the Note for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive

proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto".

(c) Upon request of Beneficiary, Trustor shall promptly deliver to Beneficiary evidence reasonably satisfactory to Beneficiary of any recordation or filing of such reconveyance. The obligations of Trustor and Beneficiary under this paragraph shall survive the termination of this Deed of Trust.

3.9 Time of the Essence. Time is of the essence of the Note, this Deed of Trust, the other Loan Documents and the performance of all provisions hereof and thereof.

3.10 Security Agreement and Fixture Filing. Trustor, as the "debtor", hereby grants to Beneficiary, as the "secured party", a security interest in and to any fixtures, Equipment (as defined above) or other personal property included in the Collateral (as defined above) to secure all Secured Obligations. This Deed of Trust constitutes and shall be deemed to be a "security agreement" between Trustor, as the "debtor," and beneficiary, as the "secured party," for all purposes of the Uniform Commercial Code of the State in which the Property is located (the "UCC"). This Deed of Trust also constitutes and shall be deemed to be a financing statement filed as a fixture filing in the official Records of the County Recorder of the county in which the Property is located with respect to any and all fixtures included within the term "Collateral" as used herein and with respect to any property that may now be or hereafter become fixtures. Beneficiary shall have, in addition to all rights and remedies proved hereunder and in the Loan Documents, all of the rights and remedies of a secured party under the UCC. It is understood and agreed that, except with respect to any Excluded Collateral (as defined in the Loan Agreement), to protect Beneficiary against the effect of UCC Sections 9334 and 9604, in the event that (a) any fixture owned by Trustor on the Property, or any part thereof, is replaced or added to, or any new fixture owned by Trustor is installed or substituted by Trustor, and in each case such fixture (together with all fixtures being replaced, added to, installed or substituted at or about the same time) has a cost or fair market value in excess of \$20,000, and (b) such fixture is or may be subject to a security interest held by a seller or any other party:

(i) Trustor shall, before the replacement, addition, installation, or substitution of any such fixture give Beneficiary written notice that a security agreement with respect to such fixture is proposed to be consummated and obtain the prior written approval of Beneficiary thereto, which notice shall contain the following information:

(A) a description of the fixture to be replaced, added to, installed or substituted;

(B) a recital of the address at which the fixture will be replaced, added to, installed or substituted;

(C) a statement of the name and address of the holder and the amount secured by the security interest; and

(D) the date of the purchase of such fixture; and

(ii) In the event Trustor shall fail, beyond any applicable notice and grace periods, to make any payment or perform any covenant related to any security interest in favor of any person other than Beneficiary may, at its option, at any time without prior notice to Trustor, pay the amount secured by such security interest, and an amount so paid or incurred shall be secured by this Deed of Trust and payable on demand.

Neither this Section nor a consent by Beneficiary pursuant to this subsection shall constitute an agreement to subordinate any right of Beneficiary in fixtures or other property covered by this Deed of Trust.

3.11 Brundage Clause. In the event of the enactment after the date hereof of any law in the State in which the Property is located or any other governmental authority deducting from the value of the Property for the purpose of taxation any lien or security interest thereon, or changing in any way the laws for the taxation of mortgages, deeds of trust or other liens or debts secured thereby, or the manner of collection of such taxes, so as to affect this Deed of Trust, the Secured Obligations, Trustee or Beneficiary or the holders of the Secured Obligations, then, and in such event, Trustor shall, on demand, pay to Trustee or Beneficiary or such holder, or reimburse Trustee or Beneficiary or such holder for payment of, all taxes, assessments, charges or liens for which Trustee or Beneficiary or such holder is or may be liable as a result thereof, provided that if any such payment or reimbursement shall be unlawful or would constitute usury or render the Secured Obligations wholly or partially usurious under applicable law, then Trustee or Beneficiary may, at its option, declare the Secured Obligations immediately due and payable or require Trustor to pay or reimburse Trustee or Beneficiary for payment of the lawful and non-usurious portion thereof.

3.12 FIRPTA Affidavit. Trustor hereby represents and warrants to Beneficiary under penalty of perjury, that Trustor's U.S. Taxpayer Identification Number (if any) and business address is listed in Schedule A and Trustor is not a "foreign person" within the meaning of Sections 1445 and 7701 of the Internal Revenue Code of 1986, as amended (i.e., Trustor is not a nonresident alien, foreign corporation, foreign partnership, foreign trust or foreign estate as those are defined in such Code and regulations promulgated thereunder). Trustor agrees to indemnify, defend and hold Beneficiary and its agents harmless of, from and against any loss, liability, claims, costs or expenses (including attorneys' fees and costs) which may arise or be incurred by Beneficiary or its agents by reason of any failure of the foregoing representation and warranty to be true and correct in all respects, including but not limited to any liability for failure to withhold any amount required under Section 1445 of such Code in the event of foreclosure or other transfer of the Property. In the event of any transfer by Trustor of its rights hereunder or any interest in the property as otherwise permitted hereunder, such transferee shall, as an additional condition to such transfer, under penalty of perjury, execute and deliver to Beneficiary an affidavit substantially in the form set forth above.

3.13 Intentionally Omitted.

3.14 Perfection.

(a) Perfection by Filing. The Beneficiary may at any time and from time to time, pursuant to the provisions of Section 1.2(d), file financing statements, continuation statements and amendments thereto that describe the Collateral as all assets of the Trustor or words of similar effect and which contain any other information required by the UCC for the sufficiency or filing office acceptance of any financing statement, continuation statement or amendment, including whether the Trustor is an organization, the type of organization and any organization identification number issued to the Trustor. The Trustor agrees to furnish any such information to the Beneficiary promptly upon request. Any such financing statements, continuation statements or amendments may be signed by the Beneficiary on behalf of the Trustor, as provided in Section 1.2(d), if the signature of the Trustor is required for such financing statements, continuation statements, or amendments to be effective, and may be filed at any time in any jurisdiction.

(b) Other Perfection. The Trustor shall at any time and from time to time take such steps as the Beneficiary may reasonably request for the Beneficiary (i) to obtain an acknowledgement, in form and substance satisfactory to the Beneficiary, of any bailee having

possession of any of the Collateral that the bailee holds such Collateral for the Beneficiary, (ii) to obtain "control" of any investment property, deposit accounts, letter-of-credit rights or electronic chattel paper (as such terms are defined in the UCC with corresponding provisions in Sections 9104, 9105, 9106 and 9107 of the UCC relating to what constitutes "control" for such items of Collateral), with any agreements establishing control to be in form and substance satisfactory to the Beneficiary, and (iii) otherwise to insure the continued perfection and priority of the Beneficiary's secured interest in any of the Collateral and of the preservation of its rights therein.

ARTICLE IV.

ADDITIONAL COVENANTS OF TRUSTOR

4.1 Relationship of Owner to Loan Transaction. The parties acknowledge and agree that Owner is not a "guarantor" or "surety" for any obligation of Borrower to Beneficiary under the Loan Documents, and no provision herein is intended to create or be construed as creating any such guaranty or surety relationship between the parties. Owner warrants and acknowledges a financial interest in and relationship to Borrower such that Owner agrees to enter into this Deed of Trust and pledge its interest in the Property encumbered by the lien of this Deed of Trust to induce Beneficiary to make the Loan described in the Loan Documents, and Owner further warrants and acknowledges that it will receive substantial benefit from the making of such Loan to Borrower. Notwithstanding the foregoing, and in consideration of the Loan extended by Beneficiary to Borrower, but subject to the provisions of Section 4.2 below, Owner agrees as follows:

(a) At any time and in such manner, upon such terms and at such times as it deems advisable, and with or without notice to Owner, Beneficiary and Borrower may alter, compromise, accelerate, extend, change the time or manner for the payment of the Loan, increase or reduce the rate of interest thereon, release or add any one or more obligors, guarantors, endorsers, accept additional or substituted security therefor, or release or subordinate any security therefor.

(b) Owner waives any right to require Beneficiary to proceed against Borrower or any other person, firm or corporation or to proceed against or exhaust any other security held by it at any time or to pursue any other remedy in its powers, and Owner agrees that Beneficiary shall not be obligated to resort to any other security, including security given by Borrower, with any priority in any particular order or at all even if such action destroys, alters or otherwise impairs subrogation rights of Owner or the rights of Owner to proceed against Borrower for reimbursement, or both.

(c) Owner waives and agrees not to assert or take advantage of:

(i) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation secured hereby.

(ii) any defense or right based upon election of remedies by the Beneficiary, including without limitation, an election to proceed by non-judicial rather than judicial foreclosure, even if such election destroys, alters or otherwise impairs subrogation rights of Owner or the right of Owner to proceed against Borrower for reimbursement, or both.

(iii) any defense or right based upon the acceptance by Beneficiary or an affiliate of Beneficiary of a deed in lieu of foreclosure, without extinguishing the debt, even if such acceptance destroys, alters or otherwise impairs subrogation rights of Owner or the right of Owner to proceed against Borrower for reimbursement, or both.

(iv) any and all benefits, rights and/or defenses which might otherwise be available to Owner under California Civil Code sections 2809, 2810, 2819, 2845, 2848, 2850, 2899, 2953 and 3433.

(v) any and all benefits, rights and/or defenses which might otherwise be available to Owner under California Code of Civil Procedure sections 580a, 580b, 580d and 726. In specific, but not by way of limitation, Owner expressly waives any and all fair value rights under California Code of Civil Procedure section 580a.

(d) Upon the occurrence of any default hereunder, Beneficiary may maintain an action upon this Deed of Trust whether or not action is brought against Borrower and whether or not Borrower is joined in any such action. Beneficiary may maintain successive actions for other Events of Default, and Beneficiary's rights hereunder shall not be exhausted or waived, and Beneficiary shall not be estopped to proceed against Owner pursuant to this Deed of Trust by the exercise of any of Beneficiary's rights or remedies or by any such action or by any number of successive actions, until and unless the Loan secured by this Deed of Trust has been paid in full and each of Owner's obligations hereunder has been fully performed or otherwise satisfied.

(e) Any action, whether judicial or non-judicial or in pursuit of any provisional remedy, taken by Beneficiary against Borrower or against any collateral or security held by Beneficiary which shall impair or destroy any rights Owner may have against Borrower shall not act as a waiver or an estoppel of Beneficiary's rights to proceed against and initiate any action against Owner to enforce the terms of this Deed of Trust and until the Loan has been paid in full.

(f) Owner expressly waives any defense or benefits arising out of any voluntary or involuntary filing by or on behalf of Borrower for protection under any federal or state bankruptcy, insolvency, or debtor relief laws, including without limitation under Sections 364 or 1111(b)(2) of the United States Bankruptcy Code.

(g) Owner, by execution hereof, represents to Beneficiary that the relationship between Owner and Borrower is such that Owner has access to all relevant facts and information concerning the Loan and the Property and that Beneficiary can rely upon Owner having such access. Owner waives and agrees not to assert any duty on the part of Beneficiary to disclose to Owner any facts that it may now or hereafter know about Borrower, regardless of whether Beneficiary has reason to believe that any such facts materially increase the risk beyond that which Owner intends to assume or has reason to believe that such facts are unknown to Owner or has a reasonable opportunity to communicate such facts to Owner. Owner is fully responsible for being and keeping informed of the financial condition of Borrower and all circumstances bearing on the risk of non-payment of any indebtedness hereby secured.

(h) Owner waives demand, protest and notice of any kind including, without limiting the generality of the foregoing notice of the existence, creation or incurring of new or additional indebtedness or of any action or non-action on the part of Borrower, Beneficiary, any endorser, any creditor of Borrower or Owner under this or any other instrument, or any other person whosoever in connection with any obligation or evidence of indebtedness held by Beneficiary as collateral or in connection with any indebtedness secured hereby.

(i) Until the Loan has been paid in full, Owner waives the right of subrogation and waives any right to enforce any remedy which Beneficiary now has or may hereafter have against Owner or Borrower and any benefit of, and any right to participate in, any security now or hereafter held by Beneficiary. Owner specifically agrees that Owner shall not be released from liability hereunder by any action taken by Beneficiary, including without limitation a nonjudicial sale under the Deed of Trust, that would afford Borrower a defense based on California's anti-

deficiency laws, in general, and Code of Civil Procedure section 580d, in specific. Without limiting the foregoing, Owner expressly understands, acknowledges and agrees as follows:

(i) In the event of a non-judicial foreclosure (through the exercise of the power of sale under the Deed of Trust): (i) Borrower would not be liable for any deficiency on the Note under California Code of Civil Procedure section 580d, (ii) Owner's subrogation rights against the Borrower would thereby be destroyed, and (iii) Owner would thereby be deprived of the anti-deficiency protections of said section 580d;

(ii) Were it not for Owner's knowing and intentional waivers contained herein, the destruction of Owner's subrogation rights and anti-deficiency protections would afford Owner a defense to an action against Owner hereunder; and

(iii) Notwithstanding the foregoing, Owner expressly waives any such defense to any action against Owner hereunder following a nonjudicial foreclosure sale or in any other circumstance under which Owner's subrogation rights against Borrower have been destroyed.

(iv) Owner acknowledges that it has been made aware of the provisions of California Civil Code section 2856, has read and understands the provisions of that statute, has been advised by its counsel as to the scope, purpose and effect of that statute, and based thereon, and without limiting the foregoing waivers, Owner agrees to waive all suretyship rights and defenses described in Civil Code sections 2856(a)-(d). Without limiting any other waivers herein, Owner hereby gives the following waivers pursuant to Section 2856 of the California Civil Code:

Owner waives all rights and defenses arising out of an election of remedies by Beneficiary, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed Owner's rights of subrogation and reimbursement against Borrower by the operation of Section 580d of the Code of Civil Procedure or otherwise.

(v) Owner waives all rights and defenses that Owner may have because Borrower's debt is secured by real property. This means, among other things:

(1) Beneficiary may collect from Owner without first foreclosing on any real or personal property collateral pledged by Borrower.

(2) If Beneficiary forecloses on any real property collateral pledged by Borrower:

(A) The amount of the debt may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price.

(B) Beneficiary may collect from Owner even if Beneficiary, by foreclosing on the real property collateral, has destroyed any right Owner may have to collect from Borrower.

This is an unconditional and irrevocable waiver of any rights and defenses Owner may have because Borrower's debt is secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based on Section 580a, 580b, 580d, or 726 of the Code of Civil Procedure.

(j) With or without notice to Owner, Beneficiary, in its sole discretion, at any time and from time to time, in such manner and upon such terms as it considers best, may (a) apply any and all payments or recoveries from Borrower, from Owner, from any guarantor or endorser, or realized from any security, in such manner, order and priority as Beneficiary elects, to any indebtedness of Borrower, and (b) refund to Borrower any payment received by Beneficiary upon any indebtedness hereby secured and payment of the amount refunded shall be fully secured hereby.

(k) No exercise or nonexercise by Beneficiary of any right hereby given it, no dealing by Beneficiary with Borrower or any other person, and no change, impairment or suspension of any right or remedy of Beneficiary shall in any way affect any of the obligations of Owner hereunder or give Owner any recourse against Beneficiary.

(l) If any term or provision of this Deed of Trust, or the application thereof to any person, entity or circumstances shall to any extent be invalid or unenforceable the remainder of this Deed of Trust, or the application of such or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby and each term or provision of this Deed of Trust shall be valid and enforceable to the fullest extent permitted by law.

(m) In the event any other terms or provisions of this Deed of Trust differ from or are in any way inconsistent with the terms and provisions of this Article IV, the terms and provisions of this Article 6 shall be deemed to govern the obligations, rights and relationship of the parties.

ARTICLE V.

PROVISIONS AS TO TRUSTEE

5.1 Substitution of Trustee. Trustee may be removed at any time without cause by an instrument in writing executed by Beneficiary. If for any reason Beneficiary shall deem it desirable to appoint a substitute or successor trustee to act instead of Trustee herein named or any substitute successor Trustee, then Beneficiary shall have the right and is hereby authorized and empowered to appoint a successor Trustee, or a substitute Trustee, without other formality than appointment and designation in writing executed by Beneficiary, which when duly filed for record in the proper office, shall be conclusive proof of proper appointment of the successor Trustee. The authority hereby conferred shall extend to the appointment of other successor and substitute Trustees successively until the Secured Obligations have been paid in full or until the Property and other Collateral are sold hereunder. Such appointment and designation by Beneficiary shall be full evidence of the right and authority to make the same and of all facts therein recited. If Beneficiary is a corporation or a national banking association and such appointment is executed in its behalf by an officer of such corporation or national banking association, such appointment shall be conclusively presumed to be executed with authority and shall be valid and sufficient without proof of any action by the board of directors or any superior officer of the corporation or national banking association. Upon the making of such appointment and designation, all of the estate and title of Trustee in the Property and other Collateral shall vest in the named successor or substitute Trustee and it shall thereupon succeed to and shall hold, possess and execute all the rights, powers, privileges, immunities and duties herein conferred upon Trustee, but, nevertheless, upon the written request of Beneficiary or of the successor or substitute Trustee, Trustee ceasing to act the estate and title in the Property and other Collateral of Trustee so ceasing to act, together with all the rights, powers, privileges, immunities and duties herein conferred upon Trustee, and shall duly assign, transfer and deliver any of the properties and moneys held by said Trustee hereunder to said successor or substitute Trustee. All references herein to Trustee shall be deemed to refer to Trustee (including any successor or substitute appointed and designated as herein provided) from time to time acting

hereunder. Trustor hereby ratifies and confirms any and all acts which Trustee herein named or its successor or successors, substitute or substitutes, in this trust, shall do lawfully by virtue hereof.

5.2 Exculpation. Trustee shall not be liable for any error of judgment or act done by Trustee in good faith, or be otherwise responsible or accountable under any circumstances whatsoever, except for Trustee's gross negligence or willful misconduct. Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by it hereunder, believed by it in good faith to be genuine. All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by law), and Trustee shall be under no liability for Interest on any moneys received by it hereunder.

5.3 Usury. Regardless of any provision contained in this Deed of Trust, the Loan Documents, or any documents executed or delivered in connection therewith, Beneficiary will never be considered to have contracted for or to be entitled to charge, receive, collect, or apply as interest, and hereby disavows any intention to so receive, collect, or apply as interest, any amount in excess of the maximum amount permissible under applicable law. Without limiting its general applicability, the preceding sentence specifically applies to any acceleration of the Obligations or any part thereof. In the event that Beneficiary ever receives, collects, or applies as interest any such excess, the amount which would be excessive interest will be applied to the reduction of the principal balance of the Obligations, and, if the principal balance of the Obligations is paid in full, any remaining excess shall forthwith be paid to Trustor, and Trustor agrees to accept such payment from Beneficiary, together with interest on such sums at the maximum lawful rate then in effect. In determining whether the interest paid or payable exceeds the maximum amount permissible under applicable law, Trustor and Beneficiary shall, to the greatest extent permitted under applicable law:

- (a) Characterize any nonprincipal payment (other than payments which are expressly designated as interest payments hereunder) as an expense or fee rather than as interest;
- (b) Exclude voluntary prepayments and the effect thereof; and
- (c) Amortize, prorate, allocate, and spread the total amount of interest throughout the entire contemplated term of the Obligations so that the interest rate is uniform throughout the term.

ARTICLE VI.

STATE SPECIFIC PROVISIONS

6.1 BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. 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 THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, 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 ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

6.2 UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY A LENDER 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 THE LENDER TO BE ENFORCEABLE.

6.3 Notice Under ORS 746.201 — WARNING. Unless Grantor provides Lender with evidence of insurance coverage as required by this Deed of Trust, Lender may purchase insurance at Grantor's expense to protect Lender's interest. If the Property is damaged, the coverage purchased by Lender may not pay any claim made by Grantor or any claim made against Grantor. Grantor may later cancel the coverage obtained by Lender by providing evidence that it has provided the insurance coverage required by this Deed of Trust.

Grantor is responsible for the cost of any insurance obtained by Lender. The cost of that insurance may be added to the indebtedness secured by this Deed of Trust. If the cost is added the Default Rate will apply to the 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 purchased by Lender may be considerably more expensive than insurance Grantor may be able to obtain on its own and may not satisfy the need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

THIS DEED OF TRUST SECURES TWO (2) ADJUSTABLE RATE PROMISSORY NOTES. THIS DEED OF TRUST IS A FIRST DEED OF TRUST. NO FURTHER DEEDS OF TRUST WILL BE RECORDED AGAINST THE REAL PROPERTY WITHOUT THE PRIOR WRITTEN CONSENT OF BENEFICIARY. FAILURE TO COMPLY WITH THIS PROVISION SHALL CONSTITUTE AN EVENT OF DEFAULT AND THE LOAN SHALL IMMEDIATELY BECOME DUE AND PAYABLE. CONSENT TO ONE (1) FURTHER ENCUMBRANCE SHALL NOT BE DEEMED TO BE A WAIVER OF THE RIGHT TO REQUIRE SUCH CONSENT TO FUTURE OR SUCCESSIVE ENCUMBRANCES.

[signatures on following page]

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

Trustor:

LARIOT CORPORATION, a Nevada corporation

By: Barry Thriot
Barry Thriot, its Vice President

L & B HOLDINGS LLC, a Nevada limited liability company

By: Barry Thriot
Barry Thriot, its Member

STATE OF OREGON)
)ss.
County of Jackson)

This instrument was acknowledged before me on June 6, 2012 (date) by
Barry Thiriot (name(s) of person(s)) as Vice President (type of authority, e.g.,
officer, trustee, etc.) of Larix Corporation (name of party on behalf of whom
instrument was executed).

R F Hovermale (Signature)
REMEDY HOVERMALE (Name printed or typed)
Notary Public -- State of Oregon
My commission expires: 11/24/2015

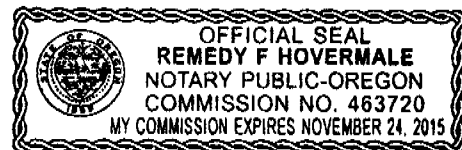


(SEAL)

STATE OF OREGON)
)ss.
County of Jackson)

This instrument was acknowledged before me on June 6, 2015 (date) by
Barry Thiriot (name(s) of person(s)) as Member (type of authority, e.g.,
officer, trustee, etc.) of L4B Holdings LLC (name of party on behalf of whom
instrument was executed).

R F Hovermale (Signature)
REMEDY HOVERMALE (Name printed or typed)
Notary Public -- State of Oregon
My commission expires: 11/24/2015



(SEAL)

EXHIBIT A

PROPERTY DESCRIPTION

Store #1 ("Klamath Falls")
4404 South 6th Street, Klamath Falls, Oregon 97603

Parcel 2 of Land Partition 45-99 IN NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 2, Township 39 South, Range 9 East of the Willamette Meridian, Klamath Falls, Oregon.

Schedule I

1. Address of Trustor: Lariot Corporation
 4404 S. 6th Street
 Klamath Falls, Oregon 97603

 L & B Holdings LLC
 8189 Kings Way
 Klamath Falls, Oregon 97603