

**2017-006488****Klamath County, Oregon****06/13/2017 03:57:01 PM****Fee: \$237.00**

When recorded mail to:

First Hawaiian Bank
Commercial Loan Center
2339 Kamehameha Hwy.
Honolulu, Hawaii 96819

DEED OF TRUST
(Klamath Falls, Oregon)

Borrower

Kazi Restaurants of Hawaii, Inc.
Kazi Foods Corp. of Hawaii
560 N. Nimitz Highway, Suite 214
Honolulu, Hawaii 96817

Lender/Beneficiary

First Hawaiian Bank
Kapiolani Banking Center
1580 Kapiolani Blvd.
Honolulu, Hawaii 96814

Grantor

Kazi Management VI, LLC
560 N. Nimitz Highway, Suite 214
Honolulu, Hawaii 96817

Trustee

AmeriTitle
300 Klamath Avenue
Klamath Falls, Oregon 97601

THIS INSTRUMENT IS DATED March 31, 2017, among the borrower ("Borrower"), grantor ("Grantor"), lender ("Lender" or "Beneficiary"), and trustee ("Trustee") identified above.

CONVEYANCE AND GRANT. For valuable consideration, Grantor conveys to Trustee in trust with power of sale, right of entry, and possession and for the benefit of Lender as Beneficiary all of Grantor's right, title, and interest in and to the real property described on Exhibit A attached hereto and incorporated by this reference, together with all existing or subsequently erected or affixed buildings, improvements, and fixtures, all easements, rights of way, and appurtenances, all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights), and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal, and similar matters ("Real Property"). Grantor hereby assigns as security to Lender, all of Grantor's right, title, and interest in and to all future leases, Rents, and profits of the Property. The lien created by this assignment is intended to be specific, perfected, and choate upon the recording of this instrument. Lender grants to Grantor a license to collect the Rents and profits, which license shall be automatically revoked upon the

1 - DEED OF TRUST (Klamath Falls, Oregon)

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occurrence of an Event of Default and shall be automatically revoked upon acceleration of all or part of the Indebtedness.

THIS INSTRUMENT IS INTENDED ALSO AS A FIXTURE FILING AND IS TO BE INDEXED NOT ONLY AS A DEED OF TRUST BUT ALSO AS A FIXTURE FILING.

DEFINITIONS. The following words shall have the following meanings when used in this instrument. Terms not otherwise defined in this instrument shall have the meanings attributed to such terms in the Uniform Commercial Code. All references to dollar amounts shall mean amounts in lawful money of the United States of America.

Beneficiary. The word "Beneficiary" means the beneficiary identified above and its successors and assigns. Beneficiary is also referred to as Lender in this instrument.

Borrower. The word "Borrower" means the borrower identified above.

Deed of Trust. The words "Deed of Trust" mean this instrument among Grantor, Lender, and Trustee, and includes without limitation all assignment and security interest provisions relating to the Personal Property and Rents.

Grantor. The word "Grantor" means the grantor identified above.

Guarantor. The word "Guarantor" means and includes without limitation each and all of the guarantors, sureties, and accommodation parties in connection with the Indebtedness.

Improvements. The word "Improvements" means and includes without limitation all existing and future improvements, fixtures, buildings, structures, additions and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal and interest payable under the Note and all other credit facilities from Lender to Borrower and any amounts expended or advanced by Lender to discharge obligations of Borrower or Grantor or expenses incurred by Lender to enforce obligations of Borrower or Grantor under this Agreement or any of the Related Documents, together with interest on such amounts as provided in the Note. The word "Indebtedness" also includes all other obligations, debts, and liabilities of Borrower or Grantor to Lender, or any one or more of them, as well as all claims by Lender against Borrower or Grantor, or any one or more of them; that are now or hereafter existing, voluntary or involuntary, due or not due, absolute or contingent, liquidated or unliquidated, whether Borrower or Grantor may be liable individually or jointly with others, whether Borrower or Grantor may be obligated as a guarantor, surety, or otherwise, whether recovery upon such Indebtedness may be or hereafter may become barred by any statute of limitations, and whether such Indebtedness may be or hereafter may become otherwise unenforceable and includes all additional sums due Lender under the terms of the Note.

Lender. The word "Lender" means the lender identified above and its successors and assigns.

Loan Agreement. The words "Loan Agreement" mean the Loan Agreement dated on or about October 5, 2016, between Borrower and Lender, together with all amendments thereto, and unless the context indicates otherwise, all other ancillary document associated with the Loan as defined therein.

Note. The word "Note" means the Amended and Restated Term Loan Promissory Note dated on or about March 31, 2017, in the principal amount of \$5,750,000.00 from Borrower to Lender, together with all renewals, extensions, modifications, refinancings, and substitutions for the Note. The maturity date of the Note, if not sooner paid, is October 3, 2021.

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property, together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property, and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the property, interests, and rights described above in the "Conveyance and Grant" section.

Related Documents. The words "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan agreements, guaranties, security agreements, mortgages, deeds of trust, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

Trustee. The word "Trustee" means the trustee identified above and any substitute or successor trustees.

THIS INSTRUMENT, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND (2) PERFORMANCE OF ANY AND ALL OBLIGATIONS OF GRANTOR UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS INSTRUMENT. THIS INSTRUMENT IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

BORROWER'S WAIVERS AND RESPONSIBILITIES. Except as otherwise required under this instrument or by applicable law, (a) Borrower agrees that Lender need not tell Borrower about any action or inaction Lender takes in connection with this instrument, (b) Borrower assumes the responsibility for being and keeping informed about the Property, and (c) Borrower waives any defenses that may arise because of any action or inaction of Lender, including without limitation any failure of Lender to realize upon the Property or any delay by Lender in realizing upon the Property, and Borrower agrees to remain liable under the Note no matter what action Lender takes or fails to take under this instrument.

GRANTOR'S WAIVERS. Grantor waives all rights or defenses arising by reason of any "one action" or "anti-deficiency" law, or any other law that may prevent Lender from bringing any action against Grantor, including a claim for deficiency to the extent Lender is otherwise entitled to a claim for deficiency, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale. Grantor waives any defenses that may arise because of any action or inaction of Lender, including without limitation any failure of Lender to realize upon the Property or any delay by Lender in realizing upon the Property. Grantor waives all requirements of presentment, protest, demand, and notice of dishonor or nonpayment to Grantor, Borrower, or any other party to the Indebtedness or the Property. With respect to any obligation of Borrower and without first obtaining the written consent of Grantor, Lender may (a) grant any extension of time for any payment, (b) grant any renewal, (c) permit any modification of payment terms or other terms, or (d) exchange or release any Property or other security. No such act or failure to act shall affect Lender's rights against Grantor or the Property. If now or hereafter (a) Borrower shall be or become insolvent and (b) the Indebtedness shall not at all times until paid be fully secured by collateral pledged for the Indebtedness, Grantor hereby forever waives and relinquishes in favor of Lender and Borrower and their respective successors any claim or right to payment Grantor may now have or hereafter have or acquire against Borrower, by subrogation or otherwise, so that at no time shall Grantor be or become a "creditor" of Borrower within the meaning of 11 USC Section 547(b) or any successor provision of the federal bankruptcy laws.

GRANTOR'S REPRESENTATIONS AND WARRANTIES. Grantor warrants that Grantor has the full power and right to enter into this instrument and to hypothecate the Property for the Indebtedness. Grantor is granting this instrument at the request of Borrower and not at the request of Lender. Grantor has the means to remain informed concerning Borrower's financial condition, and Grantor agrees that Lender has no obligation whatsoever to inform Grantor of Borrower's financial condition or performance of the Note and Related Documents.

PAYMENT AND PERFORMANCE. Except as otherwise provided in this instrument, Grantor shall pay to Lender all Indebtedness secured by this instrument as it becomes due, and Grantor shall strictly perform all of Grantor's obligations under the Note, this instrument, and the Related Documents.

CROSS-COLLATERALIZATION. In addition to the promissory note and other documents referenced in the definition of Related Documents set forth above, this instrument secures all obligations, debts, and liabilities, plus interest thereon and all other amounts identified in the Related Documents, owed by Grantor, Guarantor, or any affiliates thereof to Lender as well as all claims by Lender against Grantor, Guarantor, or any one or more of them or any affiliates thereof (including without limitation all loan identified in the definition of Note above), whether now existing or hereafter arising, whether related or unrelated to the purpose of the promissory note, whether voluntary or otherwise, whether due or not due, direct or indirect, absolute or contingent, liquidated or unliquidated, and whether Grantor, Guarantor, any affiliates thereof, or any one or more of them may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party, or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (a) remain in possession and control of the Property, (b) use, operate or manage the Property, and (c) collect any Rents from the Property. The following provisions relate to the use of the Property or to other limitations on the Property.

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.

Duty to Maintain. Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Hazardous Substances. The terms "hazardous waste," "hazardous substance," "disposal," "release," and "threatened release," as used in this instrument, shall have the same meanings as set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 USC Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99 499 ("SARA"), the Hazardous Materials Transportation Act, 49 USC Section 1801, et seq., the Resource Conservation and Recovery Act, 49 USC Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant to any of the foregoing. Except as disclosed to Lender in Grantor's [INSERT NAME AND DATE OF REPORT, IF ANY], and as otherwise disclosed to and acknowledged by Lender in writing or except in the ordinary course of business and in full compliance with all applicable laws, Grantor represents, warrants, and agrees to and with Lender that (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of, or release any hazardous waste or substance on, under, or about the Property and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation those laws, regulations, and ordinances described above. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests as Lender may deem appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other

person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for hazardous waste. Grantor hereby (a) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws to the extent that the claim arises from activities on the Property after the date of this instrument and (b) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring after the date of this instrument. Grantor agrees to immediately notify Lender if Grantor becomes aware of (a) any Hazardous Substances or other environmental problem or liability with respect to the Property, or any adjacent property, or (b) any lien, action or notice of any governmental authority related to Hazardous Substances. At its own cost, Grantor will take all actions which are necessary or desirable to clean up any Hazardous Substances affecting the Property, including removal, containment, or any other remedial action required by applicable governmental authorities. The provisions of this section of the Deed of Trust, including the obligation to indemnify, shall survive the payment of the Indebtedness and the satisfaction and reconveyance of the lien of this instrument and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Specifically without limitation, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), soil, gravel, or rock products without the prior written consent of Lender.

Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property without the prior written consent of Lender. As a condition to the removal of any Improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

Lender's Right to Enter. Lender and its agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Property for purposes of Grantor's compliance with the terms and conditions of this instrument.

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon nor leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

Access Laws. Grantor agrees that Grantor and the Property shall at all times strictly comply with the requirements of the federal Americans with Disabilities Act of 1990; the federal Fair Housing Amendments Act of 1988; and other federal, state, or local laws or ordinances related to disabled access; or any statute, rule, regulation, ordinance, order of governmental bodies and regulatory agencies, or order or decree of any court adopted or enacted with respect thereto, as now existing or hereafter amended or adopted (collectively "Access Laws"). At any time, Lender may require a certificate of compliance with the Access Laws and an indemnification agreement in a form reasonably acceptable to Lender. Lender may also require a certificate of compliance with the Access Laws from an architect, engineer, or other third party acceptable to Lender. Notwithstanding any provisions set forth herein or in any other document, Grantor shall not alter or permit any other person to alter the Property in any manner that would increase Grantor's responsibilities for compliance with the Access Laws without the prior written approval of Lender. In connection with such approval, Lender may require a certificate of compliance with the Access Laws from an architect, engineer, or other person acceptable to Lender. Grantor agrees to give prompt written notice to Lender of the receipt by Grantor of any claims of violation of any Access Laws and of the commencement of any proceedings or investigations that relate to compliance with any of the Access Laws. Grantor shall indemnify, defend, and hold harmless Lender from and against any and all claims, demands, damages, costs, expenses, losses, liabilities, penalties, fines, and other proceedings including without limitation reasonable attorney fees and expenses arising directly or indirectly from or out of or in any way connected with any failure of the Property to comply with any Access Laws. The obligations and liabilities of Grantor under this section shall survive any termination, satisfaction, assignment, judicial or nonjudicial foreclosure proceeding, or delivery of a deed in lieu of foreclosure.

Reappraisals. Lender shall have the right to obtain at Grantor's cost and expense reappraisals of the Property from any licensed or certified appraiser designated by Lender, from time to time (a) whenever such reappraisal may be required by any law, rule, or regulation applicable to the conduct of Lender's business, or may be requested or directed by any governmental authority charged with the administration of such law, rule, or regulation or Lender's compliance therewith, whether or not such request or direction has the force of law, (b) whenever required to comply with Lender's policies concerning appraisals, or (c) whenever reasonably deemed appropriate by Lender following the occurrence or during the continuation of an Event of Default. Lender may use the results of such reappraisal to evaluate and restructure such loan or loans if necessary in Lender's reasonable discretion.

DUE ON SALE OR ENCUMBRANCE - CONSENT BY LENDER. Except as otherwise provided herein, Lender may, at its option, (a) declare immediately due and payable all sums secured by this instrument or (b) increase the interest rate provided in the Note or other document evidencing the indebtedness and impose such other conditions as Lender deems appropriate, upon the sale or transfer, without the Lender's prior written consent which consent shall not be unreasonably withheld, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title, or interest therein, whether legal or equitable, whether voluntary or involuntary, whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than five years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of Real Property interest. An "encumbrance" is any lien, deed of trust, mortgage, or other instrument by which the Real Property is encumbered voluntarily or involuntarily. If any Grantor

is a corporation or partnership or limited liability company, transfer also includes any change in ownership of more than 25% of the voting stock or partnership interests or membership interests, as the case may be, of Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or if such transfer involves a transfer among the partners of the Borrower or a transfer from any such partner to his or her heirs. In addition, this option shall not apply to the extent that a transfer of the Real Property is to a person who is an original guarantor of the Indebtedness if Lender is given prior notice thereof and Lender thereafter determines in its sole discretion that its interests are not materially affected thereby.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are a part of this instrument.

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this instrument, except for the lien of taxes and assessments not due, except for the existing indebtedness referred to below, and except as otherwise provided in this instrument.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen days after the lien arises or, if a lien is filed, within fifteen days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorney fees or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least fifteen days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials and the cost exceeds \$5,000. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this instrument.

Maintenance of Insurance. Grantor shall procure and maintain policies of insurance in full compliance with Lender's insurance requirements as set forth on Schedules A-1 and A-2 attached hereto and incorporated by this reference.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property if the estimated cost of repair or replacement exceeds \$25,000. Lender may make proof of loss if Grantor fails to do so within fifteen days of the casualty. If this instrument is not in default for any reason other than damage to or loss of the Property, and if the estimated value (as determined by Lender in its reasonable discretion) of the Property after repair, restoration, or replacement is equal to or greater than the value of the Property on the date of this instrument, Grantor shall be entitled to use and apply the proceeds to the repair, restoration, and replacement of the Property. In so doing, Grantor and Lender shall cooperate in creating a construction escrow account to be used for periodic construction disbursements as construction progresses, all in a manner satisfactory to Lender and consistent with Lender's ordinary construction disbursement procedures. Without limitation, Lender may impose commercially reasonable requirements for disbursement, such as use of joint payee checks or requiring requests for disbursements to be accompanied by lien waivers, in order to insure lien free reconstruction of the Property. If this instrument is in default for any reason other than damage to the Property, or if the estimated value (as determined by Lender in its reasonable discretion) of the Property after repair, restoration, or replacement is less than the value of the Property on the date of this instrument, Lender may, at its written election, receive and retain the proceeds and apply the same to the reduction of the Indebtedness and/or the payment of any lien affecting the Property.

Unexpired Insurance at Sale. Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property covered by this instrument at any trustee's sale or other sale held under the provisions of this instrument, or at any foreclosure sale of such Property.

Grantor's Report on Insurance. Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing (a) the name of the insurer, (b) the risks insured, (c) the amount of the policy, (d) the property insured, the then current replacement value of such property, and the manner of determining that value, and (e) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

WARNING

Unless Grantor provides Lender with evidence of the insurance coverage as required herein, Lender may purchase insurance at Grantor's expense to protect Lender's interest. This insurance may, but need not, also protect Grantor's interest. If the Property becomes damaged, the coverage Lender purchases may not pay any claim Grantor makes or any claim made against Grantor. Grantor may later cancel this coverage by providing evidence that Grantor has obtained property coverage elsewhere.

Grantor is responsible for the cost of any insurance purchased by Lender. The cost of this insurance may be added to the Note balance. If the cost is added to the Note

balance, the interest rate on the Note will apply to this added amount. The effective date of coverage may be the date Grantor's prior coverage lapsed or the date Grantor failed to provide proof of coverage.

The coverage Lender purchases may be considerably more expensive than insurance Grantor can obtain on Grantor's own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

TAX AND INSURANCE RESERVES. Subject to any limitations set by applicable law and if Grantor fails to pay any taxes, assessments or insurance when due, Lender may require Grantor to maintain with Lender reserves for payment of annual taxes, assessments, and insurance premiums, which reserves shall be created by advance payment or monthly payments of a sum estimated by Lender to be sufficient to produce, at least fifteen days before due, amounts at least equal to the taxes, assessments, and insurance premiums to be paid. If fifteen days before payment is due the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit from Grantor, which Lender may satisfy by payment of the taxes, assessments, and insurance premiums required to be paid by Grantor as they become due. Lender shall have the right to draw upon the reserve funds to pay such items, and Lender shall not be required to determine the validity or accuracy of any item before paying it. Nothing in the Deed of Trust shall be construed as requiring Lender to advance other monies for such purposes, and Lender shall not incur any liability for anything it may do or omit to do with respect to the reserve account. Subject to any limitations set by applicable law, if the reserve funds disclose a shortage or deficiency, Grantor shall pay such shortage or deficiency as required by Lender. All amounts in the reserve account are hereby pledged to further secure the Indebtedness, and Lender is hereby authorized to withdraw and apply such amounts on the Indebtedness upon the occurrence of an Event of Default. Lender shall not be required to pay any interest or earnings on the reserve funds unless required by law or agreed to by Lender in writing. Lender does not hold the reserve funds in trust for Grantor, and Lender is not the agent of Grantor for payment of the taxes and assessments required to be paid by Grantor. If any of the foregoing provisions of this section are inconsistent with the reserve provisions of the Loan Agreement, the reserve provisions of the Loan Agreement shall govern.

EXPENDITURES BY LENDER. If Grantor fails to comply with any provision of this instrument, or if any action or proceeding is commenced that would materially affect Lender's interests in the Property, Lender on Grantor's behalf may, but shall not be required to, take any action that Lender deems appropriate. Any amount that Lender expends in so doing will bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses, at Lender's option, will (a) be payable on demand, (b) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy or (2) the remaining term of the Note, or (c) be treated as a balloon payment which will be due and payable at the Note maturity. This instrument also will secure payment of these amounts. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which Lender may be entitled on account of the default. Any such action by Lender shall not be construed as curing the default so as to bar Lender from any remedy that it otherwise would have had.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this instrument.

Title. Grantor warrants that (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this instrument, and (b) Grantor has the full right, power, and authority to execute and deliver this instrument to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Lender under this instrument, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance with Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this instrument.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property. However, Borrower shall be entitled to use the proceeds of any condemnation award to repair or restore the Property in a manner satisfactory to Lender if (a) Borrower is not otherwise in default under this instrument and (b) upon completion of such repair or restoration, the value of the Property (as determined by Lender in its reasonable discretion) is no less than the value of the Property on the date of this instrument. If the proceeds are applied to repair or restoration, Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this instrument. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorney fees, of both the Trustee and Lender in connection with the condemnation.

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments as may be requested by it from time to time to permit such participation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this instrument:

Current Taxes, Fees, and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this instrument and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this instrument, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this instrument.

Taxes. The following shall constitute taxes to which this section applies: (a) a specific tax upon this type of Deed of Trust or upon all or any part of the Indebtedness secured by this instrument, (b) a specific tax on Borrower which Borrower is authorized or required to deduct from payments on the Indebtedness secured by this type of Deed of Trust, (c) a tax on this type of Deed of Trust chargeable against the Lender or the holder of the Note, and (d) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Borrower.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this instrument, this event shall have the same effect as an Event of Default (as defined below), and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (a) pays the tax before it becomes delinquent or (b) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this instrument as a security agreement are a part of this instrument.

Security Agreement. This instrument shall constitute a security agreement to the extent any of the Property constitutes fixtures or other personal property, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Grantor authorizes Lender to file any number of financing statements and take whatever other action is required by Lender to perfect and continue Lender's security interest in the fixtures, Rents, and Personal Property. In addition to recording this instrument in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this instrument as a financing statement. Upon default, Grantor shall assemble the Personal Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three days after receipt of written demand from Lender.

Addresses. The mailing addresses of Grantor (debtor) and Lender (secured party), from which information concerning the security interest granted by this instrument may be obtained (each as required by the Uniform Commercial Code), are as stated on the first page of this instrument.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this instrument.

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (a) the obligations of Grantor and Borrower under the Note, this instrument, and the Related Documents, and (b) the liens and security interests created by this instrument on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or agreed to the contrary by Lender in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Borrower pays all the Indebtedness when due and otherwise performs all the obligations imposed upon Grantor under this instrument, Lender shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Grantor shall pay Lender a reasonable reconveyance fee for the reconveyance, as established by the Trustee's standard and customary fee schedule. The grantee in any such reconveyance may be described as the "person or persons legally entitled thereto." The provisions of this section are in addition to the rights set forth in the **PARTIAL RELEASES** section above whereby on certain conditions Grantor may be entitled to a reconveyance of this instrument.

EVENTS OF DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this instrument (capitalized terms may be defined in the Loan Agreement or other Related Documents):

Default on Indebtedness. Borrower fails to make any payment when due under the Note or Indebtedness, and such default shall not have been cured within ten (10) days after the same becomes due.

Other Default. Failure of Borrower or Grantor to comply with or to perform when due any other term, obligation, covenant, or condition contained in this instrument or in any of the Related Documents. If any failure other than a failure to pay money is curable, it may be cured (and no Event of Default will have occurred) if Borrower or Grantor, as the case may be, after delivery of written notice from Lender demanding cure of such failure (a) cures the failure within twenty (20) days.

Breaches. Any warranty, representation, or statement made or furnished to Lender by or on behalf of Borrower or Grantor under this instrument or the Related Documents is, or at the time made or furnished was, false in any material respect.

Cross-Default. Failure of Borrower, Grantor, Guarantor, or any affiliate thereof to comply with or to perform when due any term, obligation, covenant, or condition contained in any instrument or agreement with Lender relating to the Indebtedness.

Default under Loan Agreement. The occurrence of an Event of Default as set forth in the Loan Agreement.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession, or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts with Lender. This Event of Default shall not apply, however, if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim that is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender funds or a surety bond for the creditor or forfeiture proceedings, in an amount determined by Lender in its sole discretion as being an adequate reserve or bond for the dispute.

Sale of Property. Except as otherwise provided in this instrument, sale, transfer, hypothecation, assignment, or conveyance of the Property or any portion thereof or interest therein by Borrower or Grantor to a third party without the prior written consent of Lender, which consent may be withheld in Lender's sole and absolute discretion.

Other Liens or Encumbrances. There shall exist any mortgage, security interest, charge or any mechanics, materialmen, laborers, tax, statutory, or other lien or charge on the Property prior to, on a parity with or junior to, the lien and security interest of this instrument except liens for taxes and assessments not yet payable or payable without penalty so long as payable, without the prior written consent of Lender, which consent may be withheld in Lender's sole and absolute discretion.

Condemnation. All or any material portion of the collateral for the Indebtedness is condemned, seized, or appropriated without compensation and Borrower or Grantor shall not, within thirty days after such condemnation, seizure, or appropriation, initiate and thereafter diligently prosecute appropriate action to contest in good faith the validity of such condemnation, seizure, or appropriation.

Events Affecting Guarantor. Any Guarantor seeks, claims, or otherwise attempts to limit, modify, or revoke the Guarantor's guaranty with Lender or any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any Event of Default and at any time thereafter, Trustee or Lender, at its option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Lender shall have the right at its option to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Borrower would be required to pay.

Foreclosure. With respect to all or any part of the Real Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law. If this instrument is foreclosed by judicial foreclosure, Lender will be entitled to a judgment which will provide that if the foreclosure sale proceeds are insufficient to satisfy the judgment, execution may issue for the amount of the unpaid balance of the judgment.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Collect Rents. Lender shall have the right, with notice to Grantor as required above, to take possession of and manage the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (a) pay a reasonable rental for the use of the Property or (b) vacate the Property immediately upon the demand of Lender.

Other Remedies. Trustee or Lender shall have any other right or remedy provided in this instrument or the Note or by law.

Notice of Sale. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at

least ten days before the time of the sale or disposition. Any sale of Personal Property may be made in conjunction with any sale of the Real Property.

Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all rights to have the Property marshalled. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Waiver; Election of Remedies. A waiver by any party of a breach of a provision of this instrument shall not constitute a waiver of or prejudice the party's rights otherwise to demand strict compliance with that provision or any other provision. Election by Lender to pursue any remedy provided in this instrument, the Note, in any Related Document, or provided by law shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this instrument after failure of Grantor to perform shall not affect Lender's right to declare a default and to exercise any of its remedies.

Attorney Fees and Expenses. Whether or not any court action is involved, all reasonable expenses incurred by Lender which in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorney fees whether or not there is a lawsuit, including attorney fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law. If Lender institutes any suit or action in court to enforce any of the terms of this instrument, the losing party agrees to pay such sum as the court may adjudge reasonable as the prevailing party's attorney fees at trial and on any appeal.

Rights of Trustee. Trustee shall have all of the rights and duties of Lender as set forth in this section.

POWERS AND OBLIGATIONS OF TRUSTEE. The following provisions relating to the powers and obligations of Trustee are part of this instrument.

Powers of Trustee. In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the written request of Lender and Grantor: (a) join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public, (b) join in granting any easement or creating any restriction on the Real Property, and (c) join in any subordination or other agreement affecting this instrument or the interest of Lender under this instrument.

Obligations to Notify. Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Lender, or Trustee shall be a party, unless the action or proceeding is brought by Trustee.

Trustee. Trustee shall meet all qualifications required for Trustee under applicable law. In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

Successor Trustee. Lender, at Lender's option, may from time to time appoint a successor Trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Lender and recorded in the office of the recorder of the county in which the Real Property is situated. The instrument shall contain, in addition to all other matters required by state law, the names of the original Lender, Trustee, and Grantor, the book and page or the Auditor's file number where this instrument is recorded, and the name and address of the successor trustee, and the instrument shall be executed and acknowledged by Lender or its successors in interest. The successor trustee, without conveyance of the Property, shall succeed to all the title, power, and duties conferred upon the Trustee in this instrument and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

NOTICES TO GRANTOR AND OTHER PARTIES. Any under this instrument shall be in writing and shall be effective when actually delivered or, if mailed, shall be deemed effective when deposited in the United States mail first class, certified or registered mail, postage prepaid, directed to the addresses shown near the beginning of this instrument. Any party may change its address for notices under this instrument by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. All copies of notices of foreclosure from the holder of any lien which has priority over this instrument shall be sent to Lender's address, as shown near the beginning of this instrument. For notice purposes, Grantor agrees to keep Lender and Trustee informed at all times of Grantor's current address.

LIENS AND LIABILITIES. The following provisions relating to liens and liabilities are a part of this instrument:

Discharge of Liens. Grantor will pay, bond, or otherwise discharge, from time to time when the same shall become due, all claims and demands of mechanics, materialmen, laborers, and others which, if unpaid, might result in, or permit the creation of, a lien on the Property, or on the revenues, rents, issues, income, or profits arising therefrom and, in general, Grantor shall do, or cause to be done, at Grantor's sole cost and expense, everything necessary to fully preserve the lien and priority of this instrument; provided, however, that so long as an Event of Default shall not have occurred and be continuing hereunder, Grantor shall have the right to contest or object to the amount or validity of any such claim and demand by appropriate administrative or judicial proceedings, in which event the following provisions shall apply: (a) Grantor shall give Lender written notice of Grantor's intent to so contest or object to such claim or demand, (b) Grantor shall thereafter diligently proceed to cause such claim or demand to be removed and discharged, and (c) Grantor, if requested by Lender, shall deposit with Lender a bond or other assurance reasonably satisfactory to Lender in such amounts as Lender shall reasonably require, but not

more than 150% of the amount of the claim(s) or demand(s) plus costs, expenses, including reasonable attorney fees, and interest.

Creation of Liens. Except as otherwise set forth herein and except with regard to a subordinate lien in favor of Lender for temporary financing and any permanent financing in replacement thereof, Grantor will not, without Lender's consent, create, place, or permit to be created or placed, or through any act or failure to act, acquiesce in the placing of, or allow to remain, any deed of trust, mortgage, voluntary or involuntary lien, whether statutory, constitutional or contractual (except for normal ad valorem real property taxes which are not yet due and payable), security interest, encumbrance or charge, or conditional sale or other title retention document, against or covering the Property, prior to, on par with or subordinate to the lien of this instrument. If any of the foregoing becomes attached to the Property without such consent, Grantor will promptly cause the same to be discharged and released.

No Consent. Nothing in the Loan Documents shall be deemed or construed in any way as constituting the consent or agreement by Trustee or Lender, express or implied, to pay any contractor, subcontractor, laborer, mechanic or materialman for the performance of any labor or the furnishing of any material for any improvement, construction, alteration or repair of the Property, or to constitute any such person as a beneficiary of any obligation Lender may incur to Grantor concerning such matters, or to create a trust fund for any such person. Grantor further agrees that neither Trustee nor Lender stands in any fiduciary relationship to Grantor.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this instrument:

Amendments. This instrument, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this instrument. No alteration of or amendment to this instrument shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Accounts and Records. Grantor will maintain a standard modern system of accounting administered in accordance with the accounting standards set forth in the Loan Agreement. Lender shall have the right to examine the books of account of Grantor to the extent that they pertain to this instrument and the Property, and to discuss the affairs, finances, and accounts of Grantor to such extent, all at such reasonable times and intervals as Lender may desire. Grantor will furnish to Lender such financial statements and records required by Lender and as otherwise specified in the Related Documents.

Governing Law. This instrument shall be governed by, construed and enforced in accordance with the laws of Oregon to the extent of procedural matters related to the perfection and enforcement by Lender of its rights and remedies against the Property. The loan transaction evidenced by the Note and this instrument (which secures the Note) has been applied for, considered, approved, and made in Hawaii. **EXCEPT AS NECESSARY FOR ENFORCEMENT OF LENDER'S RIGHTS IN OREGON UNDER THIS INSTRUMENT, IF THERE IS A LAWSUIT GRANTOR AND BORROWER AGREE UPON LENDER'S REQUEST TO SUBMIT TO THE JURISDICTION OF THE APPROPRIATE STATE OR FEDERAL COURT SITTING IN HONOLULU, HAWAII. LENDER, GRANTOR, AND BORROWER HEREBY WAIVE**

THE RIGHT TO ANY JURY TRIAL IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER LENDER, GRANTOR, OR BORROWER AGAINST THE OTHER.

Multiple Parties. All obligations of Grantor and Borrower under this Assignment shall be joint and several, and all references to Grantor shall mean each and every Grantor, and all references to Borrower shall mean each and every Borrower. This means that each of the persons signing below is responsible for all obligations in this Assignment.

Caption Headings. Caption headings in this instrument are for convenience purposes only and are not to be used to interpret or define the provisions of this instrument.

Lender's Right to Sell Participations in the Loan. Lender may at any time sell, assign, transfer, negotiate, grant participations in, or otherwise dispose of, to any one or more other lenders (hereinafter called "Participants") all or any part of the indebtedness of Grantor at any time outstanding under the Note, this instrument, or any of the Related Documents (collectively "Loan Documents"). Grantor acknowledges and agrees that any such disposition will give rise to an obligation of Grantor to each Participant and that, in such event, each Participant shall, for all purposes hereof, be entitled to the benefits of the Loan Documents and all other documents, instruments, and agreements therein described, as its interest may appear. Grantor shall, from time to time at the request of Lender, execute and deliver, or cause to be executed and delivered, to Lender or to such party or parties (including any Participant) as Lender may designate, any and all such further instruments as may in the opinion of Lender be necessary or desirable to give full force and effect to such disposition, including, but not limited to, a new note or new notes to be issued in exchange for the Note and such estoppel certificates or other instruments as may be requested from Grantor to evidence the continuing validity of the Loan Documents and the absence of any default by Lender thereunder. Notwithstanding the foregoing, Grantor acknowledges that no Participant shall be deemed a direct lender or co-lender with Lender.

Merger. There shall be no merger of the interest or estate created by this instrument with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Authority of Signer. Where any one or more of the parties are corporations or partnerships or limited liability companies, it is not necessary for Lender to inquire into the powers of any of the parties or of the officers, directors, partners, agents, managers or members acting or purporting to act on their behalf.

Severability. If a court of competent jurisdiction finds any provision of this instrument to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity, but if the offending provision cannot be so modified, it shall be stricken and all other provisions of this instrument in all other respects shall remain valid and enforceable.

Successors and Assigns. Subject to the limitations stated in this instrument on transfer of Grantor's interest, this instrument shall be binding upon and inure to the benefit of the parties,

their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this instrument and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this instrument or liability under the Indebtedness.

Time of the Essence. Time is of the essence in the performance of this instrument.

Waivers and Consents. Lender shall not be deemed to have waived any rights under this instrument (or under the Related Documents) unless such waiver is in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by any party of a provision of this instrument shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. No prior waiver by Lender, nor any course of dealing between Lender and Grantor or Borrower, shall constitute a waiver of any of Lender's rights or any of Grantor or Borrower's obligations as to any future transactions. Whenever consent by Lender is required in this instrument, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required.

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of Oregon as to all Indebtedness secured hereby.

COMMERCIAL DEED OF TRUST. Grantor agrees with Lender that this instrument is a commercial deed of trust and that Grantor will not change the use of the Property without Lender's prior written consent.

[Signature page follows]

BORROWER AND GRANTOR ACKNOWLEDGE HAVING READ ALL THE PROVISIONS OF THIS INSTRUMENT AND EACH AGREES TO ITS TERMS, JOINTLY AND SEVERALLY.

Borrower

KAZI RESTAURANTS OF HAWAII, INC.,
a Hawaii corporation

By: [Signature]
Name: Zubair Kazi
Title: President

Grantor

KAZI MANAGEMENT VI, LLC,
a Virgin Islands limited liability company

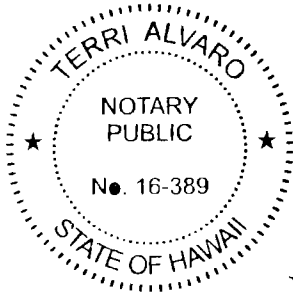
By: [Signature]
Name: Zubair Kazi
Title: Manager

KAZI FOODS CORP. OF HAWAII,
a Hawaii corporation

By: [Signature]
Name: Zubair Kazi
Title: President

STATE OF HAWAII)
) ss.
CITY AND COUNTY OF HONOLULU)

On MAR 28 2017, 2017, before me personally appeared Zubair Kazi
_____, to me personally known, who, being by me duly sworn or affirmed, did
say that such person executed the foregoing instrument as the free act and deed of such person, and if
applicable in the capacity shown, having been duly authorized to execute such instrument in such
capacity.



Terri Alvaro
Printed Name: Terri Alvaro
Notary Public, State of Hawaii
My Commission Expires: NOV 20 2020

NOTARY CERTIFICATION
(Hawaii Administrative Rule § 5-11-8)

Document Identification or Description: DEED OF TRUST

Date of Document: Undated

No. of Pages: 40

First Circuit
(Jurisdiction of notary act)

Terri Alvaro

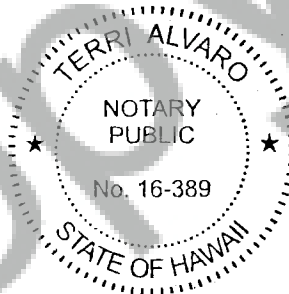
Signature of Notary

Terri Alvaro

Type or Print Name of Notary

MAR 28 2017

Date of Notary Certificate



(Official Stamp or Seal)

STATE OF HAWAII)
) ss.
CITY AND COUNTY OF HONOLULU)

On _____, 2017, before me personally appeared _____
_____, to me personally known, who, being by me duly sworn or affirmed, did
say that such person executed the foregoing instrument as the free act and deed of such person, and if
applicable in the capacity shown, having been duly authorized to execute such instrument in such
capacity.

Printed Name: _____
Notary Public, State of Hawai'i _____
My Commission Expires: _____

NOTARY CERTIFICATION
(Hawaii Administrative Rule § 5-11-8)

Document Identification or Description: DEED OF TRUST

Date of Document: _____ No. of Pages: _____

First Circuit
(Jurisdiction of notary act)

Signature of Notary

Type or Print Name of Notary

Date of Notary Certificate

(Official Stamp or Seal)

STATE OF HAWAII)
) ss.
CITY AND COUNTY OF HONOLULU)

On _____, 2017, before me personally appeared _____
_____, to me personally known, who, being by me duly sworn or affirmed, did
say that such person executed the foregoing instrument as the free act and deed of such person, and if
applicable in the capacity shown, having been duly authorized to execute such instrument in such
capacity.

Printed Name: _____
Notary Public, State of Hawaii _____
My Commission Expires: _____

NOTARY CERTIFICATION
(Hawaii Administrative Rule § 5-11-8)

Document Identification or Description: DEED OF TRUST

Date of Document: _____ No. of Pages: _____

First Circuit
(Jurisdiction of notary act)

Signature of Notary

Type or Print Name of Notary

Date of Notary Certificate

(Official Stamp or Seal)

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

To: _____, Trustee

The undersigned is the legal owner and holder of all Indebtedness secured by this instrument. You are hereby requested, upon payment of all sums owing to you, to reconvey without warranty, to the persons entitled thereto, the right, title and interest now held by you under the Deed of Trust.

Date: _____

Beneficiary _____
By _____
Its _____

Unofficial
Copy

Exhibit A
Legal Description

Lots 7 and 8 in Block 1 of TRACT 1174, COLLEGE INDUSTRIAL PARK, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

Lots 14 and 15 in Block 1 of TRACT 1174, COLLEGE INDUSTRIAL PARK, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon.

The NW 1/4 of the SW 1/4 of Section 17, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon. EXCEPTING THEREFROM that portion lying within TRACT 1174, COLLEGE INDUSTRIAL PARK, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

ALSO SAVING AND EXCEPTING that portion lying within the Uhrmann Road, Northern Heights Boulevard and Century Drive right of ways.

AND that portion of the SW 1/4 SW 1/4 of Section 17, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, lying Northwesterly of Northern Heights Boulevard.

TOGETHER WITH terms and provisions of an Agreement for Easement dated April 15, 1997 and recorded April 17, 1997 in Volume M97, page 11621, Microfilm Records of Klamath County, Oregon, wherein Danoc Corporation, an Oregon corporation is Grantor and Daryl J. Kollman and Marta C. Kollman are Grantees.

Schedule A-1
(Insurance Requirements for Real Estate Secured Non-Construction Loans)

This Schedule supplements and amends the instrument to which it is appended. To the extent of any conflict between this Schedule and the instrument, this Schedule shall control.

(A) General Requirements.

(1) **Maintain Insurance.** Unless otherwise agreed by Lender in writing, the Grantor will, during the term of this instrument (and for such longer periods of time as may be specified below), at Grantor's sole cost and expense and for the mutual benefit of the Grantor and the Lender, maintain policies of insurance in form and substance satisfactory to the Lender, and as further specified in this Schedule.

(2) **Qualifications of Insurers.** All insurance required under this Schedule shall be effected under valid and enforceable policies issued by insurance companies qualified to do business in Oregon and having a minimum A.M. Best rating of A-, VII or better or a minimum S&P rating of BBB+ or better, and, except as provided in the last sentence of this Section (A)(2), shall be otherwise satisfactory to the Lender. If flood insurance is required by law and, in its sole discretion, Lender agrees to accept flood coverage from a private insurer rather than through the National Flood Protection Program ("*NFIP*") direct program, such private insurers must comply with all existing and future laws, rules, regulations and guidelines having jurisdiction over the issuance of flood insurance, including without limitation the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973, the National Flood Insurance Reform Act of 1994, the Flood Insurance Reform Act of 2004, the Mandatory Purchase of Flood Insurance Guidelines, and any amendments thereto ("*Flood Insurance Laws*"). This instrument constitutes, and the Grantor hereby acknowledges, written notice from the Lender that THE LENDER MAY NOT MAKE THE GRANTING OF THE LOAN EVIDENCED BY THE NOTE CONTINGENT ON THE GRANTOR PROCURING ANY REQUIRED INSURANCE WITH AN INSURANCE COMPANY DESIGNATED BY THE LENDER.

(3) **Coverage.** Such policies shall cover (a) casualties, risks, perils, liabilities and other hazards as may currently be required by the Lender, and (b) such casualties, risks, perils, liabilities and other hazards which may, after the date of this instrument, be required by institutional lenders to be insured against with respect to properties similar to the improvements constructed and/or to be constructed on the encumbered Property, and all such policies shall expressly protect the Lender's interest, as required by the Lender. The Lender makes no representation that the coverages or limits of liability specified hereinbelow to be carried or caused to be carried by the Grantor or Grantor's agents pursuant to this Schedule are adequate to protect the Grantor or the encumbered Property, and the Grantor agrees that Grantor is not relying upon the Lender in deciding upon the scope and amounts of insurance coverage which the Grantor will obtain. The Grantor will consult with Grantor's own experts and consultants (including Grantor's own insurance broker) as to insurance coverage to protect the Grantor and the encumbered Property and will obtain such additional insurance coverages as the Grantor deems adequate and appropriate, all at the Grantor's sole expense.

(4) **Excess Insurance.** If the Grantor shall insure any of the encumbered Property against any other risks or causes of loss, or for amounts in excess of those required hereunder, all policies of such insurance shall similarly be made payable to and be claimable by the Lender, and, whether made so payable or not, the proceeds of such insurance may be recovered by the Lender by any appropriate proceeding.

(5) **Notice to Lender Etc.** All required policies shall contain a clause or provision or be specially endorsed to provide that the carrier shall give the Lender, Loss Payee and Additional Insureds not less than thirty days prior written notice of nonrenewal or cancellation of the policy (except as to cancellation for nonpayment of premium, in which case at least ten days prior written notice shall be required).

(6) **Evidence of Insurance.** No later than ten days prior to the closing date for the Loan and ten days prior to each renewal date of an existing policy during the term of the Loan, Grantor must deliver to Lender a detailed Evidence of Commercial Property Insurance on the ACORD 28 form, a Certificate of Liability Insurance on the ACORD 25 form and, if applicable, evidence of flood insurance as required by the Flood Insurance Laws, which currently require that a copy of the flood insurance application and premium payment or a copy of the declarations page be provided (collectively, referred to herein as "***Evidence of Insurance***"), all evidencing in detail all required coverages, extensions of coverage and special provisions specified in this Schedule and properly executed by an authorized representative of the insurer. Each Evidence of Insurance shall specifically state in the "Remarks Section" that each required policy has been endorsed or contains a clause or provision obligating the insurer to mail thirty days prior written notice of nonrenewal or cancellation (or ten days as to cancellation for nonpayment of premium) to the Lender at the address shown on the Evidence of Insurance. Lender may, in its sole discretion, require that copies of all required policies with appropriate endorsements and certified by Grantor's insurance broker as being true and correct copies thereof be delivered to Lender: (a) as to existing policies, no later than ten days prior to the closing date for the Loan and ten days prior to each renewal date of an existing policy during the term of the Loan, and (b) as to new policies and/or endorsements obtained in connection with the Loan or during the term of the Loan, within sixty days after the closing date for the Loan or after the effective date of the new policy and/or endorsements obtained during the term of the Loan. If requested by Lender, such policies and/or Evidence of Insurance must be accompanied by a letter, in form and substance satisfactory to the Lender, from the Grantor's insurance broker, stating that the insurance policies obtained by the Grantor satisfy the requirements contained in this Schedule. Notwithstanding the foregoing, Lender shall not be deemed by reason of the custody of such insurance policies or Evidence of Insurance to have knowledge of the contents thereof.

(7) **Force Placement of Insurance.** If the Grantor fails to obtain any of the insurance required by this Schedule (including, without limitation, any flood insurance now or hereafter required by the Flood Insurance Laws), the Lender shall have the right, but (except as otherwise required by law) not the obligation, to purchase (i.e. force place) such required insurance without prior written notice (except as to flood insurance only in which case forty-five days notice to the Grantor shall first be given if and as required by law), and the Grantor shall pay to the Lender, upon demand, the premiums paid by the Lender for such insurance and all of the Lender's fees, costs and expenses incurred in connection therewith, together with interest at the Default Rate set forth in the Loan Agreement. The Lender shall not be responsible for any such insurance or for the collection of any insurance proceeds or for the insolvency of any insurer or insurance underwriter. Any insurance force placed by Lender may be for the Lender's benefit only and may not provide protection or coverage for the Grantor, even though the Grantor is required to reimburse the cost of the insurance to the Lender. Notwithstanding anything to the contrary in the Loan Documents, no additional advance, extension, renewal or other modification prohibited under the Flood Insurance Laws shall be granted to Grantor during any such time that flood insurance has been force placed by Lender pursuant to this provision.

(8) **Lender Protection.** All such policies or other contracts for such insurance shall provide that the insurance shall not be invalidated as to the interest of the Lender by any act, failure to act, or neglect of or violation of warranties, declarations or conditions contained in such policies by any person owning the property insured, or by any foreclosure or other proceedings, or notice of sale, or by any change in the title or ownership of the insured properties, or by occupation of any insured structures for purposes more hazardous than permitted by such policy or contract.

(9) **Blanket Insurance Policies.** Any insurance maintained on the encumbered Property may be evidenced by blanket insurance policies covering the premises and other properties or assets of Grantor or Grantor's affiliates provided that such policies shall in all other respects comply with the requirements of this Schedule and also provided that the Lender determines, in its reasonable discretion, that such blanket policies are otherwise satisfactory to Lender.

(10) **Lender Consent for Settlement of Claims.** The Grantor shall not settle any claim or accept any proceeds in satisfaction of any claim involving damage to the improvements or liability of the Lender, without the Lender's express prior written consent, which consent shall not be unreasonably withheld or delayed.

(B) **Coverages.** Without limiting the generality of Section (A) above, the Grantor shall, at a minimum, maintain or cause to be maintained the following insurance coverages, unless otherwise agreed by Lender in writing:

(1) **Property Insurance.** Policies covering the following causes of loss and providing the following coverages:

(a) **Commercial Property Insurance Policy.** A policy or policies of commercial property insurance covering the encumbered Property which provides coverage, at a minimum, equivalent to that provided under an Insurance Service Office ("*ISO*") Commercial Property policy containing the Building and Personal Property coverage form (CP0010) together with a Special Causes of Loss form (CP1030) and which have been endorsed to include coverage for outdoor properties consisting of, but not limited to, fences, retaining walls, paved surfaces and the like, and, if required by Lender, landscaping to include trees, shrubs and plants (buildings, business/personal property, outdoor properties and landscaping being herein collectively referred to as the "*Insured Property*") in amounts not less than the full replacement cost of all Insured Property. The term "full replacement cost" shall mean the actual cost to replace the Insured Property without deduction for depreciation, and inclusive of architectural, design and engineering fees necessary to rebuild, replace or repair damage to the Insured Property and including debris removal of such damaged Insured Property. Each policy shall provide Replacement Cost coverage and have the Agreed Value Clause activated, contain an Agreed Value endorsement or otherwise have any co-insurance clause deleted. Further, each such policy shall contain a Joint or Disputed Loss Agreement endorsement.

(b) **Windstorm Policy.** A Windstorm policy including wind, hurricane and named storms insurance and (if required by Lender) coverage for loss caused by wind-driven rain which meets all the requirements contained in Section (B)(1)(a) above, if the Special Causes of Loss form was endorsed to delete or restrict such peril as a covered peril.

(c) **Boiler and Machinery/Equipment Breakdown Policy.** An Equipment Breakdown (Boiler and Machinery) insurance policy covering all mechanical and electrical apparatus, pressure vessels, and equipment which are part of the encumbered Property on a "comprehensive" form for the full replacement cost and including, without limitation, system breakdown, testing and startup. Such policy shall contain a Joint or Disputed Loss Agreement endorsement and any co-insurance clause shall be deleted.

(d) **Flood Insurance-NFIP.** If the encumbered Property is located in an area currently identified (or which at any time in the future becomes identified) by Federal Emergency Management Agency ("**FEMA**") as an area having "special flood hazards" and in which flood insurance has been made available under the Flood Insurance Laws ("**NFIP Insurance**"), an NFIP Insurance policy in an amount at least equal to the lesser of (i) the full replacement cost of the buildings and, if required by Lender, full replacement cost of personal/business property included within the encumbered Property or (ii) the maximum limit of coverage available under the Flood Insurance Laws.

(e) **Flood Insurance other than NFIP.** If required by Lender, a flood insurance policy other than NFIP Insurance which may be excess of NFIP Insurance or otherwise in an amount equal to the full replacement cost of the Insured Property or a limit or sublimit acceptable to Lender.

(f) **Earthquake Policy.** If required by Lender, an earthquake and earthquake sprinkler leakage insurance policy for the full replacement cost of the Insured Property or a limit or sublimit acceptable to Lender.

(g) **Policy Requirements.** Each policy except the NFIP Insurance described above shall include:

(i) Building Ordinance or Law coverage to include: Coverage for Loss to Undamaged Portion of the Building, Demolition Cost Coverage, and Increased Cost of Construction Coverage. If only a portion of a building included within the Insured Property is damaged, such coverage shall pay for the loss in value of the undamaged portion of such building as a consequence of enforcement of an ordinance or law that requires demolition of the undamaged parts of such building, the cost to demolish and clear the site of undamaged parts of such building as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property, and any increased cost of repair or reconstruction as a consequence of enforcement of the minimum requirements of the ordinance or law. The limit for the Coverage for Loss to Undamaged Portion of the Building shall be equal to the full limit of insurance provided for all buildings covered on the policy. Demolition Cost Coverage and Increased Cost of Construction Coverage may be purchased at a lesser amount, provided that such lesser amount is acceptable to the Lender and is, at a minimum, equal to 25% of the full replacement cost for all buildings covered by the policy.

(ii) Debris removal coverage equal to 25% of the amount of direct physical loss to Insured Property all subject to the limit of liability for Insured Property plus, if required by Lender, "Additional Debris Removal" coverage (equivalent to ISO form CP0415) in an amount which would provide additional funds for debris removal of damaged Insured Property in the event there is a total loss of Insured Property and the limit of liability for damage to Insured Property and Debris Removal combined is insufficient.

(iii) Business Income including Extra Expense and Rental Income Insurance in an amount sufficient to insure payment of rent, loss of business income, and other fixed costs for a period of not less than twelve months and, in addition, Extended Period of Indemnity coverage providing for loss of Business Income, Extra Expense or Rental Income occurring after Grantor's business is reopened and until such business is restored to the level existing immediately prior to the loss or six months, whichever occurs first. Each policy required to provide this coverage must contain an Agreed Value clause applicable to this coverage and shall also contain a provision or be endorsed to include an ISO Lender's Loss Payable Provision form (CP 1218) or the equivalent, marked to provide Lender's Loss Payable coverage in favor of Lender.

(iv) If not otherwise described, an Agreed Value clause or deletion of any co-insurance clause.

(v) If any required policy contains a clause known in the property insurance market as the "Occurrence Clause", then such policy must contain a "margin" clause as approved or required by Lender, but in any event for at least 10%.

(h) **Standard Lender Clause/Lender's Loss Payable.** Each policy shall contain a standard Lender Clause in favor of the Lender providing that any loss payable thereunder shall be payable to the Lender and shall also contain a provision or be endorsed to include an ISO Lender's Loss Payable Provision form (CP 1218) or the equivalent, marked to provide Lender's Loss Payable coverage in favor of Lender.

(i) **Waiver of Rights of Recovery.** Each policy shall contain a clause which allows the various insureds to waive their right of recovery against others prior to a loss.

(j) **Deductibles.** Deductibles for each policy shall not exceed the following amounts, as applicable:

All perils except named storms, hurricanes, flood and earthquake	\$10,000 if the initial loan amount is \$1 million or less and \$25,000 if the initial loan amount is more than \$1 million
Named storms/hurricanes	5% of values at risk
Flood (NFIP)	Such limit as may be permitted by Lender but not in excess of that permitted by the Flood Insurance Laws
Flood (Other/Excess)	The amount of NFIP insurance coverage
Earthquake	5% of values at risk

(2) **Liability Insurance.** The Grantor shall purchase and maintain, at a minimum:

(a) **Commercial General Liability.** Commercial General Liability Insurance written on an ISO "occurrence" form (or a policy at least equivalent to the foregoing), to include coverage for: (i) Premises and Operations, (ii) Independent Contractors, (iii) Products and Completed Operations (if applicable), (iv) Contractual Liability, (v) Personal and Advertising Injury, (vi) Employees as Insureds, (vii) Severability of Interest, and (viii) if applicable, Liquor Liability and/or Garage Liability. At a minimum, limits for such coverage shall be:

Bodily Injury and Property Damage	\$1,000,000 Each Occurrence
Personal and Advertising Liability	\$1,000,000 Each Incident
General Aggregate	\$2,000,000
Products and Completed Operations Aggregate	\$2,000,000
Liquor Liability (if required)	\$1,000,000 each person \$1,000,000 each common cause

Any deductible contained in the policy must be declared and must be approved by the Lender, but in no event may such deductible exceed \$10,000 unless specifically agreed by Lender. No self-insured retention will be permitted unless approved by Lender in its sole discretion. The policy shall contain clauses, provisions and/or endorsements that (i) provide that the General Aggregate Limit applies exclusively to the encumbered Property, (ii) names the Lender, its directors, officers, employees, successors and assigns as additional insureds (collectively, "***Additional Insureds***"), (iii) requires that the Additional Insureds be given thirty days written notice prior to nonrenewal or cancellation (except for cancellation for nonpayment of premium for which ten days prior written notice will be given), (iv) provide that the insurance afforded to the Additional Insureds under this policy is primary insurance to any insurance the Additional Insureds may have in force which would also apply to a loss covered by this insurance, and that the insurer will not seek contribution from any other insurance available to the Additional Insureds, and (v) provide that the insurer waives any right of recovery the insurer may have against such Additional Insureds for loss payments made under this policy (ISO Waiver of Transfer of Rights of Recovery Against Others To Us CG 2404 (10/93) is acceptable.)

(b) **Automobile Policy.** Commercial Automobile policy providing liability coverage for all owned, non-owned, hired autos and automobile contractual liability with limits of \$500,000 per Person/\$500,000 per Accident - Bodily Injury, \$500,000 per Accident - Property Damage, and Basic No-Fault coverage as required by state law.

(c) **Workers' Compensation and Employers' Liability.** Workers' Compensation coverage as required by state law, including Workers' Compensation Act coverage, Voluntary Compensation coverage, with statutory limits for Workers' Compensation and limit for Employers' Liability of \$500,000 each accident, \$500,000 disease - policy limit, and \$500,000 disease - each employee.

(d) **Umbrella or Excess Liability.** An Umbrella or Excess Liability Policy which shall be excess over the Commercial General Liability, Employers' Liability and Automobile Liability policies. The Excess Liability Policy shall be written on an "occurrence" form with a limit of liability not

less than \$1,000,000 per occurrence and aggregate and contain a Self-Insured Retention no greater than \$25,000. Further, such policy shall contain clauses, provisions or endorsements that (i) cause it to be "following form" the coverage provided by the underlying Commercial General Liability, Employer's Liability and Automobile Liability policies, (ii) name the Additional Insureds as additional insureds, following the form of the underlying Commercial General Liability and Automobile Liability policies, (iii) specifically require that the Additional Insureds be given thirty days written notice prior to nonrenewal or cancellation (except for cancellation for nonpayment of premium for which ten days prior written notice will be given), (iv) cause the policy with respect to any contractual obligation of the Grantor to provide liability insurance for the Additional Insureds by means of adding them as an additional insured to the Grantor's Umbrella or Excess Liability policy to be considered to be primary and excess liability insurance which shall apply to any loss or claim not otherwise excluded before any contribution by any insurance which the Additional Insureds may have in effect, and (v) provide that the insurer waives any right of recovery the insurer may have against such Additional Insureds because of payments made under this policy. Additionally, the policy must include a severability of interest clause that may not specifically exclude punitive damages and must provide for defense expense in addition to the limit of liability stated in the policy.

(e) **Reinstatement of Limits.** If the limits of available coverage required in Section (B)(2)(a) or (d) above become substantially reduced as a result of claim payments, the Grantor shall immediately at Grantor's own expense purchase insurance to reinstate the aggregate limits of liability coverage required herein.

SCHEDULE A-2

(Insurance Requirements for General Assets and Equipment/Business Personal Property)

This Schedule supplements and amends the instrument to which it is appended. To the extent of any conflict between this Schedule and the instrument, this Schedule shall control.

(A) General Requirements.

(1) **Maintain Insurance.** Unless otherwise agreed by Lender in writing, the Borrower will, during the term of the Loan, at Borrower's sole cost and expense and for the mutual benefit of the Borrower and the Lender, maintain policies of insurance in form and substance satisfactory to the Lender, and as further specified in this Schedule.

(2) **Qualifications of Insurers.** All insurance required under this Schedule shall be effected under valid and enforceable policies issued by insurance companies qualified to do business Oregon and having a minimum A.M. Best rating of A-, VII or better or a minimum S&P rating of BBB+ or better, and, except as provided in the following sentence, shall be otherwise satisfactory to the Lender. This Loan Agreement constitutes, and the Borrower hereby acknowledges, written notice from the Lender that THE LENDER MAY NOT MAKE THE GRANTING OF THE LOAN CONTINGENT ON THE BORROWER PROCURING ANY REQUIRED INSURANCE WITH AN INSURANCE COMPANY DESIGNATED BY THE LENDER.

(3) **Coverage.** Such policies shall cover (a) casualties, risks, perils, liabilities and other hazards as may currently be required by the Lender, and (b) such casualties, risks, perils, liabilities and other hazards which may, after the date of this Loan Agreement, be required by institutional lenders to be insured against with respect to loans secured by assets similar to those securing the Loan ("**Security Property**"), and all such policies shall expressly protect the Lender's interest, as required by the Lender. The Lender makes no representation that the coverages or limits of liability specified hereinbelow to be carried or caused to be carried by the Borrower or Borrower's agents pursuant to this Schedule are adequate to protect the Borrower or the Security Property, and the Borrower agrees that Borrower is not relying upon the Lender in deciding upon the scope and amounts of insurance coverage which the Borrower will obtain. The Borrower will consult with Borrower's own experts and consultants (including Borrower's own insurance broker) as to insurance coverage to protect the Borrower and the Security Property and will obtain such additional insurance coverages as the Borrower deems adequate and appropriate, all at the Borrower's sole expense.

(4) **Excess Insurance.** If the Borrower shall insure any of the Security Property against any other risks or causes of loss, or for amounts in excess of those required hereunder, all policies of such insurance shall similarly be made payable to and be claimable by the Lender, and, whether made so payable or not, the proceeds of such insurance may be recovered by the Lender by any appropriate proceeding.

(5) **Notice to Lender Etc.** Except as otherwise provided in this Schedule, all required policies shall contain a clause or provision or be specially endorsed to provide that the carrier shall give the Lender, Loss Payee and Additional Insureds not less than thirty days prior written notice of nonrenewal or cancellation of the policy (except as to cancellation for nonpayment of premium, in which case at least ten days prior written notice shall be required).

(6) **Evidence of Insurance.** No later than ten days prior to the closing date for the Loan and ten days prior to each renewal date of an existing policy during the term of the Loan, Borrower must deliver to Lender a detailed Evidence of Commercial Property Insurance on the ACORD 28 form and a Certificate of Liability Insurance on the ACORD 25 form (collectively, referred to herein as "***Evidence of Insurance***"), all evidencing in detail all required coverages, extensions of coverage and special provisions specified in this Schedule and properly executed by an authorized representative of the insurer. Each Evidence of Insurance shall specifically state in the "Remarks Section" that each required policy has been endorsed or contains a clause or provision obligating the insurer to mail thirty days prior written notice of nonrenewal or cancellation (or ten days as to cancellation for nonpayment of premium) to the Lender at the address shown on the Evidence of Insurance. Notwithstanding the foregoing, Lender shall not be deemed by reason of the custody of such insurance policies or Evidence of Insurance to have knowledge of the contents thereof. Lender may, in its sole discretion, require that copies of all required policies with appropriate endorsements and certified by Borrower's insurance broker as being true and correct copies thereof be delivered to Lender: (a) as to existing policies, no later than ten days prior to the closing date for the Loan and ten days prior to each renewal date of an existing policy during the term of the Loan, and (b) as to new policies and/or endorsements obtained in connection with the Loan or during the term of the Loan, within sixty days after the closing date for the Loan or after the effective date of the new policy and/or endorsements obtained during the term of the Loan. If requested by Lender, such policies and/or Evidence of Insurance must be accompanied by a letter, in form and substance satisfactory to the Lender, from the Borrower's insurance broker, stating that the insurance policies obtained by the Borrower satisfy the requirements contained in this Schedule. Notwithstanding the foregoing, Lender shall not be deemed by reason of the custody of such insurance policies or Evidence of Insurance to have knowledge of the contents thereof.

(7) **Force Placement of Insurance.** If the Borrower fails to obtain any of the insurance required by this Schedule (including, without limitation, any flood insurance now or hereafter required by the Flood Disaster Protection Act of 1973, as amended), the Lender shall have the right, but not the obligation, to purchase such required insurance without prior written notice (except as to flood insurance only in which case forty-five days notice to the Borrower shall first be given if and as required by law), and the Borrower shall pay to the Lender, upon demand, the premiums paid by the Lender for such insurance and all of the Lender's fees, costs and expenses incurred in connection therewith, together with interest at the Default Rate set forth in the Loan Agreement. Any insurance force placed by Lender may be for the Lender's benefit only and may not provide protection or coverage for the Borrower, even though the Borrower is required to reimburse the cost of the insurance to the Lender. The Lender shall not be responsible for any such insurance or for the collection of any insurance proceeds or for the insolvency of any insurer or insurance underwriter.

(8) **Lender Protection.** All such policies or other contracts for such insurance shall provide that the insurance shall not be invalidated as to the interest of the Lender by any act, failure to act, or neglect of or violation of warranties, declarations or conditions contained in such policies by any person owning the property insured, or by any foreclosure or other proceedings, or notice of sale, or by any change in the title or ownership of the insured properties, or by occupation of any structures in which the Security Property is located for purposes more hazardous than permitted by such policy or contract. Without limitation, insurance applicable to aircraft or boats shall contain a breach of warranty endorsement that causes the policy to continue to protect the financial interest of the Lender even if the Borrower breaches a condition of the policy thereby voiding coverage as to the Borrower.

(9) **Blanket Insurance Policies.** Any insurance maintained on the Security Property may be evidenced by blanket insurance policies covering the Security Property and other properties or assets of Borrower or Borrower's affiliates provided that such policies shall in all other respects comply with the requirements of this Schedule and also provided that the Lender determines, in its reasonable discretion, that such blanket policies are otherwise satisfactory to Lender.

(10) **Lender Consent for Settlement of Claims.** The Borrower shall not settle any claim or accept any proceeds in satisfaction of any claim involving damage to the Security Property or liability of the Lender, without the Lender's express prior written consent, which consent shall not be unreasonably withheld or delayed.

(B) **Coverages.** Without limiting the generality of Section (A) above, the Borrower shall, at a minimum, maintain or cause to be maintained the following insurance coverages, unless otherwise agreed by Lender in writing:

(1) **Property Insurance.** Policies covering the following causes of loss and providing the following coverages for all property other than vehicles, aircraft, and watercraft:

(a) **Commercial Property Insurance Policy.** A policy or policies of commercial property insurance covering the Security Property which provides coverage, at a minimum, equivalent to that provided under an Insurance Service Office ("ISO") Commercial Property policy containing the Building and Personal Property coverage form (CP0010) together with a Special Causes of Loss form (CP1030) in amounts not less than the full replacement cost of all Security Property. The term "full replacement cost" shall mean the actual cost to replace the Security Property without deduction for depreciation, and including debris removal of such damaged Security Property. Each policy shall provide Replacement Cost coverage (including an endorsement extending such coverage to stock) and have the Agreed Value Clause activated, contain an Agreed Value endorsement or otherwise have any co-insurance clause deleted. Further, each such policy shall contain a Joint or Disputed Loss Agreement endorsement.

(b) **Windstorm Policy.** If the Special Causes of Loss form was endorsed to delete or restrict such peril as a covered peril and if required by Lender, a Windstorm policy including wind, hurricane and named storms insurance and (if required by Lender) coverage for loss caused by wind-driven rain which meets all the requirements contained in Section (B)(1)(a) above.

(c) **Boiler and Machinery/Equipment Breakdown Policy.** If applicable, an Equipment Breakdown (Boiler and Machinery) insurance policy covering all mechanical and electrical apparatus, pressure vessels, and equipment which are part of the Security Property on a "comprehensive" form for the full replacement cost and including, without limitation, system breakdown, testing and startup. Such policy shall contain a Joint or Disputed Loss Agreement endorsement and any co-insurance clause shall be deleted.

(d) **Flood Insurance.** If required by Lender, a flood insurance policy for the full replacement cost of the Security Property or a limit or sublimit acceptable to Lender.

(e) **Earthquake Policy.** If required by Lender, an earthquake and earthquake sprinkler leakage insurance policy for the full replacement cost of the Security Property or a limit or sublimit acceptable to Lender.

(f) **Policy Requirements.** Each policy shall include:

(i) Debris removal coverage equal to 25% of the amount of direct physical loss to the Security Property all subject to the limit of liability for the Security Property plus, if required by Lender, "Additional Debris Removal" coverage (equivalent to ISO form CP0415) in an amount which would provide additional funds for debris removal of damaged Security Property in the event there is a total loss of Security Property and the limit of liability for damage to Security Property and Debris Removal combined is insufficient.

(ii) Business Income including Extra Expense and Rental Income Insurance in an amount sufficient to insure payment of rent, loss of business income, and other fixed costs for a period of not less than twelve months and, in addition, Extended Period of Indemnity coverage providing for loss of Business Income, Extra Expense or Rental Income occurring after Borrower's business is reopened and until such business is restored to the level existing immediately prior to the loss or six months, whichever occurs first. Each policy required to provide this coverage must contain an Agreed Value clause applicable to this coverage and shall also contain a provision or be endorsed to include an ISO Lender's Loss Payable Provision form (CP 1218) or the equivalent, marked to provide Lender's Loss Payable coverage in favor of Lender.

(iii) If not otherwise described, an Agreed Value clause or deletion of any co-insurance clause.

(g) **Lender's Loss Payable Provision.** Each policy shall contain a provision or be endorsed to include an ISO Lender's Loss Payable Provision form (CP 1218) or the equivalent, marked to provide Lender's Loss Payable coverage in favor of Lender.

(h) **Waiver of Rights of Recovery.** Each policy shall contain a clause which allows the various insureds to waive their right of recovery against others prior to a loss.

(i) **Deductibles.** Deductibles for each policy shall not exceed the following amounts, as applicable:

All perils except named storms, hurricanes, flood and earthquake	\$10,000 if the initial loan amount is \$1 million or less and \$25,000 if the initial loan amount is more than \$1 million
Named storms/hurricanes	5% of values at risk
Flood	5% of values at risk
Earthquake	5% of values at risk

(2) **Liability Insurance.** The Borrower shall purchase and maintain, at a minimum:

(a) **Commercial General Liability.** Commercial General Liability Insurance written on an ISO "occurrence" form (or a policy at least equivalent to the foregoing), to include coverage for (i) Premises and Operations, (ii) Independent Contractors, (iii) Products and Completed Operations (if applicable), (iv) Contractual Liability, (v) Personal and Advertising Injury, (vi) Employees as Insureds, (vii) Severability of Interest, and (viii) if applicable, Liquor Liability and/or Garage Liability. At a minimum, limits for such coverage shall be:

Bodily Injury and Property Damage	\$1,000,000 Each Occurrence
Personal and Advertising Liability	\$1,000,000 Each Incident
General Aggregate	\$2,000,000
Products and Completed Operations Aggregate	\$2,000,000
Liquor Liability (if required)	\$1,000,000 each person \$1,000,000 each common cause

Any deductible contained in the policy must be declared and must be approved by the Lender, but in no event may such deductible exceed \$10,000 unless specifically agreed by Lender. No self-insured retention will be permitted unless approved by Lender in its sole discretion. The policy shall contain clauses, provisions and/or endorsements that (i) provide that the General Aggregate Limit applies exclusively to the premises at which the Security Property is located, (ii) names the Lender, its directors, officers, employees, successors and assigns as additional insureds (collectively, the "**Additional Insureds**"), (iii) requires that the Additional Insureds be given thirty days written notice prior to nonrenewal or cancellation (except for cancellation for nonpayment of premium for which ten days prior written notice will be given), (iv) provide that the insurance afforded to the Additional Insureds under this policy is primary insurance to any insurance the Additional Insureds may have in force which would also apply to a loss covered by this insurance, and that the insurer will not seek contribution from any other insurance available to the Additional Insureds, and (v) provide that the insurer waives any right of recovery the insurer may have against such Additional Insureds for loss payments made under this policy (ISO Waiver of Transfer of Rights of Recovery Against Others To Us CG 2404 (10/93) is acceptable).

(b) **Automobile Policy.** Commercial Automobile policy providing liability coverage for all owned, non-owned, hired autos and automobile contractual liability with limits of \$500,000 per Person/\$500,000 per Accident - Bodily Injury, \$500,000 per Accident - Property Damage, and Basic No-Fault coverage as required by Hawaii law.

(c) **Workers' Compensation and Employers' Liability.** Workers' Compensation coverage as required by Hawaii law, including State of Hawaii Workers' Compensation Act coverage, Voluntary Compensation coverage, and United States Longshore & Harbor Workers' Compensation coverage, if applicable, with statutory limits for Workers' Compensation and limit for Employers' Liability of \$500,000 each accident, \$500,000 disease - policy limit, and \$500,000 disease - each employee.

(d) **Umbrella or Excess Liability.** An Umbrella or Excess Liability Policy which shall be excess over the Commercial General Liability, Employers' Liability and Automobile Liability policies. The Excess Liability Policy shall be written on an "occurrence" form with a limit of liability not less than \$1,000,000 per occurrence and aggregate and contain a Self-Insured Retention no greater than \$25,000. Further, such policy shall contain clauses, provisions or endorsements that (i) cause it to be "following form" the coverage provided by the underlying Commercial General Liability, Employer's Liability and Automobile Liability policies, (ii) name the Additional Insureds as additional insureds, following the form of the underlying Commercial General Liability and Automobile Liability policies, (iii) specifically require that the Additional Insureds be given thirty days written notice prior to nonrenewal or cancellation (except for cancellation for nonpayment of premium for which ten days prior written notice will be given), (iv) cause the policy with respect to any contractual obligation of the Borrower to provide liability insurance for the Additional Insureds by means of adding them as an additional insured to the Borrower's Umbrella or Excess Liability policy to be considered to be primary and excess liability insurance which shall apply to any loss or claim not otherwise excluded before any contribution by any insurance which the Additional Insureds may have in effect, and (v) provide that the insurer waives any right of recovery the insurer may have against such Additional Insureds because of payments made under this policy. Additionally, the policy must include a severability of interest clause that may not specifically exclude punitive damages and must provide for defense expense in addition to the limit of liability stated in the policy.

(e) **Reinstatement of Limits.** If the limits of available coverage required in Section (B)(2)(a) or (d) above become substantially reduced as a result of claim payments, the Borrower shall immediately at Borrower's own expense purchase insurance to reinstate the aggregate limits of liability coverage required herein.

(3) **Vehicle Insurance.** If the Security Property includes a vehicle, Borrower shall maintain as to each vehicle comprehensive coverage (for perils other than collision) and collision coverage, in each case in the maximum insurable amount with a deductible not to exceed \$500 (unless otherwise agreed by Lender) plus, if applicable and required by Lender, guaranteed auto protection coverage (also known as loan lease gap insurance) in an amount equal to the difference between the amount of the Loan and the cash value of the vehicle(s). Lender is to be named as an additional insured and loss payee.

(4) **Aircraft Insurance.** If the Security Property includes aircraft, Borrower shall maintain both aircraft physical damage coverage as well as aircraft liability coverage. The aircraft damage coverage shall be a primary hull all-risk ground and in-flight coverage policy (to include malicious mischief, vandalism and theft coverage), on an agreed value basis in an amount acceptable to Lender, which includes in addition to coverage for the cost of repair or replacement of the aircraft, coverage for costs of transportation of the aircraft to and from the location at which the repairs are made and any related storage charges. Lender is to be named as an additional insured and loss payee and the policy or endorsement thereto must require the insurer to provide not less than 30 days prior written notice to the Lender of any cancellation or adverse material change in coverage. As provided in Section A.(8) above, the policy must include breach of warranty coverage. The liability coverage shall include aircraft third party liability insurance, written on a single limit basis, including Bodily Injury, Property Damage and Passenger Liability (sometimes referred to a smooth limit coverage), in an amount acceptable to Lender, and Lender must be named as an additional insured on such policy. The liability policy must contain endorsements or provisions that provide (a) for severability of interests, (b) that the Borrower's policy is primary and non-contributory to any coverage the Lender may maintain that might also apply to the loss,

(c) that the Lender has no liability for payment of the premium and (d) that requires the insurer to provide not less than 30 days prior written notice to the Lender of any cancellation or adverse material change in coverage. The deductible limits on all policies must be acceptable to Lender.

(5) **Watercraft/Boat Insurance.** If the Security Property includes a boat, Borrower shall maintain both physical damage coverage for the boat (hull), its motor, sails, machinery, furnishings, on-board equipment and towing trailer, as well as watercraft liability (Protection and Indemnity) coverage. The physical damage coverage shall be an all-risk coverage policy (to include malicious mischief, vandalism and theft coverage), including coverage for damage occurring when the boat is being stored, used, hauled, or launched, on a replacement cost basis, if available, or if not available, then on an agreed value basis in an amount approved by Lender, which includes in addition to coverage for the cost of repair or replacement of the boat, coverage for costs of transportation of the boat to and from the location at which the repairs are made and any related storage charges. Lender is to be named as an additional insured. As provided in Section A.(8) above, the policy must include breach of warranty coverage. The watercraft liability coverage shall be written on a single limit basis in an amount acceptable to Lender. The deductible limits on all policies must be acceptable to Lender.