

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF AUTHORIZING
THE EXECUTION OF A SALE
AGREEMENT FOR ACQUISITION OF
THE SEARS FACILITY, EXEMPTING
DUE DILIGENCE CONTRACTS AND
BOND COUNSEL SERVICES FROM
METRO CODE 2.04.053

) RESOLUTION NO. 90-1338
)
) Introduced by Rena Cusma,
) Executive Officer
)
)
)

WHEREAS, By virtue of the laws of the state of Oregon, the Metropolitan Service District (Metro) is authorized and empowered to acquire by purchase, real property or any interest therein for the purpose of providing a metropolitan aspect of a public service; and

WHEREAS, A Relocation Task Force has evaluated Metro's needs for administrative offices and determined that it is in the public interest to purchase an office facility; and

WHEREAS, A survey of available properties and relocation opportunities has been conducted and the Sears facility best suits Metro's needs; and

WHEREAS, A due diligence period of sixty-seven (67) days has been established to perform tests, inspections and feasibility studies on property; and

WHEREAS, Adequate time for a full bid process is not available for the due diligence contract items listed in Exhibit B; and

WHEREAS, Alternate methods for ensuring competition on due diligence contracts will be utilized; and

WHEREAS, It is the intent of the Council to finance the acquisition and renovation of this facility; and

WHEREAS, This acquisition will require staff and other resources to successfully implement; now, therefore,

BE IT RESOLVED,

1. That the Council selects the Sears facility at 524 N.E. Grand Avenue, Portland, Oregon 97232, as the site for Metro's administrative offices.

2. That the Council authorizes the Executive Officer to execute the attached sale agreement and promissory note, Exhibit A for the acquisition of the Sears facility.

3. That the Executive Officer shall immediately proceed with due diligence to determine the suitability of the building for Metro's needs.

4. That the Council hereby states that it is undertaking the acquisition of the Sears facility with the express intent of financing, at some appropriate time in the future, the acquisition, renovation, remodeling and equipping of the Sears facility by means of a lease-purchase transaction, revenue bonds or other appropriate financing vehicle available under applicable law, and that any costs of such acquisition, renovation, remodeling and equipping incurred by Metro prior to the time at which such financing is undertaken will be reimbursed in whole or in part out of the proceeds of such financing.

5. That the Executive Officer is directed to prepare a complete Scope of Work for undertaking the acquisition and renovation of the Sears facility, including staffing and funding requirements.

6. That prior approval of the Council shall be required before the Executive Officer may deposit the cash earnest money deposit provided for in the sale agreement.

BE IT FURTHER RESOLVED,

1. That the Metro Council, acting as Contract Review Board of the Metropolitan Service District, adopts the findings attached hereto as Exhibit C; and

2. That the Contract Review Board hereby exempts the class of due diligence on contracts between \$10,000 and \$31,000 from requirements of Metro Code Section 2.04.053; and

3. That the Contract Review Board directs that for the due diligence contracts attached hereto as Exhibit B, competitive quote procedures specified in Metro Code Section 2.04.052 be utilized as the alternate contracting procedures.

4. That the Contract Review Board hereby exempts from the competitive procurement requirements of Metro Code Section 2.04.053 an amendment to the existing contract for Bond Counsel services with Stoel Rives Boley Jones and Grey as may be necessary for project financing advice and related sources.

ADOPTED by the Council of the Metropolitan Service District this 11th day of October, 1990.



Tanya Collier, Presiding Officer

JS:sg
October 11, 1990
SEARFAC.RES

PROMISSORY NOTE
(For Fixed Rate Loans Secured by Trust Deed)

\$ 4,150,000

, 19

Borrower(s): METROPOLITAN SERVICE DISTRICT
 Borrower's Address: 2000 SW First Avenue
Portland, Oregon 97201-5398

Lender: PACIFIC DEVELOPMENT (PROPERTY), INC., an Oregon corporation
 Lender's Address: 825 NE Multnomah, Suite 1275
Portland, Oregon 97232

1. **Promise to Pay.** For value received, each undersigned "Borrower" promises to pay to the order of Lender at the address indicated above, or at such other place as the Lender or other holder of this Note may designate, the principal sum of Four Million One Hundred Fifty Thousand and no/100 -----Dollars (\$ 4,150,000), together with such other amounts as the Lender may advance from time to time under the terms of this Note, the Trust Deed which secures the repayment of this Note, or any other agreement executed by Borrower in connection with the execution and delivery of this Note. This Note, the Trust Deed and other agreements executed in connection herewith are hereinafter referred to as "Loan Instruments." The principal sum plus any amounts advanced by the Lender and any amounts due the Lender under the terms of the Loan Instruments are hereinafter referred to as the unpaid principal balance.

2. **Interest Accrual.** The unpaid principal balance shall be repaid by Borrower with interest. Interest shall accrue on the unpaid balance at the rate of Ten percent (10 %) per annum from the date of this Note and shall continue to accrue until such time as all sums due under this Note and Loan Instruments are paid in full.
 compounded daily

3. **Terms of Repayment.** The unpaid principal balance, together with accrued interest, shall be payable as follows: interest only will be payable on the first day of each month after the date of this Note, with the last such payment due on July 1, 1991.

Such monthly installments shall continue until all sums due the Lender are paid in full. ~~If the first installment of this Note is due more than thirty (30) days after date of said Note, then the accrued interest in excess of thirty (30) days shall be added to the beginning Note balance.~~ Each installment shall be applied in the following order of priority: accrued interest, late and/or other charges, unpaid principal balance, and tax and/or insurance reserve payments which may be required by the Loan Instruments. Should the accumulated charges become greater than the actual payment received, then the Lender shall have the right to add the difference to the unpaid principal balance.

4. **Final Payment.** The entire unpaid principal balance, accrued interest and all other sums due under the Note or the Loan Instruments shall be due and payable on July 1, 1991.

5. **Late Charges.** Borrower promises and agrees to pay the Lender a late charge equal to five percent (5%) of the amount of any monthly installment which is not received by the Lender within fifteen (15) days after the due date of such installment. Without limiting or affecting another provision of this Note, Trust Deed or Loan Instruments, Borrower agrees that the assessment and collection of a late charge shall not constitute a waiver by the Lender of Borrower's default for failure to make payments as agreed.

6. **Prepayment Penalties.** Borrower shall have the right to pay additional payments in excess of the regular installments under this Note, without penalty, ~~if said additional payments paid in any one loan year do not exceed twenty percent (20%) of the original loan amount. If the additional payments exceed twenty percent (20%) of the original loan amount in any one loan year, a prepayment penalty equal to the following will be assessed: five percent (5%) of the additional payments for the first loan year; four percent (4%) of the additional payments for the second loan year; three percent (3%) of the additional payments for the third loan year; two~~

~~percent (2%) of the additional payments for the fourth loan year, and one percent (1%) of the additional payments for any loan year thereafter. There shall be no prepayment penalty during the first year of payment. For purposes of this paragraph, "loan year" shall mean each consecutive twelve (12) month period beginning on the date of the Note. A prepayment penalty may be assessed by Lender notwithstanding the fact that such prepayment was the result of acceleration of the amounts due hereunder because of Borrower's default.~~

7. Escalation of Interest Rate Upon Borrower's Default. In the event of Borrower's default under the terms of this Note, Trust Deed or other Loan Instruments, the rate at which interest will accrue on the unpaid principal balance shall be increased to twenty percent (20%) or the maximum rate permitted by law, whichever is lower. Interest shall continue to accrue on the unpaid principal balance at this higher rate from the date of Borrower's default through any foreclosure proceedings and shall continue thereafter until all sums due hereunder are paid in full.

8. Default. If Borrower does not make payments when they are due, or if Borrower does not perform in accordance with the terms of the Trust Deed or other Loan Instruments, including but not limited to the provisions pertaining to the lease, sale, transfer or encumbrance of the property described in the Trust Deed without Lender's prior written consent, the Lender, at its option and without any notice to Borrower, may declare the entire unpaid principal balance, accrued interest and any other sums due pursuant to the terms of the Note, Trust Deed and Loan Instruments immediately due and payable. Time of payment and strict performance are the essence of this Note, Trust Deed and Loan Instruments. No delay or omission on the part of the Lender or other holder of this Note in exercising any right under this Note or the Trust Deed or other Loan Instruments shall operate as a waiver of any rights or remedies under this Note, Trust Deed or Loan Instruments. Any consent by the Lender shall not be deemed a continuing consent or a waiver of any right to require such consent in the future.

9. Attorneys' Fees. Borrower agrees to pay the Lender any costs it may incur as a result of Borrower's failure to make payments provided for in this Note or to perform any of Borrower's obligations under the Trust Deed and Loan Instruments, including Lender's attorneys' fees, whether or not the Lender files any type of court action or suit. If the Lender files a court action or suit and wins, Borrower agrees to pay, in addition to the amounts due under this Note, the Lender's court costs and its reasonable attorneys' fees as determined by the trial court and any appellate court or courts in the event the case is appealed. Borrower also agrees to pay the Lender any costs which it may incur in examining the title of the property offered as security in connection with the foreclosure of its Trust Deed. Borrower also agrees to pay any attorneys' fees, court costs or other costs that may be allowed under applicable Oregon law in the event that the Trust Deed is foreclosed nonjudicially pursuant to the Trustee's power of sale.

10. Consent and Waiver. Presentment, notice of dishonor and protest are hereby waived by Borrower, all makers, sureties, guarantors and endorsers of this Note. Each of said parties hereby consents to any extension of time or renewal of this Note and/or to any exchange or release of any security or collateral pledged by any party hereto or by any third person. Such modification, extension, waiver, exchange or release shall not affect the liability of such Borrower, makers, sureties, guarantors or endorsers, or any of them. All rights against such parties are hereby specifically reserved by the Lender.

11. Controlling Law. This Note and Trust Deed are to be construed in accordance with the laws of the State of Oregon.

12. Purpose. The Borrower expressly warrants that the transaction evidenced by this Note is exclusively for (indicate which):



Business Purposes (Commercial)

or



Primarily for Personal, Family
or Household Purposes

13. Maximum Interest Rate. It is the intent of the parties hereto that under no circumstances shall the Borrower be required to pay interest in excess of the maximum permitted by the laws of the State of Oregon and the United States of America. If a court of competent jurisdiction should find, for any reason, that the interest charged in connection with the loan evidenced by this Note is in excess of the lawful maximum, the parties agree that the interest charged herein be automatically reduced to the lawful maximum applicable amount under the laws of the State of Oregon or the United States of America, as the case may be.

14. Joint and Several Liability. If this Note is signed by more than one Borrower, the liability of each of the undersigned under the Note shall be joint and several.

15. Security. The performance of this Note is secured by a Trust Deed on the following described property: certain property in Multnomah County, Oregon
described in the Trust Deed dated , 1990

All of the terms, conditions and provisions of the Trust Deed and other Loan Instruments are incorporated into this Note as if set forth in full. Any default in the performance of Borrower's obligations under the Trust Deed and other Loan Instruments shall also constitute a default under the terms of this Note.

NOTWITHSTANDING any other provision of this instrument, the undersigned will not be in default hereunder (i) with respect to payments required hereunder, unless the undersigned fails to make the payment within 5 calendar days after receipt of written notice of nonpayment, and (ii) with respect to obligations other than the payment of moneys, unless the undersigned fails to perform the required obligation within 20 calendar days after receipt of written notice specifying the nature of the default or, if the default cannot be cured within 20 calendar days, failure within such time promptly to commence and pursue curative action and thereafter diligently pursue such curative action to completion; provided, that the undersigned shall only be entitled to two such notices within any 12-month period with respect to a default in the performance of the same obligation, and thereafter during such 12-month period the undersigned will be in default if it fails to perform such obligation when due.

IN WITNESS WHEREOF, and intending to be legally bound, the Borrower has executed this Note on the above date.

Corporate or Partnership Makers:

METROPOLITAN SERVICE DISTRICT

By: _____
Title

By: _____
Title

By: _____
Title

By: _____
Title

Individual Makers:

REQUEST FOR FULL RECONVEYANCE

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

To _____, Trustee:

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

Dated _____ 19____

By _____
Vice-President

By _____
Assistant Secretary

Mail Reconveyance to _____

WHEN RECORDED MAIL TO:

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

THIS DEED OF TRUST made this _____ day of _____, 19____, is between

METROPOLITAN SERVICE DISTRICT

("Trustor"), and _____ TITLE INSURANCE COMPANY

a(n) _____ corporation, ("Trustee"), and PACIFIC DEVELOPMENT (PROPERTY), INC.,
_____, ("Beneficiary").

Trustor irrevocably grants, bargains and sells to Trustee in trust, with power of sale, that property in
the City of _____ Portland _____, County of _____ Multnomah _____, State
of _____, described as follows (the "Property"):

See the attached Exhibit A, incorporated herein by reference.

Together with (a) all rents, income, contract rights, issues and profits now due or which may become due under or by virtue of any lease, rental agreement or other contract, whether written or oral, for the use or occupancy of the Property or any part thereof, together with all tenant security deposits, subject, however, to the right, power and authority hereinafter given to and conferred upon Trustor to collect and apply such rents, issues, income, contract rights, security deposits and profits prior to any default hereunder; (b) all buildings and improvements now or hereafter thereon, and all appurtenances, easements, right in party walls, water and water rights, pumps and pumping plants and all shares of stock evidencing the same; (c) all fixtures and property now or hereafter attached to or used in the operation of the Property, including but not limited to machinery, equipment, appliances and fixtures for generating or distributing air, water, heat, electricity, light, fuel or refrigeration, or for ventilating or sanitary purposes, or for the exclusion of vermin or insects, or for the removal of dust, refuse or garbage, all wallbeds, wallsafes, built-in furniture and installations, shelving, lockers, partitions, door stops, vaults, elevators, dumbwaiters, awnings, window shades, venetian blinds, light fixtures, fire hoses and brackets and boxes for same, fire sprinklers, alarm systems, drapery rods and brackets, screens, linoleum, carpets, plumbing, laundry tubs and trays, ice boxes, refrigerators, heating units, stoves, water heaters, incinerators, communication systems and all installations for which any such building is specifically designed; (d) all awards, compensation and settlements in lieu thereof made as a result of the taking by power of eminent domain of the whole or any part of the Property; (e) all trade names by which all or any part of the Property is known, any books and records relating to the use and operation of all or any portion of the Property, all present and future plans and specifications and contracts relevant to the design, construction, management or inspection of any construction on any improvements on the Property and all present and future licenses, permits, approvals and agreements with or from any municipal corporation, county, state or other governmental or quasi-governmental entity relevant to the development, improvement or use of all or any portion of the Property; (f) all rights of Trustor in and to any escrow or withhold agreements, surety bonds, warranties, management contracts, leasing or sales agreements with any real estate agents or brokers, and service contracts with any entity, which are in any way relevant to the development, improvement, leasing, sale or use of the Property or any personal property located thereon; and

all of said items whether now or hereafter installed being hereby declared to be, for all purposes of this Deed of Trust, a part of the realty; and all the estate, interest or other claim or demand, including insurance, in law as well as in equity, which Trustor now has or may hereafter acquire, in and to the aforesaid property; the specific enumerations herein not excluding the general. The Property and all of the foregoing shall constitute the "Trust Property".

This Deed of Trust is made for the purpose of securing, in such order of priority as Beneficiary may elect: (a) payment of the indebtedness in the sum of \$ 4,150,000 evidenced by that certain Promissory Note of even date herewith (the "Note") made by Trustor, delivered to Beneficiary and payable to its order, with final payment due on the 1st day of July, 1991, which is the maturity date of this Deed of Trust, and any and all modifications, extensions or renewals thereof, whether hereafter evidenced by the Note or otherwise; (b) payment of interest on said indebtedness according to the terms of the Note; (c) payment of all other sums, with interest as herein provided, becoming due and payable under the provisions hereof to Trustee or Beneficiary; (d) performance of each and every condition, obligation, covenant, promise and agreement of Trustor contained herein, or in the Note, or in any loan agreement relative to any indebtedness evidenced by the Note, or in any security agreement or deed of trust at any time given to secure any indebtedness hereby secured or any part thereof; (e) payment of such additional sums with interest thereon as may be hereafter advanced by or borrowed from the Beneficiary, its successors or assigns, by the then record owner or owners of the Trust Property when evidenced by another promissory note or notes which are by the terms thereof secured by this Deed of Trust. To the extent permitted by law, any sums hereafter advanced by or borrowed from Beneficiary, its successors or assigns, shall have the same priority as the original sums advanced by Beneficiary and secured hereby.

Trustor's Covenants and Warranties. Trustor hereby warrants that: (a) Trustor is the owner in fee simple absolute of the Property and every part thereof; (b) the Trust Property is free, and will be kept free, from all liens and encumbrances, except those accepted by Beneficiary in writing, and Trustor will defend the title hereby granted to and in favor of Trustee and Beneficiary as against all and every person claiming or to claim the same; (c) the loan proceeds are not for use primarily for personal, family or household purposes; (d) to the best of Trustor's knowledge after due inquiry into previous ownership and uses of the Trust Property, there are no Hazardous Substances (as defined below) located on the Trust Property and Trustor will not place or permit to be placed on the Trust Property any Hazardous Substances (as defined below); (e) the Property is zoned for the existing or contemplated use of the Property; (f) the Property is in compliance with all zoning, subdivision, and environmental laws, regulations, and ordinances applicable thereto; all deed restrictions, subdivision and building ordinances and other applicable governmental laws have been fully complied with; and Trustor has all licenses and permits required by governmental authorities with respect to the Trust Property, its operation, improvement and use; (g) the Property has indefeasible access to public rights of way as now improved and open to public passage, and is not encroached upon by improvements or rights of others, nor do the improvements on the Property encroach upon the property of others; (h) there are no actions, lawsuits, or other proceedings pending or threatened against or affecting the Trust Property or Trustor which might adversely affect the ability of Trustor to perform its obligations under the Note or other loan documents, or which might adversely affect the priority of Beneficiary's first lien on the Trust Property; (i) consummation of the loan secured hereby and performance under the loan documents will not conflict with or result in a breach of any law, regulation or court order applicable to Trustor or the Trust Property; (j) no condemnation proceeding is pending, or to the knowledge of Trustor, threatened with respect to the Trust Property; (k) there has been no material adverse change in the financial condition of Trustor which might adversely affect the ability of Trustor to perform its obligations under the loan documents, or which might adversely affect the priority of Beneficiary's first lien on the Trust Property; (l) all services and utilities, such as water, electricity and sewer, are available to the Trust Property; and (m) with respect to each Trustor who is an individual, no part of the Trust Property constitutes any part of Trustor's business homestead or residential homestead. As used in this Deed of Trust Hazardous Substances means: (a) any "hazardous waste" as defined in the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901 et seq.), as amended from time to time, and regulations promulgated thereunder; (b) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601 et seq.), as amended from time to time, and regulations promulgated thereunder; (c) radon, asbestos, polychlorinated biphenyls (PCB's), explosives, radioactive substances, and material quantities of petroleum products; (d) any substance the presence of which on the Property is regulated by any federal, state or local law relating to the protection of the environment or public health; and (e) any other substance which by law requires special handling in its collection, storage, treatment or disposal.

Trustor further warrants that: If located in Idaho, the Trust Property either is not more than twenty (20) acres in area or is located within an incorporated city or village; if located in Washington, the Trust Property is not used principally for agricultural or farming purposes; if located in Montana, the Trust Property is not more than fifteen (15) acres; and if located in Iowa, the Trust Property is not agricultural land as defined in IC 172C.1.

A. Trustor agrees as follows:

1. **Payment of Indebtedness; Performance of Covenants.** Trustor shall pay each and every installment of principal and interest on the Note and all other indebtedness secured hereby, as and when the same shall become due, and to perform and observe all of the covenants, agreements and provisions contained herein, in the Note and any other instrument given as security for the payment of the Note.

2. **Maintenance; Compliance; Liens.** Trustor shall: keep the Trust Property in good condition and repair; not permit or suffer any extraordinary repairs or removal or demolition of, or a structural change in any building, fixture, equipment, or other improvement on the Trust Property; comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Trust Property or requiring any alteration or improvements to be made thereon; not commit or permit waste thereon; not commit, suffer or permit any act upon the Trust Property in violation of law; cultivate, irrigate, fertilize, prune and do all other acts which from the character or use of the Trust Property may be reasonably necessary, the specific enumeration herein not excluding the general; and keep the Trust Property free from all encumbrances, except those accepted by Beneficiary in writing.

3. **Hazardous Waste and Substances; Environmental Requirements.** Trustor shall comply with all laws, governmental standards and regulations applicable to Trustor or to the Trust Property in connection with occupational health and safety, hazardous waste and substances, and environmental matters. Trustor shall promptly notify Beneficiary of its receipt of any notice of (a) a violation of any such law, standard or regulation; (b) all claims made or threatened by any third party against Trustor or the Property relating to any loss or injury resulting from any Hazardous Substances; and (c) Trustor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any environmental law. The use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Trust Property of Hazardous Substances by Trustor, Trustor's agents, or any tenant or sublessee occupying part or all of the Trust Property shall be an event of default under this Deed of Trust, and Trustor shall not engage in or permit such activities or events to occur upon the Trust Property. Trustor shall indemnify and hold Beneficiary, its directors, officers, employees, agents, successors and assigns harmless from all loss, cost, damage, claim and expense (including attorney fees and costs, whether at trial, on appeal or otherwise) incurred by Beneficiary in connection with the falsity in any material respect of the covenants contained herein or of Trustor's failure to perform the obligations of this paragraph 3. This indemnity shall not survive the reconveyance of the lien of this Deed of Trust, or the extinguishment of the lien by foreclosure or action in lieu thereof.

4. **Casualty Loss; Restoration Construction.** Trustor shall complete and restore promptly and in good and workmanlike manner any buildings or improvements which may be constructed, damaged, or destroyed on the Trust Property, and pay when due all costs incurred therefor. If the loan secured hereby or any part thereof is being obtained for the purpose of financing construction of improvements on the Trust Property, Trustor further agrees: to complete same in accordance with plans and specifications satisfactory to Beneficiary, to allow Beneficiary to inspect the Trust Property at all times during construction and to replace any work or materials unsatisfactory to Beneficiary within fifteen (15) days after notice from Beneficiary of such fact. If said work upon the construction or restoration of the building or buildings shall be discontinued for a period of fifteen (15) days, Beneficiary may, at its option, also enter into and upon the Trust Property and complete the construction or restoration of said building or buildings. Trustor hereby gives to Beneficiary full authority and power to make such entry and to enter into such contracts or arrangements as may be necessary to complete or restore said building or buildings and all monies expended by Beneficiary in connection with such completion or restoration shall be added to the principal theretofor advanced under the Note and secured by these presents and shall be payable by Trustor on demand with interest as provided in the Note.

Trustee, upon presentation to it of an affidavit signed by Beneficiary setting forth facts showing a default by Trustor under this numbered paragraph or under any other provision of this Trust Deed, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

5. **Insurance.**

(a) **Property and Other Insurance.** Trustor shall obtain and maintain in full force and effect during the term of this Deed of Trust all risk property insurance together with endorsements for replacement cost coverage, inflation adjustment, and vandalism and malicious mischief coverage, all in amounts not less than the full replacement cost of all improvements including the cost of debris removal and comprehensive general liability insurance with limits, coverages, risks insured and waiver of subrogation clauses acceptable to Beneficiary. Trustor shall obtain and maintain such other insurance as Beneficiary from time to time shall reasonably require, including without limitation rent and rental interruption insurance (equal to twelve (12) months annualized income) and flood insurance. If any portion of the fire and other risks insured as provided herein are reinsured, the policies shall contain a so-called "cut-through" endorsement.

- (b) Insurance Companies and Policies. All such insurance shall be written by a company or companies acceptable to Beneficiary, shall contain a beneficiary clause in favor of Beneficiary with loss proceeds under any policy payable to Beneficiary, shall be satisfactory to Beneficiary as to form, substance, and, except as specifically designated above, amount, shall provide for thirty (30) days' prior written notice of cancellation to Beneficiary, shall contain endorsements that no act or negligence of Trustor or any occupant, and no occupancy or use of the Trust Property for purposes more hazardous than permitted by the terms of the policy will affect the validity or enforceability of such insurance as against Beneficiary, shall be in full force and effect of the date of this Deed of Trust, shall contain such additional provisions as Beneficiary deems necessary or desirable to protect its interest, and shall be accompanied by proof of premiums paid for the current policy year. All such insurance shall be written in amounts sufficient to prevent Trustor from becoming a co-insurer under the applicable policies.
- (c) Blanket Policy. If a blanket policy is issued, a certified copy of said policy shall be furnished together with a certificate indicating that Beneficiary is the insured under said policy in the proper designated amount.
- (d) Notice of Loss. In the event of loss, Trustor shall immediately notify Beneficiary. Beneficiary may make proof of loss if it is not made promptly by Trustor.
- (e) Insurance Proceeds. All insurance proceeds may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, without regard to whether or not its security is impaired or, at the sole and absolute option of Beneficiary, the entire amount so collected or any part thereof may be released to Trustor, but in any event Beneficiary may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with the collection and/or payment of such proceeds. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.
6. Defense. Trustor shall appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary, or Trustee; and pay all costs and expenses, including cost of evidence of title and attorney fees in a reasonable sum, in any such action or proceeding, or appeal therefrom, in which Beneficiary or Trustee may appear.
7. Taxes and Assessments. Trustor shall pay, at least ten (10) days before the due date (and, in the case of annual property taxes, before the first installment thereof becomes due), all taxes and assessments affecting the Trust Property or upon this Deed of Trust or the debt secured thereby, or against Beneficiary by reason of the ownership of this Deed of Trust and the Note, or either of them, including assessments on appurtenant water stock. Trustor shall also pay, when due, all encumbrances, charges and liens, with interest, on the Trust Property or any part thereof, which appear to be prior or superior hereto and to deliver to Beneficiary upon request the official receipt or receipts showing payment thereof, and all costs, fees and expenses of this Deed of Trust.
- ~~8. Monthly Deposits. Unless this covenant is prohibited by law or waived in writing by Beneficiary, Trustor shall pay each year to Beneficiary, together with and in addition to the monthly payments of principal and interest payable under the terms of the Note, until the Note is fully paid, in equal monthly installments, the estimated amount of the annual property taxes, assessments, insurance premiums and similar charges next payable, as estimated by Beneficiary. If at any time Beneficiary determines that such payments will not be sufficient to account for each such charge on its due date (and in the case of annual property taxes, on the due date of the first installment thereof) Trustor shall pay to Beneficiary, upon demand, additional sums as necessary to account for such deficiency. Beneficiary may retain the sums received under this paragraph 8 and apply them to such charges when they (and in the case of annual property taxes, the first installment thereof) become due. Sums received shall not earn interest and may be commingled with other funds of Beneficiary. If Beneficiary is required by law to pay interest on these sums Beneficiary may, to the extent permitted by law, impose a charge for holding and disbursing such funds. In the event of a default under the Note, this Deed of Trust or any other instrument securing the Note, Beneficiary may apply the sums required under this paragraph 8 (without prepayment charge and without limiting the privilege, if any, to prepay any amounts secured hereby) first to accrued interest and then to the principal balance secured hereby. As an additional covenant hereof, and in any event if the foregoing provision for prepayment is at any time prohibited by law, or waived in writing by Beneficiary, or Trustor fails to make payments in the full amount required under this paragraph 8, Trustor shall pay such charges when they (and in the case of annual property taxes, the first installment thereof) are due and, upon demand, provide Beneficiary with satisfactory evidence of payment and coverage.~~
9. Leases. Trustor shall fully perform all the terms and conditions on Trustor's part to be performed in any existing or future lease with respect to which Trustor is lessor covering all or a portion of the Property. Trustor shall not, without the prior consent of Beneficiary, terminate, cancel or accept the surrender of, or suffer or permit the termination, cancellation or surrender of such lease, except upon the expiration of the term thereof, or materially modify or alter, or suffer or permit the material modification or alteration of such lease. Trustor further covenants and agrees not to enter into any lease for a term in excess of three (3) years of all or any portion of the Property without the prior written consent of Beneficiary.
10. Payment of Premiums. Trustor shall pay all premiums upon any life insurance policy which may be held by the Beneficiary as additional security for the debt herein referred to.
11. Fees for Information. Trustor shall pay Beneficiary, to the extent permitted by law, a reasonable fee, as determined by Beneficiary, for providing to Trustor or a third party a statement concerning the obligations secured by this Deed of Trust or any other information requested by Trustor or the third party.
12. Security Agreement.
- (a) Grant of Security Interest. With respect to any portion of the Trust Property which constitutes personal property or fixtures governed by the Uniform Commercial Code of the state in which the Trust Property is located (the "Code"), this Deed of Trust shall constitute a security agreement between Trustor as Debtor and Beneficiary as Secured Party, and Trustor hereby grants to Beneficiary a security interest in such portion of the Trust Property. Cumulative of all other rights of Beneficiary hereunder, Beneficiary shall have all of the rights conferred upon secured parties by the Code. Trustor shall execute and deliver to Beneficiary all financing statements that may from time to time be required by Beneficiary to establish and maintain the validity and priority of the security interest of Beneficiary, or any modification thereof, and all costs and expenses of any searches reasonably required by Beneficiary.
- (b) Rights of Beneficiary. Beneficiary may exercise any or all of the remedies of a secured party available to it under the Code with respect to such property, and it is expressly agreed that if upon default Beneficiary shall proceed to dispose of such property in accordance with the provisions of the Code, ten (10) days' written notice by Beneficiary to Trustor shall be deemed to be reasonable notice under any provision of the Code requiring such notice; provided, however, that Beneficiary may at its option dispose of such property in accordance with Beneficiary's rights and remedies with respect to the real property pursuant to the provisions of this Deed of Trust, in lieu of proceeding under the Code.
- (c) Change in Trustor's Name. Trustor shall give advance notice in writing to Beneficiary of any proposed change in Trustor's name, identity, or corporate structure and shall execute and deliver to Beneficiary, prior to or concurrently with the occurrence of any such change, all additional financing statements that Beneficiary may require to establish and maintain the validity and priority of Beneficiary's security interest with respect to any Trust Property described or referred to herein.
- (d) Fixture Filing. With respect to those items of the Trust Property that are or will become fixtures upon the Property and those items, if any, specifically described in attached Exhibit B, this Deed of Trust shall be effective as a financing statement filed as a fixture filing from the date of its filing for record in the real estate records of the county in which the Trust Property or Exhibit B property is situated. Information concerning the security interest created by this instrument may be obtained from Beneficiary, as Secured Party, at the address of Beneficiary stated below. The mailing address of the Trustor, as debtor, is as stated below.

B. It is mutually agreed that:

1. **Proceeds of Condemnation, Injury to Trust Property.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of or damage or injury to the Trust Property, or any part thereof, or for the conveyance in lieu of condemnation thereof, are hereby assigned to and shall be paid to Beneficiary. In addition, all causes of action, whether accrued before or after the date of this Deed of Trust, of all claims for damages or injury to the Trust Property or any part thereof, including without limitation causes of action arising in tort or contract and causes of action for fraud or concealment of a material fact, are hereby assigned to Beneficiary and the proceeds shall be paid to Beneficiary. Beneficiary may elect, in its sole discretion, without regard to whether its security is impaired, to apply such sums to the indebtedness secured by this Deed of Trust, whether then matured or subsequently to mature, or to release such sums or any part thereof.

2. **Non-Waiver.** No waiver of any default on the part of Trustor or breach of any of the provisions of this Deed of Trust or of any other instrument executed in connection with the indebtedness secured hereby shall be considered a waiver of any other or subsequent default or breach, and no delay or omission in exercising or enforcing the rights and powers herein granted shall be construed as a waiver of such rights and powers, and likewise no exercise or enforcement of any rights or powers hereunder shall be held to exhaust such rights and powers, and every such right and power may be exercised from time to time.

3. **Reconveyance.** Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matter or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

4. **Assignment of Rents.** Trustor hereby assigns the rents, income, issues and profits of the Trust Property and hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of this Deed of Trust, to collect the rents, income, issues and profits of the Trust Property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, income, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, the solvency of Trustor, or the presence of waste or danger of loss or destruction of the Trust Property, enter upon and take possession of the Trust Property or any part thereof, and any personal property in which Beneficiary has a security interest as additional security for the indebtedness secured by this Deed of Trust, and in its own name sue for or otherwise collect such rents, income, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. In the exercise of any of the foregoing rights and powers, Beneficiary shall not be liable to Trustor for any loss or damage thereby sustained unless due solely to the willful misconduct of Beneficiary. The entering upon and taking possession of the Trust Property, the collection of such rents, income, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. To the extent the provisions of this paragraph are inconsistent with the terms of a separate Assignment of Lessor's Interest in Leases, if any, the terms of the Assignment of Lessor's Interest in Leases shall control.

5. **Beneficiary's Right to Cure and Defend.** Should Trustor fail to make any payment or to do any act as provided in this Deed of Trust, or in the Note or in any other instrument securing the Note, Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon the Trust Property for such purpose. Beneficiary and/or Trustee may at any time, prior to full payment of all sums secured by this Deed of Trust, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any power conferred by this Deed of Trust, pay necessary expenses, employ counsel and pay reasonable fees therefor (including fees on appeal). Trustor agrees to repay immediately and without demand all sums so expended by Beneficiary or Trustee with interest from date of expenditure at the Default Rate as herein provided.

6. **Default; Acceleration; Default Rate.** Time is material and of the essence hereof. Each of the following shall be an Event of Default under this Deed of Trust: (a) failure of Trustor to pay the secured indebtedness as provided; (b) failure of Trustor to comply with the provisions of this Deed of Trust; (c) a proceeding under any bankruptcy, receivership or insolvency law instituted by or against Trustor; (d) if Trustor makes an assignment for the benefit of creditors; (e) if any laws impose what Beneficiary may deem to be a substantial tax upon Beneficiary by reason of its interest in this Deed of Trust (unless Trustor may lawfully pay such tax and does so); or (f) if any warranty contained in the fifth paragraph of this Deed of Trust is false in the material respect or any representation, warranty or information furnished by the Trustor or its agents to Beneficiary in connection with the indebtedness secured hereby is false in any material respect. Any default under this Deed of Trust shall constitute a default under the Note and under all other security instruments securing the Note. Any default under such other security instruments shall constitute a default under this Deed of Trust. Upon default, Beneficiary may (but if the Trust Property is located in Iowa or Nevada, only after the period of time required by law) declare all sums secured hereby immediately due and payable. Any sum not paid as provided herein or in the Note or any other security instrument securing the Note shall bear interest from such due date at a rate of interest four (4) percentage points per annum greater than the Note Rate or the maximum rate permitted by law, whichever is lesser (the "Default Rate").

If a default occurs during a period of time in which prepayment is permitted only on payment of prepayment charge, such charge shall be computed as if the sum declared due on default were a prepayment and shall be added to the sums due any payable under the Note.

7. **Power of Sale.** Beneficiary may direct Trustee, and Trustee shall be empowered, to foreclose the Trust Property by advertisement and exercise of sale under applicable law by delivering to Trustee a written declaration of default and demand for sale and written notice of default and Beneficiary's election to cause the Trust Property to be sold, which notice Trustee shall cause to be recorded, filed for record, mailed, published and/or posted as may be required by law. After the lapse of the period required by law following the recordation of said notice of default, and notice of sale having been given as required by law, Trustee, without demand on Trustor, shall sell the Trust Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, or otherwise in the manner prescribed by law, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Trust Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary, may purchase at such sale. All uninsured hazard insurance on the property so sold shall pass to and inure to the benefit of the purchaser of such property at such sale and Beneficiary is hereby irrevocably authorized to assign in Trustor's name to such purchaser of all such policies, which may be amended or rewritten to show the interest of such purchaser.

8. **Attorney Fees; Proceeds of Sale.** If foreclosure be made by Trustee, to the extent allowed by law, reasonable attorney fees for services in the supervision of foreclosure proceedings shall be allowed by Trustee as part of the costs of foreclosure. After deducting all costs, fees and expenses of Trustee and of this Deed of Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof, not then repaid, with accrued interest at the Default Rate as herein provided; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

9. **Expenses and Attorney Fees.** If Beneficiary refers the Note to an attorney for collection or seeks legal advice following a default alleged in good faith under the Note; if Beneficiary is the prevailing party in any litigation instituted in connection with the Note; or if Beneficiary or any other person initiates any judicial or nonjudicial action, suit or proceeding in connection with the Note, the indebtedness evidenced thereby or the security therefor (including, but not limited to, an action to recover possession of the Property after foreclosure), and an attorney is employed by Beneficiary to (a) appear in any such action, suit or proceeding, or (b) reclaim, seek relief from a judicial or statutory stay, sequester, protect, preserve or enforce Beneficiary's interest in the Note, the Deed of Trust or any other security for the Note (including but not limited to proceedings under federal bankruptcy law, in eminent domain, under probate proceedings, or in connection with any state or federal tax lien), then in any such event, to the extent allowed by law, Trustor shall pay attorney fees and costs and expenses incurred by Beneficiary and/or its attorney in connection with the above-mentioned events and any appeals related to such events, including but not limited to costs incurred in searching records, the cost of title reports, the cost of appraisals, the cost of surveyors' reports and the cost of environmental surveys. If not paid within ten (10) days after such fees, costs and expenses become due and written demand for payment is made upon Trustor, such amount may, at Beneficiary's option, be added to the principal of the Note and shall bear interest at the Default Rate.

10. **Binding Effect; Waiver of Defenses; Interpretation.** This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The right to plead any Statute of Limitations in any suit brought upon the Note or the indebtedness thereby evidenced or to foreclose or enforce this Deed of Trust or arising therefrom or by reason of any default of Trustor, is hereby waived to the full extent permissible by law. The term Beneficiary shall mean the owner and holder, including pledges, of the Note secured hereby, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

11. **Due on Sale or Encumbrance.**

(a) This loan is personal to Trustor and not assignable. In making it, Beneficiary has relied on Trustor's credit, Trustor's interest in the Trust Property, and financial market conditions at the time this loan is made. In the event of a sale, conveyance, transfer or encumbrance of the title to or possession of all or part of the Trust Property, directly or indirectly, either voluntarily, involuntarily or by operation of law, without the prior written consent of Beneficiary (which consent may be withheld at Beneficiary's sole discretion), Beneficiary may declare the entire balance of this loan immediately due and payable. In such event, and to the extent permitted by law, a prepayment charge as specified in the Note shall be added to the sums due and payable in the Note and this Deed of Trust.

(b) Beneficiary will waive its right under the foregoing provisions of this paragraph if the following conditions are met: (i) the credit of proposed transferee is satisfactory to Beneficiary; (ii) the proposed transferee shall assume full personal liability for payment and performance of the Note, this Deed of Trust and any other security instruments securing the Note; (iii) Beneficiary's reasonable administrative costs, as determined by Beneficiary, are paid to Beneficiary; (iv) at Beneficiary's sole option, either the interest rate on the secured loan is increased to a rate not in excess of the then current market rate for comparable loans under comparable circumstances (the amount of the increase to be determined solely by Beneficiary), or Beneficiary is paid a lump sum compensation not to exceed five percent (5%) of the loan balance; and (v) the provisions in the Note, this Deed of Trust and any other instrument securing the Note regarding the maturity, amortization or prepayment of this loan shall be modified, at Beneficiary's sole option, to conform to provisions being offered by Beneficiary in similar loans at the time Beneficiary's waiver is sought, or in the event Beneficiary is not offering similar loans at such time, on such reasonable terms as Beneficiary may determine. Without limiting the generality or effect of the foregoing, waiver by Beneficiary of its right to accelerate the loan upon any transfer or contract to transfer, or to require satisfaction of the conditions set forth in subparagraph (b), shall not be deemed a waiver by Beneficiary of its right to accelerate the loan upon any other transfer or contract to transfer or of its right upon such transfer to require satisfaction of the conditions set forth above in subparagraph (b).

(c) Any changes in the provisions in the Note, this Deed of Trust, or any other instrument securing the Note resulting from the satisfaction of the conditions set forth in paragraph 11(b) above shall entitle Beneficiary to increase the amount of the monthly installment to an amount determined by Beneficiary to be sufficient to amortize this Loan within the remainder of the amortization period originally used by the Beneficiary to establish the original monthly payment amount for this Loan.

(d) For the purpose of, and without limiting the generality of the foregoing, the occurrence at any time of any of the following events, without Beneficiary's prior written consent, shall be deemed to be a transfer of title to the Trust Property.

(i) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, all or any part of the legal and/or equitable title to the Trust Property;

(ii) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, any share of stock of the Trustor;

(iii) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, any general partnership interest in Trustor; or

(iv) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, twenty-five percent (25%) or more of all limited partnership interests in Trustor.

(e) Assumption shall NOT release Trustor or any successor in interest from personal liability for payment and performance of the terms and conditions of this loan.

12. **Late Charges.** The Note provides that if any payment is not received by Beneficiary (or by the correspondent if a correspondent has been designated by Beneficiary to receive payments) within fifteen (15) days after its due date, Beneficiary, at its option, may assess a late charge equal to five cents for each \$1.00 of each overdue payment or the maximum late charge permitted by the laws of the state in which the Trust Property is located, whichever is less. Such late charge shall be due and payable on demand, and Beneficiary at its option, may (a) refuse any late payment or any subsequent payment unless accompanied by such late charge, (b) add such late charge to the principal balance of the Note or (c) treat the failure to pay such late charge as demanded as a default hereunder. If such late charge is added to the principal balance of the Note, it shall bear interest at the Default Rate.

13. **Deficiency.** Trustor consents to a personal deficiency judgment for any part of the debt hereby secured which shall not be paid by the sale of the Trust Property, unless such judgment is prohibited by law. Any Trustor who is a married person hereby expressly agrees that recourse may be had against his or her other property, however owned, but without hereby creating any lien or charge thereon, for any deficiency due on sale of the Trust Property; except that this provision shall not apply in the case of a Trustor who executes this Deed of Trust but not the Note secured hereby.

14. **Waiver of Rights Regarding Property.** To the extent permitted by law, Trustor hereby releases and waives (a) all rights to any homestead exemption in the Trust Property; (b) all rights of dower and curtesy in the Trust Property; and (c) all rights to possession of the Property during any period allowed by law for redemption.

15. **Waiver of Right to Marshal.** Trustor, for Trustor and for all persons hereafter claiming through or under Trustor or who may at any time hereafter become holders of liens junior to the lien of this Deed of Trust, hereby expressly waives and releases all rights to direct the order in which any of the Trust Property shall be sold in the event of any sale or sales pursuant hereto and to have any of the Trust Property and/or any other property now or hereafter constituting security for any of the indebtedness secured hereby marshaled upon any foreclosure of this Deed of Trust or of any other security for any of said indebtedness.

16. **Severability.** In the event any provision contained in this Deed of Trust shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Deed of Trust, but this Deed of Trust shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

17. **Signature on Deed of Trust Only.** Notwithstanding any other provision of this Deed of Trust, any person who executes this Deed of Trust, but not the Note secured hereby, shall have no personal liability on the Note or for any deficiency judgment which may be obtained upon foreclosure of this Deed of Trust. Such persons jointly and severally waive presentment, demand, protest and all notices and agree that Beneficiary, without notice to them or their consent, and upon such terms as Beneficiary may deem advisable, and without affecting in any way Beneficiary's rights hereunder as against the Trust Property, may:

- (a) Extend, release, surrender, exchange, compromise, discharge or modify any right or obligation secured by or provided by this Deed of Trust or any other instrument securing this loan, or
- (b) Take any other action which Beneficiary may deem reasonably appropriate to protect its security interest in the Trust Property.

18. **Nevada Provision.** If the Trust Property is located in Nevada, then to the extent not inconsistent with the foregoing provisions of this Deed of Trust, the following covenants, numbers 1, 2 (full replacement value), 3, 4 (12 percent) 5, 6, 7 (a reasonable percentage), 8 and 9 of NRS 107.030 are hereby adopted and made a part of this Deed of Trust.

19. **New Mexico Provision.** If the Trust Property is located in New Mexico, then the Trust Property and this Deed of Trust are subject to the terms of the New Mexico Deed of Trust Act.

20. **Oregon Provision.** If the Trust Property is located in Oregon, indicate whether document is being filed as a fixture filing with an effective period of [five years] [ten years, or] [X] until this Deed of Trust is released or satisfied of record or its effectiveness otherwise terminates as to the Property.

21. **Governing Law.** The law of the state in which the Trust Property is located shall govern the validity, interpretation, construction and performance of this Deed of Trust.

22. **Books and Records.** Upon demand, Trustor will provide Beneficiary with operating statements and other financial information relevant to the use, operation and income of the Trust Property, including reasonable access to the books and records.

23. **Prepayment Charges.** Prepayment charges will be imposed, as specified in the Note, to the extent permitted by law, whether the prepayment is (a) voluntary, involuntary, or by operation of law, (b) in connection with a default in performance of the payment obligations or any other obligations under the Note or under any instrument securing the Note, or (c) required by Beneficiary as provided herein in connection with a transfer or contract to transfer the Trust Property, provided that no prepayment charges shall be added to sums prepaid with casualty insurance proceeds or condemnation awards.

24. **Successor Trustee; Notice.** Beneficiary at any time and from time to time, by instrument in writing, may substitute and appoint a successor or successors (either corporate or individual) to any trustee named herein or previously substituted hereunder, which instrument when executed, acknowledged, and recorded in the office of the Recorder of the county or counties where the Trust Property is situated shall be conclusive proof of the proper substitution and appointment of each such successor trustee or trustees, who shall then have all the title, powers, duties and rights of the predecessor trustee, without the necessity of any conveyance from such predecessor. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to Trustor. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee. Except as otherwise provided in this Deed of Trust, all notices and consents required or permitted under this Deed of Trust shall be in writing and may be telexed, cabled, delivered by hand, or mailed by first class registered or certified mail, return receipt requested, postage prepaid, and addressed as follows:

If to Trustor/Debtor: METROPOLITAN SERVICE DISTRICT
2000 SW FIRST AVENUE
PORTLAND, OREGON 97201-5398

If to Beneficiary/Secured Party:
PACIFIC DEVELOPMENT (PROPERTY), INC.
an Oregon corporation
825 NE MULTNOMAH, SUITE 1275
PORTLAND, OREGON 97232

If to Trustee: _____ TITLE INSURANCE COMPANY

Changes in the respective addresses to which such notices may be directed may be made from time to time by any party by notice to the other parties. Notices and consents given by mail in accordance with this paragraph shall be deemed to have been given on the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

25. **Required Statement Regarding Tax Account Number.** The address of Beneficiary is as provided in paragraph 24. The Tax Account Number of the Trust Property is _____

26. **Entire Agreement.** This Deed of Trust, the Note and any other security agreements securing the Note constitute the entire and complete agreement of the parties with respect to the subject matter hereof, and supersede all prior or contemporaneous understandings, arrangements and commitments, all of which, whether oral or written, are merged herein. This Deed of Trust shall bind and inure to the benefit of the parties to this Deed of Trust and any successor or assignee acquiring an interest hereunder consistent with paragraph B.11 above.

Signature of Trustor

METROPOLITAN SERVICE DISTRICT

By:

REQUEST FOR FULL RECONVEYANCE

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

To

, Trustee:

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

Dated

19

By

Vice-President

By

Assistant Secretary

Mail Reconveyance to

PARCEL 60 SOUTH OF LLOYD CENTER

Legal Description:

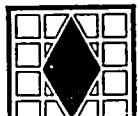
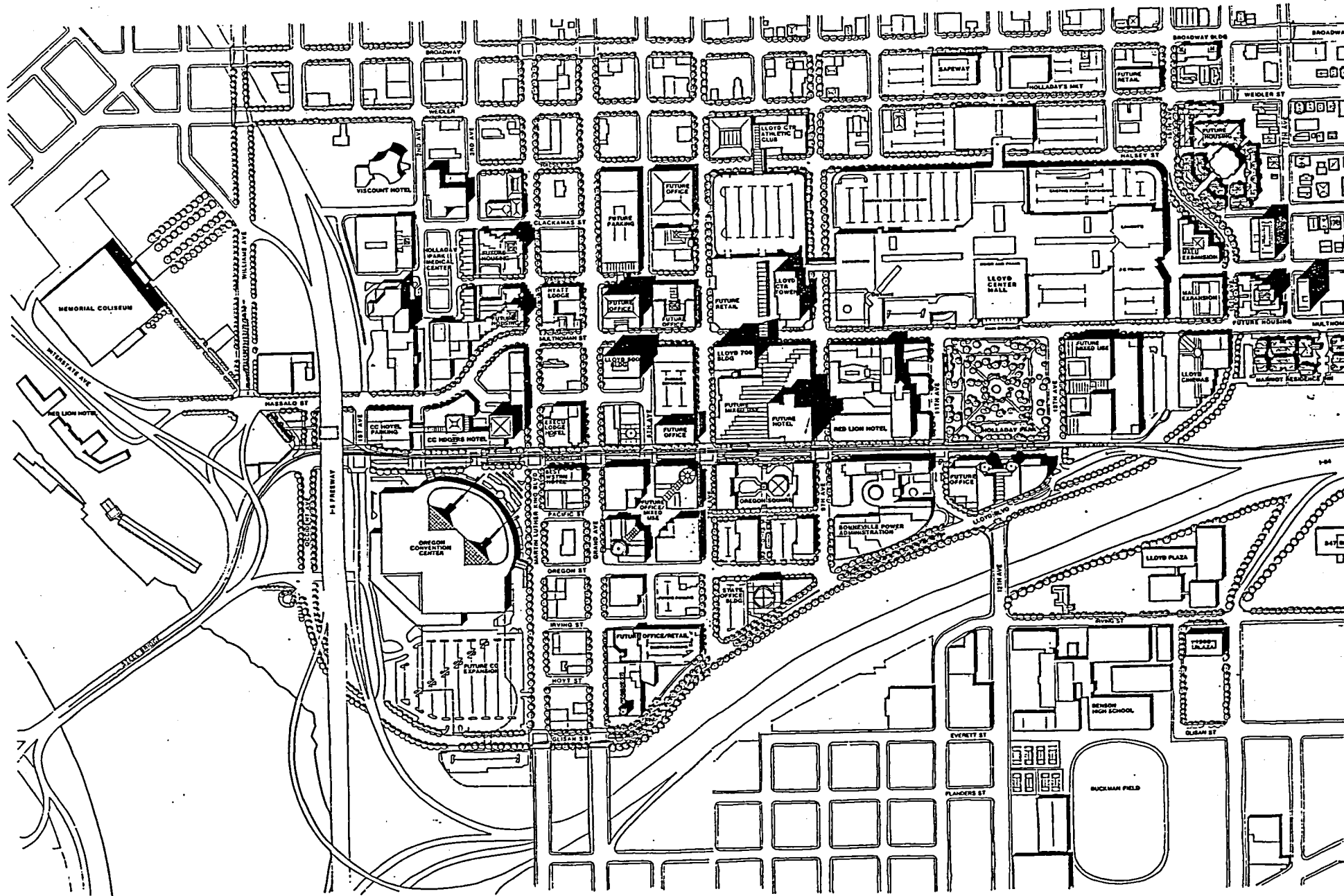
A tract of land in the City of Portland, County of Multnomah and State of Oregon, being all that portion of the following described property lying Northwesterly and Westerly of the Northwesterly and Westerly right of way line of the parcel conveyed to the City of Portland for street purposes by instrument recorded October 13, 1959 in Deed Book 1978, Page 698, Records of Multnomah County, Oregon to-wit:

Fractional Block 7, HEIPLE ADDITION TO EAST PORTLAND; Blocks 7 and 8, WHEELER'S ADDITION TO EAST PORTLAND; Blocks 85 and 86, HOLLADAY'S ADDITION TO EAST PORTLAND; together with those portions of vacated N.E. Hoyt Street, N.E. 6th Avenue and N.E. Lloyd Boulevard inuring to the above mentioned parcels by City of Portland vacation Ordinances No. 55844 and No. 110439; EXCEPTING THEREFROM the West 10 feet of the above described property lying within the limits of S.E. Grand Avenue (formerly East 5th Street).

Order No. E59300 / 12-12200

PARCEL 60 SPECIAL EXCEPTIONS:

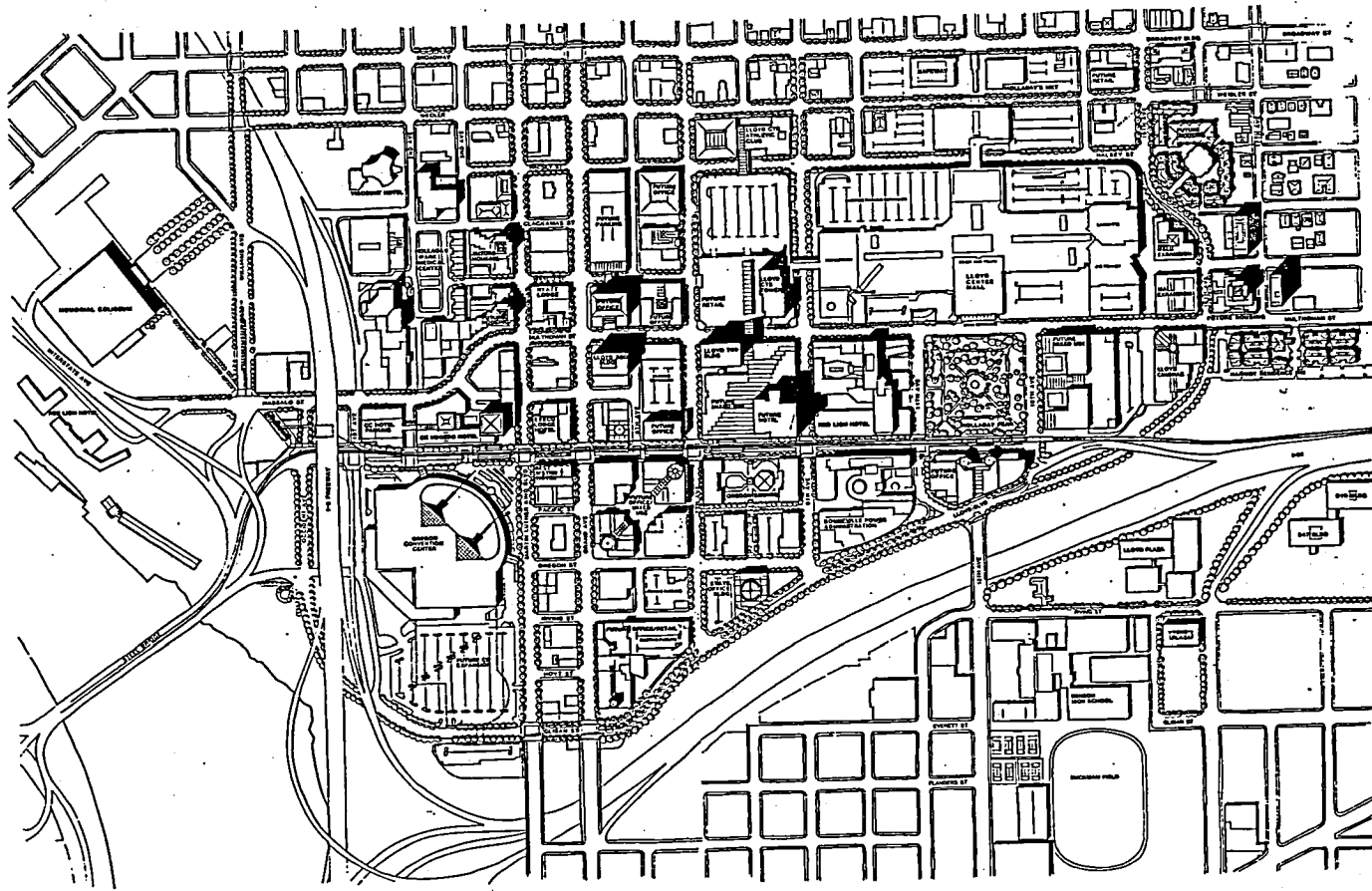
7. Easement for existing public utilities in vacated street area and the conditions imposed thereby,
Reserved by Ordinance No. 55844
Entered: JANUARY 18, 1929
8. Easement for existing public utilities in vacated street area and the conditions imposed thereby,
Reserved by Ordinance No. 110439.
Entered: JULY 23, 1959
9. Covenants, conditions, restrictions and easements, but omitting restrictions, if any, based on race, color, religion or national origin, as contained in Ordinance No. 110439
Recorded: JULY 23, 1959



PACIFIC DEVELOPMENT, INC

PACIFIC-LLOYD PROPERTIES

FLETCHER
FARR
AYOTTE, PC
ARCHITECTS
1110 NW 10TH AVE
PORTLAND, OR 97208
503 227-1441



PACIFIC DEVELOPMENT, INC

PACIFIC-LLOYD PROPERTIES

FLETCHER
FARR
AYOTTE, PC



9. **Expenses and Attorney Fees.** If Beneficiary refers the Note to an attorney for collection or seeks legal advice following a default alleged in good faith under the Note; if Beneficiary is the prevailing party in any litigation instituted in connection with the Note; or if Beneficiary or any other person initiates any judicial or nonjudicial action, suit or proceeding in connection with the Note, the indebtedness evidenced thereby or the security therefor (including, but not limited to, an action to recover possession of the Property after foreclosure), and an attorney is employed by Beneficiary to (a) appear in any such action, suit or proceeding, or (b) reclaim, seek relief from a judicial or statutory stay, sequester, protect, preserve or enforce Beneficiary's interest in the Note, the Deed of Trust or any other security for the Note (including but not limited to proceedings under federal bankruptcy law, in eminent domain, under probate proceedings, or in connection with any state or federal tax lien), then in any such event, to the extent allowed by law, Trustor shall pay attorney fees and costs and expenses incurred by Beneficiary and/or its attorney in connection with the above-mentioned events and any appeals related to such events, including but not limited to costs incurred in searching records, the cost of title reports, the cost of appraisals, the cost of surveyors' reports and the cost of environmental surveys. If not paid within ten (10) days after such fees, costs and expenses become due and written demand for payment is made upon Trustor, such amount may, at Beneficiary's option, be added to the principal of the Note and shall bear interest at the Default Rate.

10. **Binding Effect; Waiver of Defenses; Interpretation.** This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The right to plead any Statute of Limitations in any suit brought upon the Note or the indebtedness thereby evidenced or to foreclose or enforce this Deed of Trust or arising therefrom or by reason of any default of Trustor, is hereby waived to the full extent permissible by law. The term Beneficiary shall mean the owner and holder, including pledges, of the Note secured hereby, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

11. **Due on Sale or Encumbrance.**

(a) This loan is personal to Trustor and not assignable. In making it, Beneficiary has relied on Trustor's credit, Trustor's interest in the Trust Property, and financial market conditions at the time this loan is made. In the event of a sale, conveyance, transfer or encumbrance of the title to or possession of all or part of the Trust Property, directly or indirectly, either voluntarily, involuntarily or by operation of law, without the prior written consent of Beneficiary (which consent may be withheld at Beneficiary's sole discretion), Beneficiary may declare the entire balance of this loan immediately due and payable. In such event, and to the extent permitted by law, a prepayment charge as specified in the Note shall be added to the sums due and payable in the Note and this Deed of Trust.

(b) Beneficiary will waive its right under the foregoing provisions of this paragraph if the following conditions are met: (i) the credit of proposed transferee is satisfactory to Beneficiary; (ii) the proposed transferee shall assume full personal liability for payment and performance of the Note, this Deed of Trust and any other security instruments securing the Note; (iii) Beneficiary's reasonable administrative costs, as determined by Beneficiary, are paid to Beneficiary; (iv) at Beneficiary's sole option, either the interest rate on the secured loan is increased to a rate not in excess of the then current market rate for comparable loans under comparable circumstances (the amount of the increase to be determined solely by Beneficiary), or Beneficiary is paid a lump sum compensation not to exceed five percent (5%) of the loan balance; and (v) the provisions in the Note, this Deed of Trust and any other instrument securing the Note regarding the maturity, amortization or prepayment of this loan shall be modified, at Beneficiary's sole option, to conform to provisions being offered by Beneficiary in similar loans at the time Beneficiary's waiver is sought, or in the event Beneficiary is not offering similar loans at such time, on such reasonable terms as Beneficiary may determine. Without limiting the generality or effect of the foregoing, waiver by Beneficiary of its right to accelerate the loan upon any transfer or contract to transfer, or to require satisfaction of the conditions set forth in subparagraph (b), shall not be deemed a waiver by Beneficiary of its right to accelerate the loan upon any other transfer or contract to transfer or of its right upon such transfer to require satisfaction of the conditions set forth above in subparagraph (b).

(c) Any changes in the provisions in the Note, this Deed of Trust, or any other instrument securing the Note resulting from the satisfaction of the conditions set forth in paragraph 11(b) above shall entitle Beneficiary to increase the amount of the monthly installment to an amount determined by Beneficiary to be sufficient to amortize this Loan within the remainder of the amortization period originally used by the Beneficiary to establish the original monthly payment amount for this Loan.

(d) For the purpose of, and without limiting the generality of the foregoing, the occurrence at any time of any of the following events, without Beneficiary's prior written consent, shall be deemed to be a transfer of title to the Trust Property.

- (i) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, all or any part of the legal and/or equitable title to the Trust Property;
 - (ii) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, any share of stock of the Trustor;
 - (iii) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, any general partnership interest in Trustor; or
 - (iv) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, twenty-five percent (25%) or more of all limited partnership interests in Trustor.
- (e) Assumption shall NOT release Trustor or any successor in interest from personal liability for payment and performance of the terms and conditions of this loan.

12. **Late Charges.** The Note provides that if any payment is not received by Beneficiary (or by the correspondent if a correspondent has been designated by Beneficiary to receive payments) within fifteen (15) days after its due date, Beneficiary, at its option, may assess a late charge equal to five cents for each \$1.00 of each overdue payment or the maximum late charge permitted by the laws of the state in which the Trust Property is located, whichever is less. Such late charge shall be due and payable on demand, and Beneficiary at its option, may (a) refuse any late payment or any subsequent payment unless accompanied by such late charge, (b) add such late charge to the principal balance of the Note or (c) treat the failure to pay such late charge as demanded as a default hereunder. If such late charge is added to the principal balance of the Note, it shall bear interest at the Default Rate.

13. **Deficiency.** Trustor consents to a personal deficiency judgment for any part of the debt hereby secured which shall not be paid by the sale of the Trust Property, unless such judgment is prohibited by law. Any Trustor who is a married person hereby expressly agrees that recourse may be had against his or her other property, however owned, but without hereby creating any lien or charge thereon, for any deficiency due on sale of the Trust Property; except that this provision shall not apply in the case of a Trustor who executes this Deed of Trust but not the Note secured hereby.

14. **Waiver of Rights Regarding Property.** To the extent permitted by law, Trustor hereby releases and waives (a) all rights to any homestead exemption in the Trust Property; (b) all rights of dower and curtesy in the Trust Property; and (c) all rights to possession of the Property during any period allowed by law for redemption.

15. **Waiver of Right to Marshal.** Trustor, for Trustor and for all persons hereafter claiming through or under Trustor or who may at any time hereafter become holders of liens junior to the lien of this Deed of Trust, hereby expressly waives and releases all rights to direct the order in which any of the Trust Property shall be sold in the event of any sale or sales pursuant hereto and to have any of the Trust Property and/or any other property now or hereafter constituting security for any of the indebtedness secured hereby marshaled upon any foreclosure of this Deed of Trust or of any other security for any of said indebtedness.

16. **Severability.** In the event any provision contained in this Deed of Trust shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Deed of Trust, but this Deed of Trust shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

17. **Signature on Deed of Trust Only.** Notwithstanding any other provision of this Deed of Trust, any person who executes this Deed of Trust, but not the Note secured hereby, shall have no personal liability on the Note or for any deficiency judgment which may be obtained upon foreclosure of this Deed of Trust. Such persons jointly and severally waive presentment, demand, protest and all notices and agree that Beneficiary, without notice to them or their consent, and upon such terms as Beneficiary may deem advisable, and without affecting in any way Beneficiary's rights hereunder as against the Trust Property, may:

- (a) Extend, release, surrender, exchange, compromise, discharge or modify any right or obligation secured by or provided by this Deed of Trust or any other instrument securing this loan, or
- (b) Take any other action which Beneficiary may deem reasonably appropriate to protect its security interest in the Trust Property.

18. **Nevada Provision.** If the Trust Property is located in Nevada, then to the extent not inconsistent with the foregoing provisions of this Deed of Trust, the following covenants, numbers 1, 2 (full replacement value), 3, 4 (12 percent), 5, 6, 7 (a reasonable percentage), 8 and 9 of NRS 107.030 are hereby adopted and made a part of this Deed of Trust.

19. **New Mexico Provision.** If the Trust Property is located in New Mexico, then the Trust Property and this Deed of Trust are subject to the terms of the New Mexico Deed of Trust Act.

20. **Oregon Provision.** If the Trust Property is located in Oregon, indicate whether document is being filed as a fixture filing with an effective period of [] five years, [] ten years, or [X] until this Deed of Trust is released or satisfied of record or its effectiveness otherwise terminates as to the Property.

21. **Governing Law.** The law of the state in which the Trust Property is located shall govern the validity, interpretation, construction and performance of this Deed of Trust.

22. **Books and Records.** Upon demand, Trustor will provide Beneficiary with operating statements and other financial information relevant to the use, operation and income of the Trust Property, including reasonable access to the books and records.

23. **Prepayment Charges.** Prepayment charges will be imposed, as specified in the Note, to the extent permitted by law, whether the prepayment is (a) voluntary, involuntary, or by operation of law, (b) in connection with a default in performance of the payment obligations or any other obligations under the Note or under any instrument securing the Note, or (c) required by Beneficiary as provided herein in connection with a transfer or contract to transfer the Trust Property, provided that no prepayment charges shall be added to sums prepaid with casualty insurance proceeds or condemnation awards.

24. **Successor Trustee; Notice.** Beneficiary at any time and from time to time, by instrument in writing, may substitute and appoint a successor or successors (either corporate or individual) to any trustee named herein or previously substituted hereunder, which instrument when executed, acknowledged, and recorded in the office of the Recorder of the county or counties where the Trust Property is situated shall be conclusive proof of the proper substitution and appointment of each such successor trustee or trustees, who shall then have all the title, powers, duties and rights of the predecessor trustee, without the necessity of any conveyance from such predecessor. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to Trustor. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee. Except as otherwise provided in this Deed of Trust, all notices and consents required or permitted under this Deed of Trust shall be in writing and may be telexed, cabled, delivered by hand, or mailed by first class registered or certified mail, return receipt requested, postage prepaid, and addressed as follows:

If to Trustor/ Debtor: METROPOLITAN SERVICE DISTRICT
2000 SW FIRST AVENUE
PORTLAND, OREGON 97201-5398

If to Beneficiary/ Secured Party:
PACIFIC DEVELOPMENT (PROPERTY), INC.
an Oregon corporation
825 NE MULTNOMAH, SUITE 1275
PORTLAND, OREGON 97232

If to Trustee: _____ TITLE INSURANCE COMPANY

Changes in the respective addresses to which such notices may be directed may be made from time to time by any party by notice to the other parties. Notices and consents given by mail in accordance with this paragraph shall be deemed to have been given on the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

25. **Required Statement Regarding Tax Account Number.** The address of Beneficiary is as provided in paragraph 24. The Tax Account Number of the Trust Property is _____.

26. **Entire Agreement.** This Deed of Trust, the Note and any other security agreements securing the Note constitute the entire and complete agreement of the parties with respect to the subject matter hereof, and supersede all prior or contemporaneous understandings, arrangements and commitments, all of which, whether oral or written, are merged herein. This Deed of Trust shall bind and inure to the benefit of the parties to this Deed of Trust and any successor or assignee acquiring an interest hereunder consistent with paragraph B.11 above.

Signature of Trustor

METROPOLITAN SERVICE DISTRICT

By:

REQUEST FOR FULL RECONVEYANCE

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

To

, Trustee:

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

Dated

19

By

Vice-President

By

Assistant Secretary

Mail Reconveyance to

21.2 Prior Agreements. This Agreement supersedes and replaces all written and oral agreements previously made or existing between the parties.

21.3 Applicable Law. This Agreement shall be construed, applied and enforced in accordance with the laws of the State of Oregon.

21.4 Survival. All restrictions and conditions which this Agreement does not require to be fully satisfied prior to the closing date shall survive the closing date and shall be fully enforceable thereafter in accordance with their terms.

21.5 Representations; Condition of Property. Seller will permit Purchaser to make its independent inspections and investigations of the Property prior to the Closing Date. Except as otherwise specifically set forth in this Agreement or in the warranty deed to be delivered at closing, no warranties, guarantees or representations have been or are being made by Seller concerning the boundaries and acreage of the Property, any tests, inspections or examinations of the Property, any governmental permits or approvals obtained or to be obtained in connection with Purchaser's use of the Property, the suitability of the Property for Purchaser's intended use, the availability of utilities and services, the applicable zoning, building, housing and other ordinances, restrictions, laws, and regulations affecting the Property, or other matters. Except as otherwise specifically set forth in this Agreement, Purchaser accepts the land, buildings, and all other aspects of the Property in their present condition, AS IS, without any representations or warranties by Seller, expressed or implied. Purchaser acknowledges that Purchaser has ascertained for itself the value and condition of the Property and Purchaser is not relying on, nor has Purchaser been influenced by, any representation of Seller regarding the value or condition of the Property.

THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS, WHICH, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND EXISTENCE OF FIRE PROTECTION FOR STRUCTURES.

21.6 Council and Board Approvals. This Agreement is subject to Purchaser's obtaining its Council's approval of this transaction at its meeting on October 11, 1990, and is subject to Seller's obtaining approval by its Board of Directors (which must be satisfied within 10 days after mutual execution of this Agreement).

OCT-11-90 THU 10:58 PACIFIC COAST PROPERTIES P.09

21.7 Brokers. Purchaser (at its expense) will cause the escrow officer to pay at closing the real estate broker's commission due to Coldwell Banker Commercial Brokerage on account of this transaction. Each party will defend, indemnify, and hold the other party harmless from any claim, loss, or liability made or imposed by any other party claiming a commission or fee in connection with this transaction and arising out of its own conduct.

21.8 Costs and Attorney's Fees. In the event suit or action is instituted to interpret or enforce any of the terms of this Agreement, the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as attorneys' fees at trial, on any appeal of such suit or action and on any petition for review.

AGREED to, subject to necessary Council and board approval, as stated above, as of the date(s) shown below.

SELLER:

PURCHASER:

PACIFIC DEVELOPMENT
(PROPERTY), INC.

METROPOLITAN SERVICE
DISTRICT

By: _____
William C. Scott, Jr.,
President

By: _____

Dated: October __, 1990

Dated: October __, 1990

The undersigned agrees to assign its Parking Supply Agreement or cooperate in pursuing the creation of a direct agreement between State and Metro concerning parking obligations, as described in paragraph 9 above.

PACIFIC DEVELOPMENT, INC.

By: _____
William C. Scott, Jr.,
President

Dated: October __, 1990

Purchaser will submit to Seller and obtain its written approval (which will not be unreasonably withheld) of detailed plans and specifications covering the work. Prior to December 10, 1990 Seller shall provide to Purchaser in writing the criteria it will utilize in conducting its design review. Failure to furnish such criteria to Purchaser shall constitute a waiver of this provision.

15. Handling of Earnest Money Deposit. The earnest money deposit will be deposited by the Title Company as escrow in certificates of deposit or an FDIC insured interest bearing account at bank, savings and loan association, or other financial institution selected by Seller, except as otherwise may be subsequently approved by the parties. Interest will be retained in the account and will accrue for the benefit of and be credited to the party entitled to receive or have credited the earnest money deposited with interest thereon at closing or upon termination, cancellation of rescission of this Agreement pursuant to its terms.

16. Certification of Nonforeign Status. Seller warrants that Seller is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code of 1986, as amended, and that such warranty will be true as of date of closing. Seller shall deliver to Purchaser at closing a Certificate of Nonforeign Status, setting forth Seller's address and United States taxpayer identification number and certifying that Seller is not a foreign person as so defined.

17. Seller Cooperation. Seller shall, within 5 days after mutual execution of this Agreement, provide or make available to Purchaser Seller's records relating to the Property, including the State Parking Agreement and all documents, leases and contracts, title report and easements of records relating to the Property. In addition, Seller shall provide any plans and specifications in Seller's possession relating to renovation, evaluation of the Property and all reports, documents and/or consultant analysis books in Seller's possession relating to structural, hazardous wastes, and similar matters relating to the Property. Seller shall cooperate with Purchaser at its expense in all zoning and planning phases (without liability or recourse to Seller) and will provide such market information as is in Seller's possession to Purchaser during the contingency period relating to speculative office leasing market for the Lloyd area. Seller is not warranting, and shall not be liable in any manner for the soundness or accuracy of market information or other studies or analysis or for any conclusions reached in any materials provided to Purchaser.

18. No Joint Venture or Other Relationship. It is expressly acknowledged and agreed that no provision of this

Agreement or the parties' conduct or activities will be construed: (i) as making either party an agent, principal, partner or joint venturer with the other party; or (ii) as making Seller responsible for the payment or reimbursement of any costs incurred by Purchaser in pursuing this transaction, except as expressly provided for herein.

19. Work Product to Seller. If for any reason this transaction does not close, Purchaser shall deliver to Seller copies of the entire work product from Purchaser's efforts to obtain governmental permits and approvals and to prepare necessary documents for the development and improvement of the Property, including all written proposals, drawings, supporting data, and plans or studies that Purchaser owns or controls. Purchaser shall respect and observe the confidential nature of environmental reports obtained by Seller concerning the Property and return such reports to Seller if this transaction does not close.

20. Failure to Close.

20.1 Seller's Remedies. In the event that this transaction fails to close on account of Purchaser's fault or inability to close, the amount previously deposited or paid as earnest money shall be forfeited by Purchaser and retained by Seller as liquidated damages. SUCH AMOUNT HAS BEEN AGREED BY THE PARTIES TO BE REASONABLE COMPENSATION AND THE EXCLUSIVE REMEDY FOR PURCHASER'S DEFAULT, SINCE THE PRECISE AMOUNT OF SUCH COMPENSATION WOULD BE DIFFICULT TO DETERMINE. By initialling this page, the parties acknowledge and agree to such liquidated damages provision. Seller _____
Purchaser _____.

20.2 Purchaser's Remedies. In the event that the transaction fails to close on account of Seller's fault or Seller's inability to close, the earnest money deposit(s) shall be returned to Purchaser. Purchaser shall be entitled to such remedies for breach of contract as may be available under applicable law, including (without limitation) the remedy of specific performance.

21. General Provisions.

21.1 Time of Essence. A material consideration to Seller's entering into this transaction is that Purchaser will close the purchase of the Property by the Closing Date described above. Except as otherwise specifically provided in this Agreement, time is of the essence of each and every provision of this Agreement.

cash or may elect to rescind this Agreement as provided in Section 2 above within the time period stated therein.

7. Trust Deed. The Note will be secured by a commercial trust deed on the Property ("Trust Deed") from Purchaser in favor of Seller, in form prepared by Seller and reasonably acceptable to Purchaser (attached as Exhibit C to this Agreement). The Trust Deed will constitute a lien on the Property subject only to the encumbrances referred to in Section 3 above and will require Purchaser to maintain insurance and keep the Property in good order and repair. The Note and Trust Deed shall provide that Seller will give Purchaser five days' written notice of nonpayment and 20 days' written notice of nonperformance of other obligations before Purchaser will be in default under the instruments, unless Purchaser has already defaulted in performing the same obligation within the prior 12-month period. The Trust Deed will prohibit any transfer of the Property prior to the full payment of the Note.

8. Purchaser's Right to Enter and Inspect. Prior to the Closing Date, Purchaser may perform at reasonable times (upon reasonable advance notice to Seller and coordination as to the time of entry and test or study to be performed) reasonable tests, engineering studies, surveys, soil tests, and other inspections, studies and tests on the Property as Purchaser may deem necessary, at Purchaser's expense. Purchaser will defend, indemnify and hold Seller harmless from any claim, loss or liability in connection with any entry on the Property by Purchaser, any claim of lien or damage or activities on the Property by Purchaser, its agents, employees and independent contractors.

9. State Parking Obligation. Seller and Pacific Development, Inc. ("PDI") will cooperate in efforts to obtain a new parking agreement directly between the State of Oregon ("State") and Purchaser, in replacement of the existing Parking Supply Agreement between PDI and State. If State requires that the parties assign the existing Agreement, Purchaser will assume PDI's obligations and PDI will be released or held harmless from liability. This matter shall be resolved prior to December 17, 1990.

10. Additional Parking. Purchaser shall have the right to lease, at fair market value during the fifteen (15) years from occupancy, up to 86 parking stalls at any time, within a six (6) block radius of the Sears facility with sixty (60) days notice of need to PDI subject to the following:

a. Utilization is 100% of capacity at the Metro garage.

b. Utilization is 100% capacity at the Metro basement (additional parking first level) garage.

c. Additional critical overflow parking shall be available for Metro use only, not tenants.

Parties hereto agree that contemporaneously with closing to execute an agreement providing such additional parking for Metro.

11. Status of Title. Except as otherwise described below, Seller will be responsible for paying, at closing, all outstanding taxes, liens and assessments affecting the Property, including, but not limited to, the 1989 convention center L.I.D. assessment and vintage trolley LID in full. Seller will not be required to pay, and there will be no prorate or adjustment to the purchase price for, the proposed Oregon Convention Center Transportation Capital Improvements L.I.D. and assessments thereunder, if any, affecting the Property will be borne by Purchaser.

12. Escrow and Closing. Seller will provide an owner's title insurance policy to Purchaser from a title insurer reasonably acceptable to Purchaser at closing in ALTA form in the amount of the total purchase price. All costs (title insurance, escrow fees, recording fees and other customary closing costs) will be split equally between Seller and Purchaser. Closing will be at an Escrow Agent selected by Seller subject to Purchaser's reasonable approval.

13. Removal of ACM and Hazardous Waste. Seller is responsible for delivering the Property free of asbestos-containing materials ("ACM") and "Hazardous Substances" as defined in Exhibit C hereto. The timing and nature of any removal work will be mutually approved by the parties. Removal work may occur at Seller's expense after closing provided that all removal work must be completed no later than July 1, 1991 and in no event shall removal work delay or interfere with Purchaser's use or renovation of the Building. In the event Seller fails to remove any ACM or other Hazardous Substances from the Property, Purchaser may do so and Seller shall be liable to Purchaser for all reasonable costs so incurred by Purchaser in effecting such removal. Any amounts owed to Purchaser hereunder may be offset against amounts otherwise owed to Seller. Upon completion of the work, Seller will cause a mutually acceptable environmental consultant to issue to Seller and Purchaser and updated report evidencing completion of the work pursuant to the approved removal program.

14. Design Review. Prior to finalizing Purchaser's plans for renovation of the exterior of the buildings on the property and prior to applying for a building permit covering the work,

001-11-20 100 1000 PACIFIC LLOYD PROPERTIES P.02

ADDENDUM
TO
SALE AGREEMENT

The following terms are hereby added to and incorporated within the Commercial-Industrial Sale Agreement and Receipt for Earnest Money dated October 11, 1990 with respect to the acquisition of the Sear's property by Purchaser:

1. Owner. The owner of the Sears property is Pacific Development (Property), Inc., successor in interest by merger to Pacific Development (Lloyd General I), Inc., an Oregon corporation.

2. Contingency Period. Purchaser shall have until December 15, 1990 to satisfy itself concerning the suitability of the Property, the availability of any necessary governmental permits and approvals, and the feasibility of developing the Property for purchaser's intended use. Purchaser shall have the right at Purchaser's expense to perform reasonable tests, inspections and feasibility studies on the Property as Purchaser may deem necessary. In the event Purchaser determines that necessary governmental permits and approvals are unavailable, or that the Property is not suitable for development or Purchaser's intended use is not feasible, Purchaser may, at any time on or before 5 pm P.S.T. on December 17, 1990, rescind this Agreement by giving written notice to Seller. In the event of such rescission, the earnest money note shall be refunded to Purchaser. This Agreement thereafter shall be null and void and neither party shall have any obligation to the other. If this Agreement is not so rescinded, then the earnest money note will be replaced by cash in the amount of the note and Purchaser will pay into escrow as a forfeitable earnest money deposit an additional \$950,000 in cash for a total earnest money deposit of \$1,000,000, which deposit will be made not later than 5 pm P.S.T. on December 17, 1990. The failure by Purchaser to pay such sum into escrow by 5 pm P.S.T. on December 17, 1990 shall constitute notice by Purchaser to Seller of Purchaser's exercise of right to rescind.

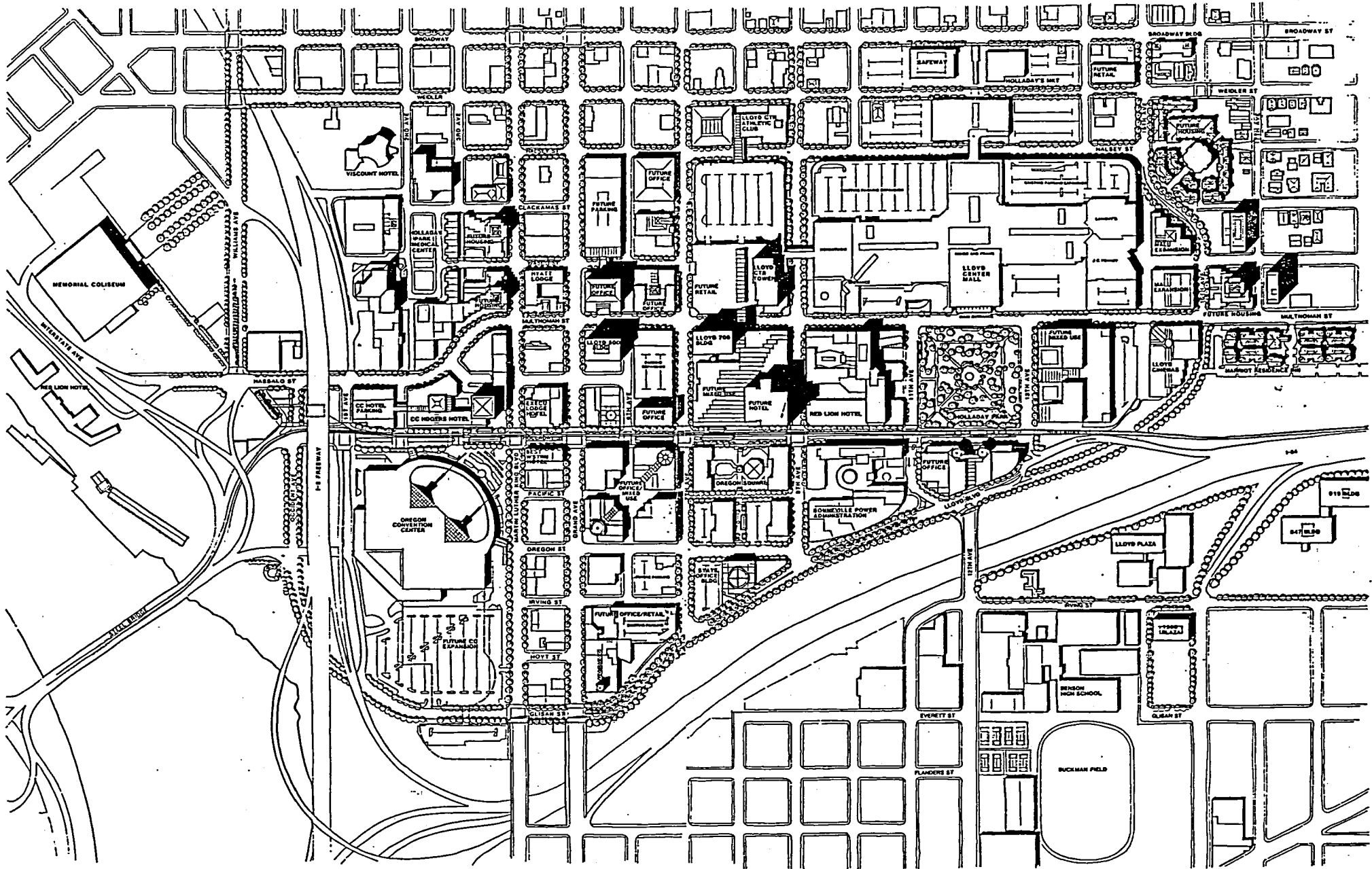
3. Seller's Title to the Property. As soon as practicable after the execution of this Agreement, Seller shall furnish to Purchaser a preliminary title report from a reputable title insurance company selected by Seller showing its willingness to issue an ALTA form title insurance policy on the Property, together with full copies of all exceptions. Purchaser shall have 10 days after receipt of the preliminary title report and exceptions within which to notify Seller in writing of Purchaser's disapproval of any exceptions shown in the report, other than exceptions for the matters described on

Exhibit A and any liens to be satisfied by Seller at closing. In the event of such disapproval, Seller shall have until the closing date to eliminate any disapproved exception. Failure of Purchaser to disapprove any exception within the 10-day period shall be deemed an approval of the exceptions shown in the title report. If Seller is unable to eliminate any disapproved exception, either party may elect to rescind this Agreement by notice to the other party. In such event, the earnest money note/deposit shall be refunded to Purchaser and all obligations of the parties under this Agreement shall thereafter cease, unless Purchaser notifies Seller within 10 days after such rescission that Purchaser elects to waive its prior disapproval and proceed to close the sale. This paragraph applies to issues regarding the condition of title only and does supersede the right granted to Purchaser to rescind this Agreement pursuant to paragraph 2 above.

4. Closing Date. This transaction will be closed on a date to be selected by Seller and reasonably acceptable to Purchaser, but not later than December 28, 1990 (the "Closing Date").

5. Payment of the Purchase Price. Purchaser will pay \$1,000,000 in cash at closing from the earnest money deposit, and will pay the unpaid balance of the purchase price (\$4,150,000) pursuant to the instruments described below.

6. Promissory Note. Seller's obligation to accept a deferred payment (until July 1, 1991) of \$4,150,000 of the total purchase price is conditioned upon its reasonable review and satisfaction with the availability of funds and/or financing for Purchaser to pay such deferred balance when due. Seller shall notify Purchaser in writing on or before December 10, 1990 of its intent to allow a deferred payment. Provided such reasonable satisfaction is obtained, \$4,150,000 of the purchase price will be payable on a deferred basis, as described below, pursuant to the terms of a negotiable promissory note in such amount ("Note"), in form prepared by Seller and reasonably acceptable to Purchaser (attached as Exhibit B to this Agreement). The Note will bear interest at the rate of 10 percent per annum, compounded daily, from the Closing Date until fully paid. Purchaser will make monthly payments of accrued interest only on the first day of each month from and after the Closing Date. The unpaid principal balance, and all accrued but unpaid interest under the Note, shall be due and payable on July 1, 1991. Purchaser will have the privilege of prepaying the principal balance under the Note in whole or in part, without penalty or premium, at any time. If Seller notifies Purchaser that it is declining to accept a deferred payment as provided for herein, Purchaser may elect to close this transaction by paying the balance due at closing in



PACIFIC DEVELOPMENT, INC

PACIFIC-LLOYD PROPERTIES

FLETCHER
FARR
AYOTTE, PC

195 NW 10TH AVE
PORTLAND, OR 97209
503 224-7661



STATE OFFICE BUILDING

Summary of Parking Agreement

August 15, 1990

Rental Rate: \$56.00 per space from 1992 through 1996. Annual increases up to 15% thereafter, not to exceed market rate.

Term: Estimated to begin January, 1992, and end January, 2022.

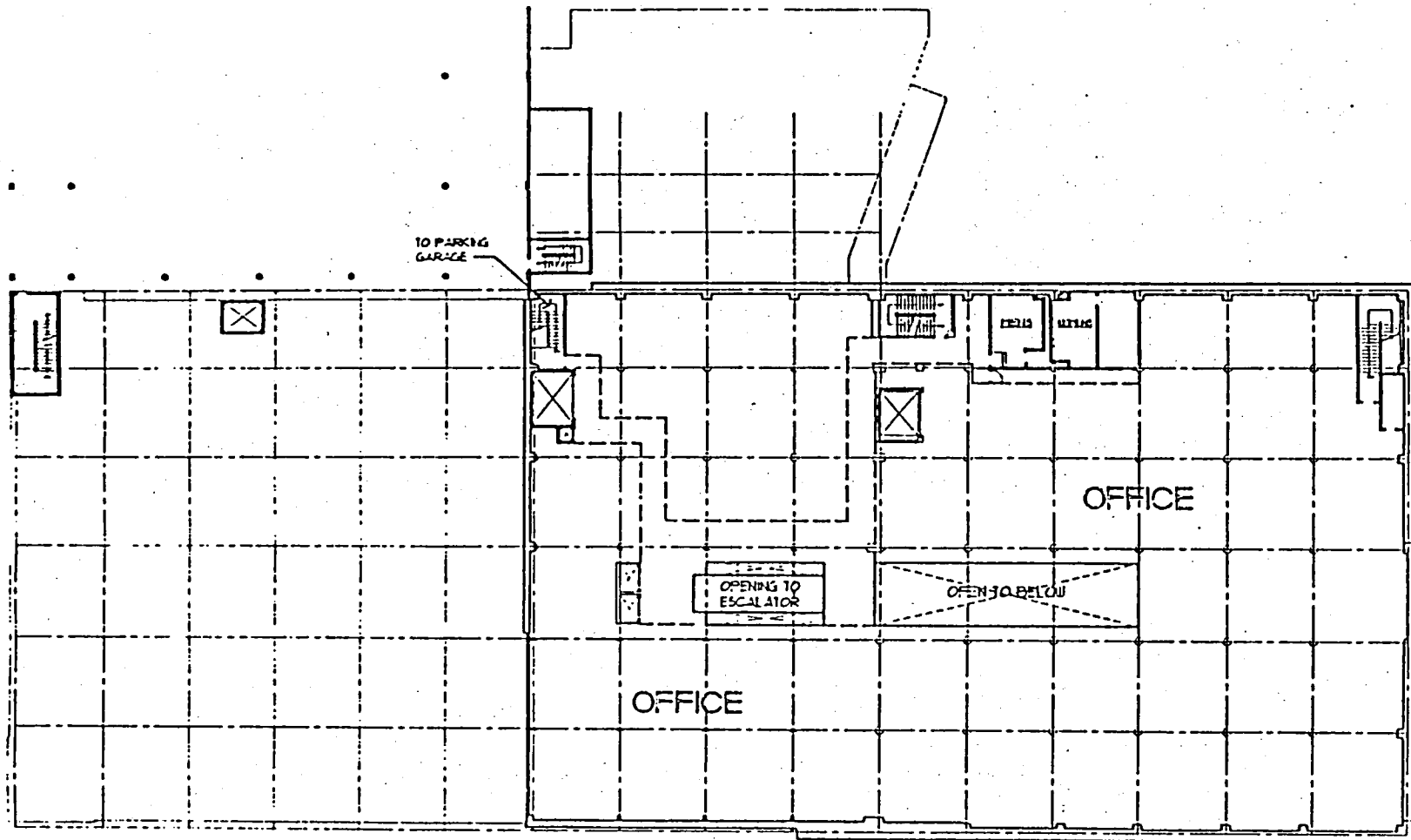
Number of Spaces: 346 spaces maximum ("Lid"). "Lid" reduced to number actually being leased by State employees after first full year (estimated at 175 to 225). "Lid" decreases (but never increases) as State employee usage drops (must use or lose) based on a formula which looks back on a monthly basis at the usage over the prior 3-month period.

Hours of Use: 6:00 a.m. to 5:30 p.m. Monday through Friday (80% of spaces).

Expansion Option: State has right to increase "Lid" one time only during first ten years if they expand State Office Building. "Lid" increased 1 space for every 1,000 square feet of expansion.

Option to Amend: State has right prior to second anniversary to take over administration of parking and reduce base rent to \$51.00.

Geographic Area: Assignment to Metro would specify the Sears parking facility.



THIRD FLOOR PLAN



SEARS BUILDING

Pacific Development Incorporated

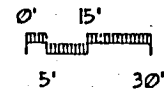
GROSS AREA: 35,545 SQ. FT.

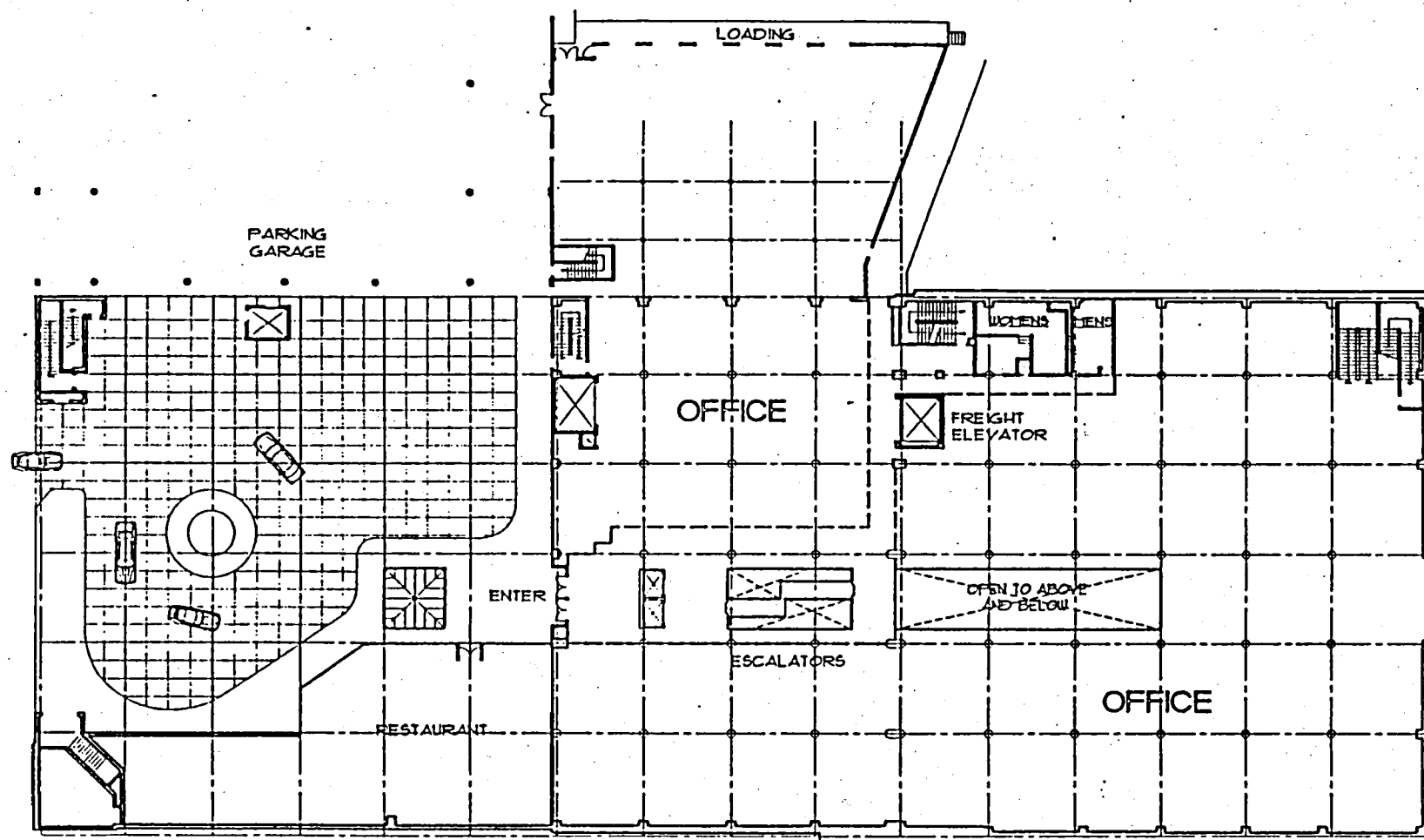
PENETRATIONS:
(HVAC, ELEVATORS) 3,010 SQ. FT.

NET RENTABLE
AREA 32,535 SQ. FT.

CORRIDORS, TOILETS,
AND COMMON AREAS: 3,561 SQ. FT.

USEABLE AREA: 28,974 SQ. FT.





SECOND FLOOR (PLAZA LEVEL)



SEARS BUILDING

Pacific Development Incorporated

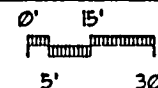
GROSS AREA: 41,519 SQ. FT.

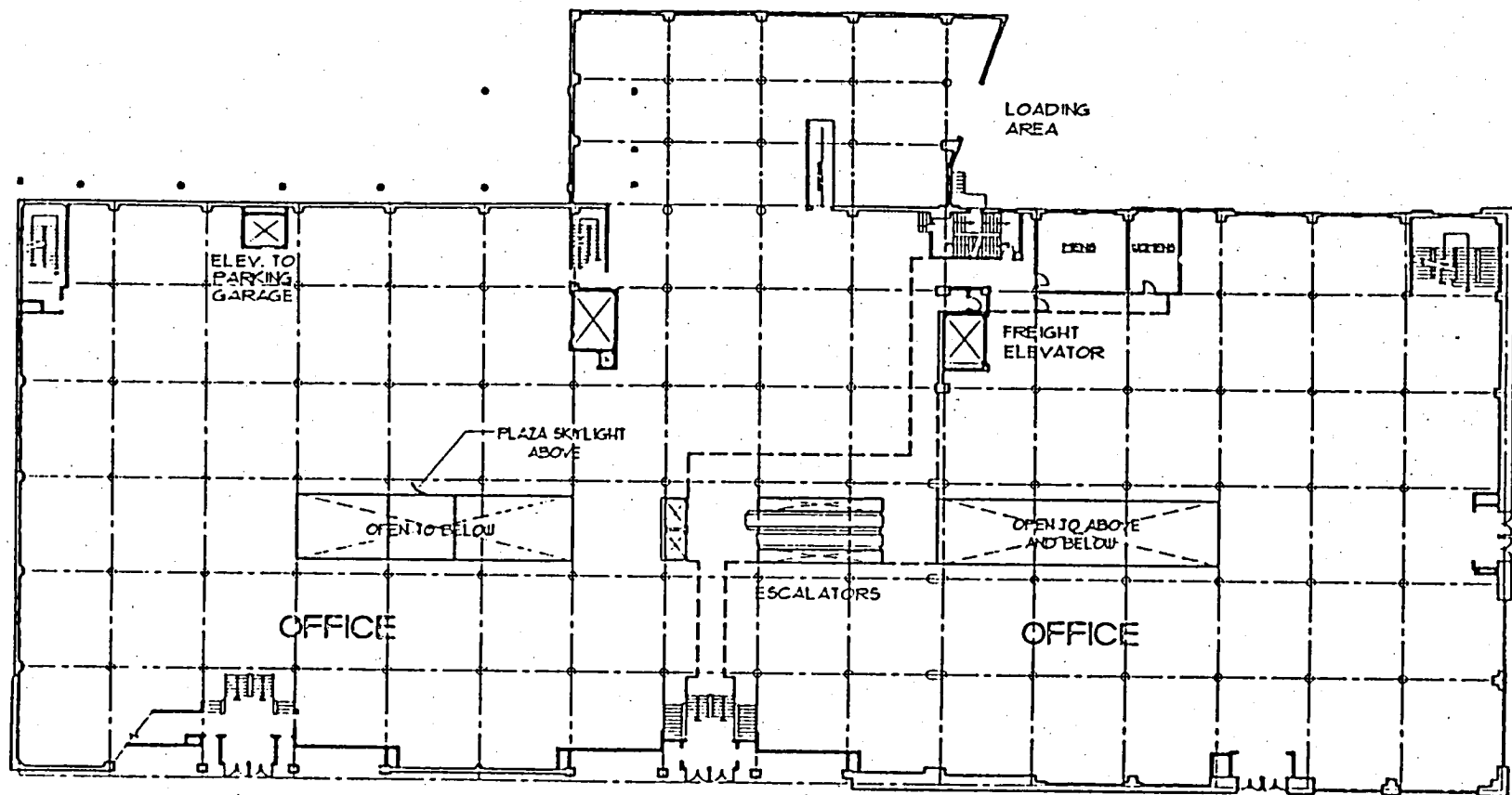
PENETRATIONS:
(HVAC, ELEVATORS) 4,051 SQ. FT.

NET RENTABLE
AREA: 43,468 SQ. FT.

CORRIDORS, TOILETS, 4,304 SQ. FT.
AND COMMON AREAS:

USEABLE AREA: 38,564 SQ. FT.





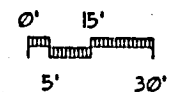
FIRST FLOOR PLAN

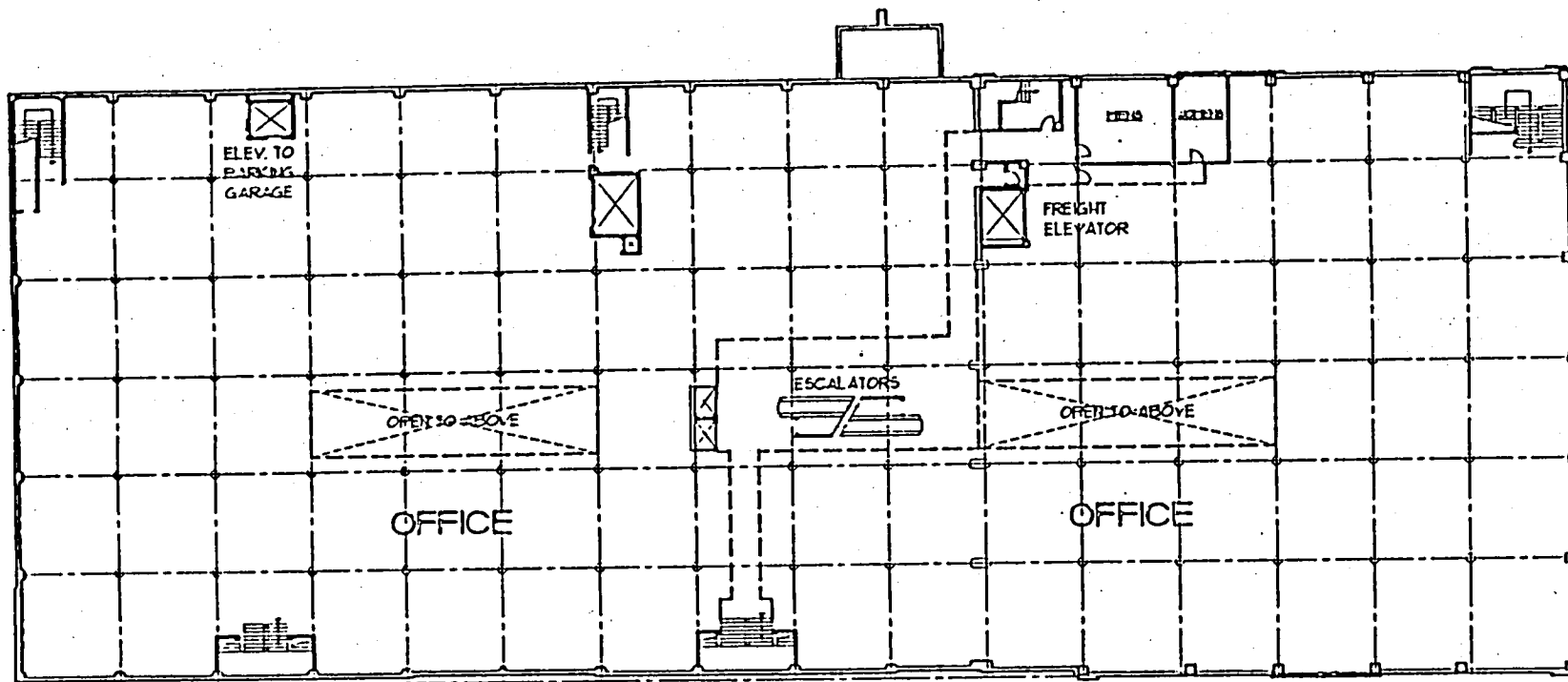


SEARS BUILDING

Pacific Development Incorporated

GROSS AREA:	60,824 SQ. FT.
PENETRATIONS: (HVAC, ELEVATORS)	5,528 SQ. FT.
NET RENTABLE AREA:	55,296 SQ. FT.
CORRIDORS, TOILETS, AND COMMON AREAS:	3,241 SQ. FT.
USEABLE AREA:	57,055 SQ. FT.





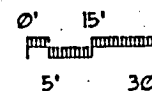
BASEMENT PLAN

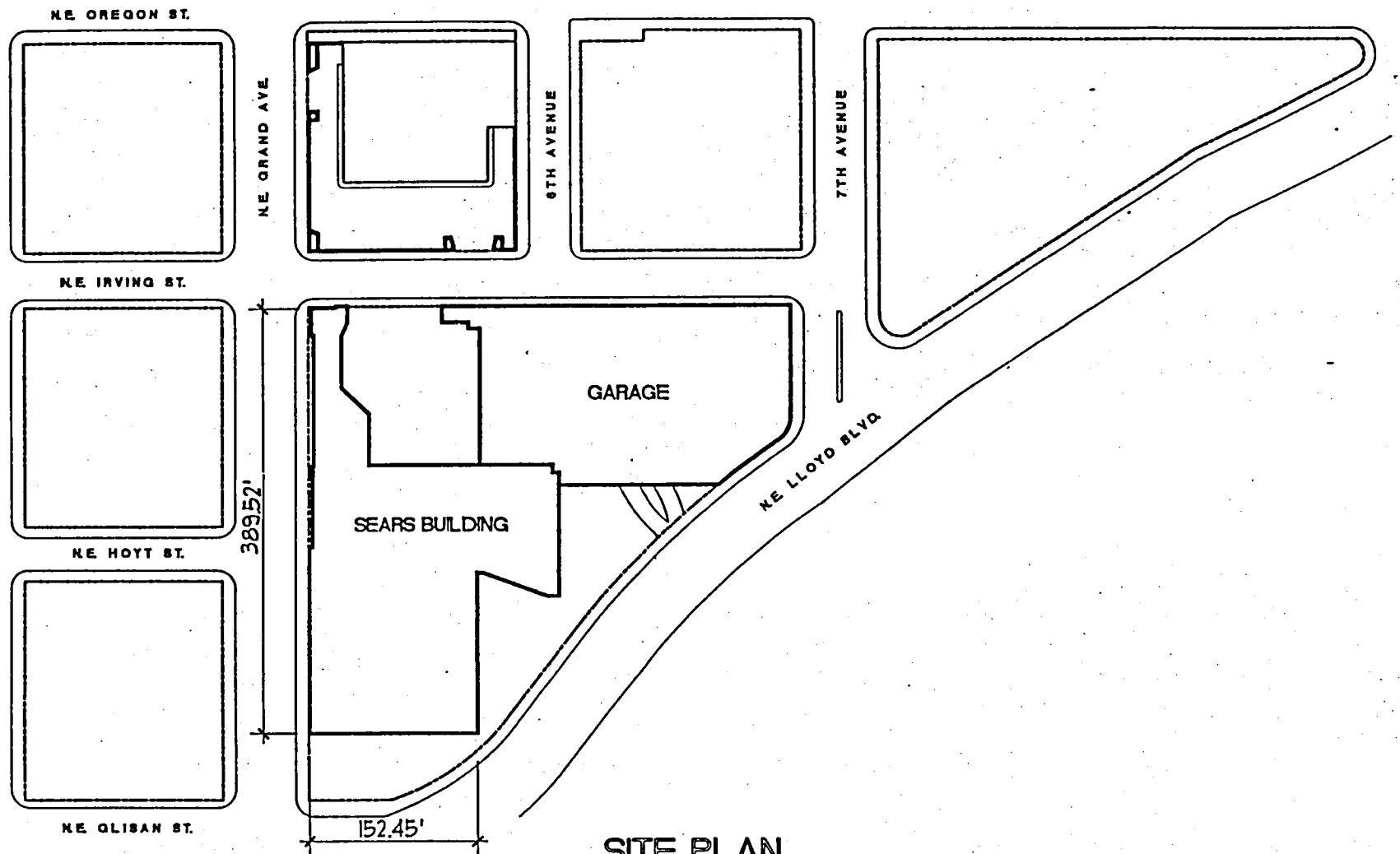


SEARS BUILDING

Pacific Development Incorporated

GROSS AREA:	56,591 SQ. FT.
PENETRATIONS: (HVAC, ELEVATORS)	4,667 SQ. FT.
NET RENTABLE AREA:	51,930 SQ. FT.
CORRIDORS, TOILETS, AND COMMON AREAS:	15,855 SQ. FT.
USEABLE AREA:	44,345 SQ. FT.

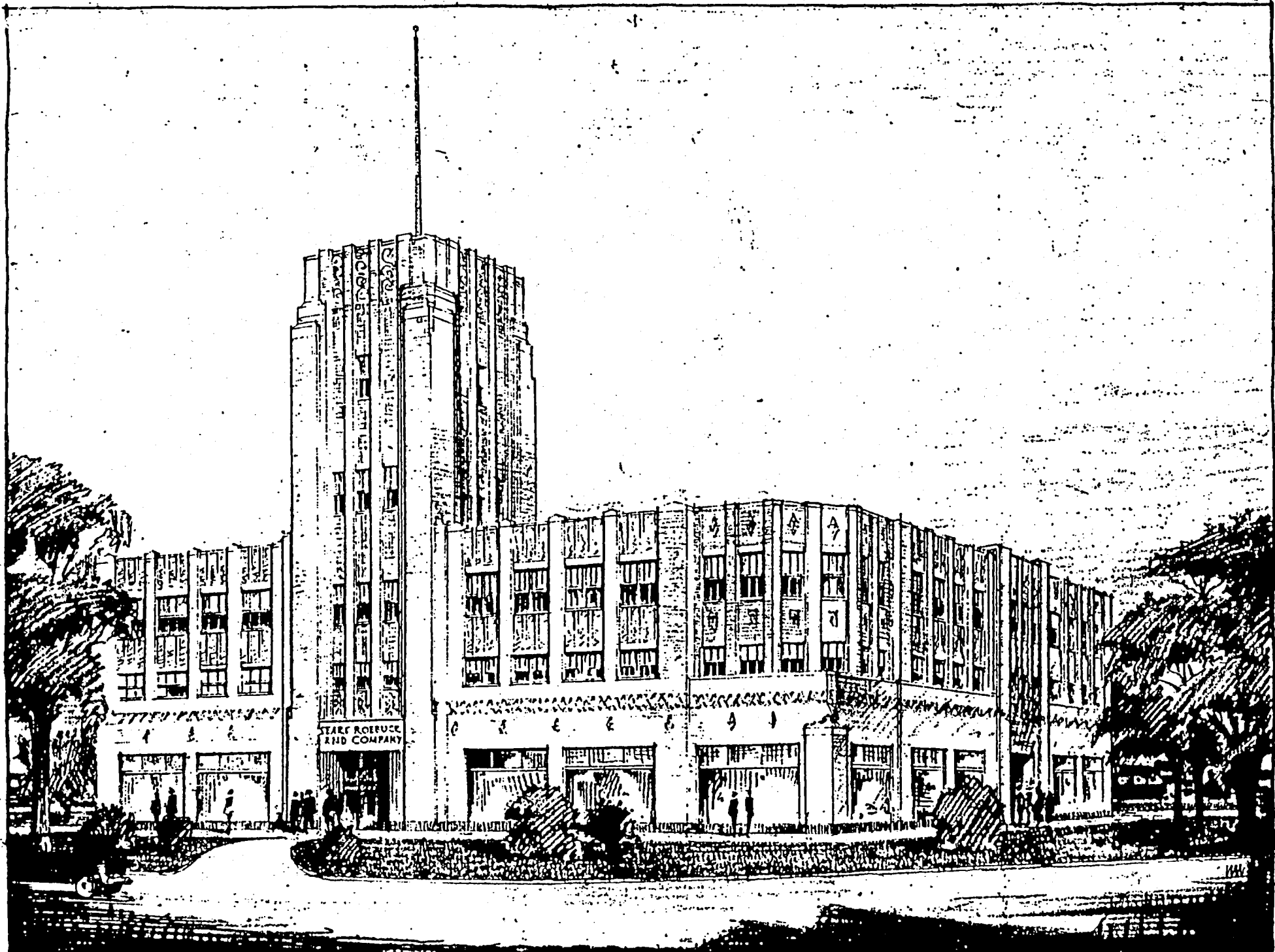




PACIFIC DEVELOPMENT INCORPORATED

SITE PLAN SEARS BUILDING





Portland, Ore. - Sears Roebuck & Co. - Lloyd Boul. & Grand Ave. - NIMMONS, CARR & HURSHY ARCHITECTS - CHICAGO.

SEARS FACILITY SITE INFORMATION

OCTOBER 11, 1990

HIGHLIGHTS OF SALE AGREEMENT

Highlights of the proposed sale agreement are as follows:

- o Purchase price - \$5.15 million
- o Metro provides up to 346 parking spaces to the State of Oregon beginning at \$56 per month per stall in 1992, inflation clauses included. Parking provision to the State on a use or lose basis.
- o Metro reserves the right to lease long term, at market value, an additional 86 parking spaces from PDI for Metro use.
- o Metro agrees to limit tenant parking to two spaces per thousand, which is standard for the Lloyd District.
- o Seller agrees to deliver property free of asbestos and hazardous waste substances.
- o Seller agrees to deliver property free of liens, taxes and outstanding LID payments paid in full.
- o A 67-day due diligence period with Metro option to terminate deal. Must make determination to proceed by December 17, 1990.
- o Fifty thousand dollars (\$50,000) to escrow by December 17, 1990 if proceeding with purchase.
- o An additional \$950,000 due and payable at closing on or before December 28, 1990.
- o Balance of \$4.15 million due and payable to PDI by July 1, 1991. Seller will carry balance at 10 percent interest.

HIGHLIGHTS OF PROJECT

- o Estimated project costs - \$14.65 million.
- o Anticipated financing, Certificates of Participation or revenue bonds.
- o Metro occupancy - 55,000 square feet.
- o Leased space - 65,000 square feet.
- o On-site parking stalls - 660.
- o Projected move-in - January-March, 1992.

PARCEL 60 SOUTH OF LLOYD CENTER

Legal Description:

A tract of land in the City of Portland, County of Multnomah and State of Oregon, being all that portion of the following described property lying Northwesterly and Westerly of the Northwesterly and Westerly right of way line of the parcel conveyed to the City of Portland for street purposes by instrument recorded October 13, 1959 in Deed Book 1978, Page 698, Records of Multnomah County, Oregon to-wit:

Fractional Block 7, HEIPLE ADDITION TO EAST PORTLAND; Blocks 7 and 8, WHEELER'S ADDITION TO EAST PORTLAND; Blocks 85 and 86, HOLLADAY'S ADDITION TO EAST PORTLAND; together with those portions of vacated N.E. Hoyt Street, N.E. 6th Avenue and N.E. Lloyd Boulevard inuring to the above mentioned parcels by City of Portland vacation Ordinances No. 55844 and No. 110439; EXCEPTING THEREFROM the West 10 feet of the above described property lying within the limits of S.E. Grand Avenue (formerly East 5th Street).

Order No. E59300 / 12-12200

PARCEL 60 SPECIAL EXCEPTIONS:

7. Easement for existing public utilities in vacated street area and the conditions imposed thereby,
Reserved by Ordinance No. 55844
Entered: JANUARY 18, 1929
8. Easement for existing public utilities in vacated street area and the conditions imposed thereby,
Reserved by Ordinance No. 110439.
Entered: JULY 23, 1959
9. Covenants, conditions, restrictions and easements, but omitting restrictions, if any, based on race, color, religion or national origin, as contained in Ordinance No. 110439
Recorded: JULY 23, 1959

WHEN RECORDED MAIL TO:

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

THIS DEED OF TRUST made this _____ day of _____, 19____, is between

METROPOLITAN SERVICE DISTRICT

("Trustor"), and _____ TITLE INSURANCE COMPANY

a(n) _____ corporation, ("Trustee"), and PACIFIC DEVELOPMENT (PROPERTY), INC.,
_____, ("Beneficiary").

Trustor irrevocably grants, bargains and sells to Trustee in trust, with power of sale, that property in
the City of _____ Portland _____, County of _____ Multnomah _____, State
of _____, described as follows (the "Property"):

See the attached Exhibit A, incorporated herein by reference.

Together with (a) all rents, income, contract rights, issues and profits now due or which may become due under or by virtue of any lease, rental agreement or other contract, whether written or oral, for the use or occupancy of the Property or any part thereof, together with all tenant security deposits, subject, however, to the right, power and authority hereinafter given to and conferred upon Trustor to collect and apply such rents, issues, income, contract rights, security deposits and profits prior to any default hereunder; (b) all buildings and improvements now or hereafter thereon, and all appurtenances, easements, right in party walls, water and water rights, pumps and pumping plants and all shares of stock evidencing the same; (c) all fixtures and property now or hereafter attached to or used in the operation of the Property, including but not limited to machinery, equipment, appliances and fixtures for generating or distributing air, water, heat, electricity, light, fuel or refrigeration, or for ventilating or sanitary purposes, or for the exclusion of vermin or insects, or for the removal of dust, refuse or garbage, all wallbeds, wallsafes, built-in furniture and installations, shelving, lockers, partitions, door stops, vaults, elevators, dumbwaiters, awnings, window shades, venetian blinds, light fixtures, fire hoses and brackets and boxes for same, fire sprinklers, alarm systems, drapery rods and brackets, screens, linoleum, carpets, plumbing, laundry tubs and trays, ice boxes, refrigerators, heating units, stoves, water heaters, incinerators, communication systems and all installations for which any such building is specifically designed; (d) all awards, compensation and settlements in lieu thereof made as a result of the taking by power of eminent domain of the whole or any part of the Property; (e) all trade names by which all or any part of the Property is known, any books and records relating to the use and operation of all or any portion of the Property, all present and future plans and specifications and contracts relevant to the design, construction, management or inspection of any construction on any improvements on the Property and all present and future licenses, permits, approvals and agreements with or from any municipal corporation, county, state or other governmental or quasi-governmental entity relevant to the development, improvement or use of all or any portion of the Property; (f) all rights of Trustor in and to any escrow or withhold agreements, surety bonds, warranties, management contracts, leasing or sales agreements with any real estate agents or brokers, and service contracts with any entity, which are in any way relevant to the development, improvement, leasing, sale or use of the Property or any personal property located thereon; and

all of said items whether now or hereafter installed being hereby declared to be, for all purposes of this Deed of Trust, a part of the realty; and all the estate, interest or other claim or demand, including insurance, in law as well as in equity, which Trustor now has or may hereafter acquire, in and to the aforesaid property; the specific enumerations herein not excluding the general. The Property and all of the foregoing shall constitute the "Trust Property".

This Deed of Trust is made for the purpose of securing, in such order of priority as Beneficiary may elect: (a) payment of the indebtedness in the sum of \$ 4,150,000 evidenced by that certain Promissory Note of even date

herewith (the "Note") made by Trustor, delivered to Beneficiary and payable to its order, with final payment due on the 1st day of July, 1991, which is the maturity date of this Deed of Trust, and any and all

modifications, extensions or renewals thereof, whether hereafter evidenced by the Note or otherwise; (b) payment of interest on said indebtedness according to the terms of the Note; (c) payment of all other sums, with interest as herein provided, becoming due and payable under the provisions hereof to Trustee or Beneficiary; (d) performance of each and every condition, obligation, covenant, promise and agreement of Trustor contained herein, or in the Note, or in any loan agreement relative to any indebtedness evidenced by the Note, or in any security agreement or deed of trust at any time given to secure any indebtedness hereby secured or any part thereof; (e) payment of such additional sums with interest thereon as may be hereafter advanced by or borrowed from the Beneficiary, its successors or assigns, by the then record owner or owners of the Trust Property when evidenced by another promissory note or notes which are by the terms thereof secured by this Deed of Trust. To the extent permitted by law, any sums hereafter advanced by or borrowed from Beneficiary, its successors or assigns, shall have the same priority as the original sums advanced by Beneficiary and secured hereby.

Trustor's Covenants and Warranties. Trustor hereby warrants that: (a) Trustor is the owner in fee simple absolute of the Property and every part thereof; (b) the Trust Property is free, and will be kept free, from all liens and encumbrances, except those accepted by Beneficiary in writing, and Trustor will defend the title hereby granted to and in favor of Trustee and Beneficiary as against all and every person claiming or to claim the same; (c) the loan proceeds are not for use primarily for personal, family or household purposes; (d) to the best of Trustor's knowledge after due inquiry into previous ownership and uses of the Trust Property, there are no Hazardous Substances (as defined below) located on the Trust Property and Trustor will not place or permit to be placed on the Trust Property any Hazardous Substances (as defined below); (e) the Property is zoned for the existing or contemplated use of the Property; (f) the Property is in compliance with all zoning, subdivision, and environmental laws, regulations, and ordinances applicable thereto; all deed restrictions, subdivision and building ordinances and other applicable governmental laws have been fully complied with; and Trustor has all licenses and permits required by governmental authorities with respect to the Trust Property, its operation, improvement and use; (g) the Property has indefeasible access to public rights of way as now improved and open to public passage, and is not encroached upon by improvements or rights of others, nor do the improvements on the Property encroach upon the property of others; (h) there are no actions, lawsuits, or other proceedings pending or threatened against or affecting the Trust Property or Trustor which might adversely affect the ability of Trustor to perform its obligations under the Note or other loan documents, or which might adversely affect the priority of Beneficiary's first lien on the Trust Property; (i) consummation of the loan secured hereby and performance under the loan documents will not conflict with or result in a breach of any law, regulation or court order applicable to Trustor or the Trust Property; (j) no condemnation proceeding is pending, or to the knowledge of Trustor, threatened with respect to the Trust Property; (k) there has been no material adverse change in the financial condition of Trustor which might adversely affect the ability of Trustor to perform its obligations under the loan documents, or which might adversely affect the priority of Beneficiary's first lien on the Trust Property; (l) all services and utilities, such as water, electricity and sewer, are available to the Trust Property; and (m) with respect to each Trustor who is an individual, no part of the Trust Property constitutes any part of Trustor's business homestead or residential homestead. As used in this Deed of Trust Hazardous Substances means: (a) any "hazardous waste" as defined in the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901 et seq.), as amended from time to time, and regulations promulgated thereunder; (b) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601 et seq.), as amended from time to time, and regulations promulgated thereunder; (c) radon, asbestos, polychlorinated biphenyls (PCB's), explosives, radioactive substances, and material quantities of petroleum products; (d) any substance the presence of which on the Property is regulated by any federal, state or local law relating to the protection of the environment or public health; and (e) any other substance which by law requires special handling in its collection, storage, treatment or disposal.

Trustor further warrants that: If located in Idaho, the Trust Property either is not more than twenty (20) acres in area or is located within an incorporated city or village; if located in Washington, the Trust Property is not used principally for agricultural or farming purposes; if located in Montana, the Trust Property is not more than fifteen (15) acres; and if located in Iowa, the Trust Property is not agricultural land as defined in IC 172C.1.

A. Trustor agrees as follows:

1. **Payment of Indebtedness; Performance of Covenants.** Trustor shall pay each and every installment of principal and interest on the Note and all other indebtedness secured hereby, as and when the same shall become due, and to perform and observe all of the covenants, agreements and provisions contained herein, in the Note and any other instrument given as security for the payment of the Note.

2. **Maintenance; Compliance; Liens.** Trustor shall: keep the Trust Property in good condition and repair; not permit or suffer any extraordinary repairs or removal or demolition of, or a structural change in any building, fixture, equipment, or other improvement on the Trust Property; comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Trust Property or requiring any alteration or improvements to be made thereon; not commit or permit waste thereon; not commit, suffer or permit any act upon the Trust Property in violation of law; cultivate, irrigate, fertilize, prune and do all other acts which from the character or use of the Trust Property may be reasonably necessary, the specific enumeration herein not excluding the general; and keep the Trust Property free from all encumbrances, except those accepted by Beneficiary in writing.

3. **Hazardous Waste and Substances; Environmental Requirements.** Trustor shall comply with all laws, governmental standards and regulations applicable to Trustor or to the Trust Property in connection with occupational health and safety, hazardous waste and substances, and environmental matters. Trustor shall promptly notify Beneficiary of its receipt of any notice of (a) a violation of any such law, standard or regulation; (b) all claims made or threatened by any third party against Trustor or the Property relating to any loss or injury resulting from any Hazardous Substances; and (c) Trustor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any environmental law. The use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Trust Property of Hazardous Substances by Trustor, Trustor's agents, or any tenant or sublessee occupying, part or all of the Trust Property shall be an event of default under this Deed of Trust, and Trustor shall not engage in or permit such activities or events to occur upon the Trust Property. Trustor shall indemnify and hold Beneficiary, its directors, officers, employees, agents, successors and assigns harmless from all loss, cost, damage, claim and expense (including attorney fees and costs, whether at trial, on appeal or otherwise) incurred by Beneficiary in connection with the falsity in any material respect of the covenants contained herein or of Trustor's failure to perform the obligations of this paragraph 3. This indemnity shall not survive the reconveyance of the lien of this Deed of Trust, or the extinguishment of the lien by foreclosure or action in lieu thereof.

4. **Casualty Loss/Restoration Construction.** Trustor shall complete and restore promptly and in good and workmanlike manner any buildings or improvements which may be constructed, damaged, or destroyed on the Trust Property, and pay when due all costs incurred therefor. If the loan secured hereby or any part thereof is being obtained for the purpose of financing construction of improvements on the Trust Property, Trustor further agrees: to complete same in accordance with plans and specifications satisfactory to Beneficiary, to allow Beneficiary to inspect the Trust Property at all times during construction and to replace any work or materials unsatisfactory to Beneficiary within fifteen (15) days after notice from Beneficiary of such fact. If said work upon the construction or restoration of the building or buildings shall be discontinued for a period of fifteen (15) days, Beneficiary may, at its option, also enter into and upon the Trust Property and complete the construction or restoration of said building or buildings. Trustor hereby gives to Beneficiary full authority and power to make such entry and to enter into such contracts or arrangements as may be necessary to complete or restore said building or buildings and all monies expended by Beneficiary in connection with such completion or restoration shall be added to the principal theretofor advanced under the Note and secured by these presents and shall be payable by Trustor on demand with interest as provided in the Note.

Trustee, upon presentation to it of an affidavit signed by Beneficiary setting forth facts showing a default by Trustor under this numbered paragraph or under any other provision of this Trust Deed, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

5. Insurance.

(a) **Property and Other Insurance.** Trustor shall obtain and maintain in full force and effect during the term of this Deed of Trust all risk property insurance together with endorsements for replacement cost coverage, inflation adjustment, and vandalism and malicious mischief coverage, all in amounts not less than the full replacement cost of all improvements including the cost of debris removal and comprehensive general liability insurance with limits, coverages, risks insured and waiver of subrogation clauses acceptable to Beneficiary. Trustor shall obtain and maintain such other insurance as Beneficiary from time to time shall reasonably require, including without limitation rent and rental interruption insurance (equal to twelve (12) months annualized income) and flood insurance. If any portion of the fire and other risks insured as provided herein are reinsured, the policies shall contain a so-called "cut-through" endorsement.

B. It is mutually agreed that:

1. **Proceeds of Condemnation, Injury to Trust Property.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of or damage or injury to the Trust Property, or any part thereof, or for the conveyance in lieu of condemnation thereof, are hereby assigned to and shall be paid to Beneficiary. In addition, all causes of action, whether accrued before or after the date of this Deed of Trust, of all claims for damages or injury to the Trust Property or any part thereof, including without limitation causes of action arising in tort or contract and causes of action for fraud or concealment of a material fact, are hereby assigned to Beneficiary and the proceeds shall be paid to Beneficiary. Beneficiary may elect, in its sole discretion, without regard to whether its security is impaired, to apply such sums to the indebtedness secured by this Deed of Trust, whether then matured or subsequently to mature, or to release such sums or any part thereof.

2. **Non-Waiver.** No waiver of any default on the part of Trustor or breach of any of the provisions of this Deed of Trust or of any other instrument executed in connection with the indebtedness secured hereby shall be considered a waiver of any other or subsequent default or breach, and no delay or omission in exercising or enforcing the rights and powers herein granted shall be construed as a waiver of such rights and powers, and likewise no exercise or enforcement of any rights or powers hereunder shall be held to exhaust such rights and powers, and every such right and power may be exercised from time to time.

3. **Reconveyance.** Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matter or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

4. **Assignment of Rents.** Trustor hereby assigns the rents, income, issues and profits of the Trust Property and hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of this Deed of Trust, to collect the rents, income, issues and profits of the Trust Property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, income, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, the solvency of Trustor, or the presence of waste or danger of loss or destruction of the Trust Property, enter upon and take possession of the Trust Property or any part thereof, and any personal property in which Beneficiary has a security interest as additional security for the indebtedness secured by this Deed of Trust, and in its own name sue for or otherwise collect such rents, income, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. In the exercise of any of the foregoing rights and powers, Beneficiary shall not be liable to Trustor for any loss or damage thereby sustained unless due solely to the willful misconduct of Beneficiary. The entering upon and taking possession of the Trust Property, the collection of such rents, income, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. To the extent the provisions of this paragraph are inconsistent with the terms of a separate Assignment of Lessor's Interest in Leases, if any, the terms of the Assignment of Lessor's Interest in Leases shall control.

5. **Beneficiary's Right to Cure and Defend.** Should Trustor fail to make any payment or to do any act as provided in this Deed of Trust, or in the Note or in any other instrument securing the Note. Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon the Trust Property for such purpose. Beneficiary and/or Trustee may at any time, prior to full payment of all sums secured by this Deed of Trust, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any power conferred by this Deed of Trust, pay necessary expenses, employ counsel and pay reasonable fees therefor (including fees on appeal). Trustor agrees to repay immediately and without demand all sums so expended by Beneficiary or Trustee with interest from date of expenditure at the Default Rate as herein provided.

6. **Default; Acceleration; Default Rate.** Time is material and of the essence hereof. Each of the following shall be an Event of Default under this Deed of Trust: (a) failure of Trustor to pay the secured indebtedness as provided; (b) failure of Trustor to comply with the provisions of this Deed of Trust; (c) a proceeding under any bankruptcy, receivership or insolvency law instituted by or against Trustor; (d) if Trustor makes an assignment for the benefit of creditors; (e) if any laws impose what Beneficiary may deem to be a substantial tax upon Beneficiary by reason of its interest in this Deed of Trust (unless Trustor may lawfully pay such tax and does so); or (f) if any warranty contained in the fifth paragraph of this Deed of Trust is false in the material respect or any representation, warranty or information furnished by the Trustor or its agents to Beneficiary in connection with the indebtedness secured hereby is false in any material respect. Any default under this Deed of Trust shall constitute a default under the Note and under all other security instruments securing the Note. Any default under such other security instruments shall constitute a default under this Deed of Trust. Upon default, Beneficiary may (but if the Trust Property is located in Iowa or Nevada, only after the period of time required by law) declare all sums secured hereby immediately due and payable. Any sum not paid as provided herein or in the Note or any other security instrument securing the Note shall bear interest from such due date at a rate of interest four (4) percentage points per annum greater than the Note Rate or the maximum rate permitted by law, whichever is lesser (the "Default Rate").

If a default occurs during a period of time in which prepayment is permitted only on payment of prepayment charge, such charge shall be computed as if the sum declared due on default were a prepayment and shall be added to the sums due any payable under the Note.

7. **Power of Sale.** Beneficiary may direct Trustee, and Trustee shall be empowered, to foreclose the Trust Property by advertisement and exercise of sale under applicable law by delivering to Trustee a written declaration of default and demand for sale and written notice of default and Beneficiary's election to cause the Trust Property to be sold, which notice Trustee shall cause to be recorded, filed for record, mailed, published and/or posted as may be required by law. After the lapse of the period required by law following the recordation of said notice of default, and notice of sale having been given as required by law, Trustee, without demand on Trustor, shall sell the Trust Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, or otherwise in the manner prescribed by law, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Trust Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary, may purchase at such sale. All unexpired hazard insurance on the property so sold shall pass to and inure to the benefit of the purchaser of such property at such sale and Beneficiary is hereby irrevocably authorized to assign in Trustor's name to such purchaser of all such policies, which may be amended or rewritten to show the interest of such purchaser.

8. **Attorney Fees; Proceeds of Sale.** If foreclosure be made by Trustee, to the extent allowed by law, reasonable attorney fees for services in the supervision of foreclosure proceedings shall be allowed by Trustee as part of the costs of foreclosure. After deducting all costs, fees and expenses of Trustee and of this Deed of Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof, not then repaid, with accrued interest at the Default Rate as herein provided; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

(b) Insurance Companies and Policies. All such insurance shall be written by a company or companies acceptable to Beneficiary, shall contain a beneficiary clause in favor of Beneficiary with loss proceeds under any policy payable to Beneficiary, shall be satisfactory to Beneficiary as to form, substance, and, except as specifically designated above, amount, shall provide for thirty (30) days' prior written notice of cancellation to Beneficiary, shall contain endorsements that no act or negligence of Trustor or any occupant, and no occupancy or use of the Trust Property for purposes more hazardous than permitted by the terms of the policy will affect the validity or enforceability of such insurance as against Beneficiary, shall be in full force and effect of the date of this Deed of Trust, shall contain such additional provisions as Beneficiary deems necessary or desirable to protect its interest, and shall be accompanied by proof of premiums paid for the current policy year. All such insurance shall be written in amounts sufficient to prevent Trustor from becoming a co-insurer under the applicable policies.

(c) Blanket Policy. If a blanket policy is issued, a certified copy of said policy shall be furnished together with a certificate indicating that Beneficiary is the insured under said policy in the proper designated amount.

(d) Notice of Loss. In the event of loss, Trustor shall immediately notify Beneficiary. Beneficiary may make proof of loss if it is not made promptly by Trustor.

(e) Insurance Proceeds. All insurance proceeds may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, without regard to whether or not its security is impaired or, at the sole and absolute option of Beneficiary, the entire amount so collected or any part thereof may be released to Trustor, but in any event Beneficiary may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with the collection and/or payment of such proceeds. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

6. Defense. Trustor shall appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary, or Trustee; and pay all costs and expenses, including cost of evidence of title and attorney fees in a reasonable sum, in any such action or proceeding, or appeal therefrom, in which Beneficiary or Trustee may appear.

7. Taxes and Assessments. Trustor shall pay, at least ten (10) days before the due date (and, in the case of annual property taxes, before the first installment thereof becomes due), all taxes and assessments affecting the Trust Property or upon this Deed of Trust or the debt secured thereby, or against Beneficiary by reason of the ownership of this Deed of Trust and the Note, or either of them, including assessments on appurtenant water stock. Trustor shall also pay, when due, all encumbrances, charges and liens, with interest, on the Trust Property or any part thereof, which appear to be prior or superior hereto and to deliver to Beneficiary upon request the official receipt or receipts showing payment thereof, and all costs, fees and expenses of this Deed of Trust.

~~8. Monthly Deposits. Unless this covenant is prohibited by law or waived in writing by Beneficiary, Trustor shall pay each year to Beneficiary, together with and in addition to the monthly payments of principal and interest payable under the terms of the Note, until the Note is fully paid, in equal monthly installments, the estimated amount of the annual property taxes, assessments, insurance premiums and similar charges next payable, as estimated by Beneficiary. If at any time Beneficiary determines that such payments will not be sufficient to account for each such charge on its due date (and in the case of annual property taxes, on the due date of the first installment thereof), Trustor shall pay to Beneficiary, upon demand, additional sums as necessary to account for such deficiency. Beneficiary may retain the sums received under this paragraph 8 and apply them to such charges when they (and in the case of annual property taxes, the first installment thereof) become due. Sums received shall not earn interest and may be commingled with other funds of Beneficiary. If Beneficiary is required by law to pay interest on these sums Beneficiary may, to the extent permitted by law, impose a charge for holding and disbursing such funds. In the event of a default under the Note, this Deed of Trust or any other instrument securing the Note, Beneficiary may apply the sums required under this paragraph 8 (without prepayment charge and without limiting the privilege, if any, to prepay any amounts secured hereby) first to accrued interest and then to the principal balance secured hereby. As an additional covenant hereof, and in any event if the foregoing provision for prepayment is at any time prohibited by law, or waived in writing by Beneficiary, or Trustor fails to make payments in the full amount required under this paragraph 8, Trustor shall pay such charges when they (and in the case of annual property taxes, the first installment thereof) are due and, upon demand, provide Beneficiary with satisfactory evidence of payment and coverage.~~

9. Leases. Trustor shall fully perform all the terms and conditions on Trustor's part to be performed in any existing or future lease with respect to which Trustor is lessor covering all or a portion of the Property. Trustor shall not, without the prior consent of Beneficiary, terminate, cancel or accept the surrender of, or suffer or permit the termination, cancellation or surrender of such lease, except upon the expiration of the term thereof, or materially modify or alter, or suffer or permit the material modification or alteration of such lease. Trustor further covenants and agrees not to enter into any lease for a term in excess of three (3) years of all or any portion of the Property without the prior written consent of Beneficiary.

10. Payment of Premiums. Trustor shall pay all premiums upon any life insurance policy which may be held by the Beneficiary as additional security for the debt herein referred to.

11. Fees for Information. Trustor shall pay Beneficiary, to the extent permitted by law, a reasonable fee, as determined by Beneficiary, for providing to Trustor or a third party a statement concerning the obligations secured by this Deed of Trust or any other information requested by Trustor or the third party.

12. Security Agreement.

(a) Grant of Security Interest. With respect to any portion of the Trust Property which constitutes personal property or fixtures governed by the Uniform Commercial Code of the state in which the Trust Property is located (the "Code"), this Deed of Trust shall constitute a security agreement between Trustor as Debtor and Beneficiary as Secured Party, and Trustor hereby grants to Beneficiary a security interest in such portion of the Trust Property. Cumulative of all other rights of Beneficiary hereunder, Beneficiary shall have all of the rights conferred upon secured parties by the Code. Trustor shall execute and deliver to Beneficiary all financing statements that may from time to time be required by Beneficiary to establish and maintain the validity and priority of the security interest of Beneficiary, or any modification thereof, and all costs and expenses of any searches reasonably required by Beneficiary.

(b) Rights of Beneficiary. Beneficiary may exercise any or all of the remedies of a secured party available to it under the Code with respect to such property, and it is expressly agreed that if upon default Beneficiary shall proceed to dispose of such property in accordance with the provisions of the Code, ten (10) days' written notice by Beneficiary to Trustor shall be deemed to be reasonable notice under any provision of the Code requiring such notice; provided, however, that Beneficiary may at its option dispose of such property in accordance with Beneficiary's rights and remedies with respect to the real property pursuant to the provisions of this Deed of Trust, in lieu of proceeding under the Code.

(c) Change in Trustor's Name. Trustor shall give advance notice in writing to Beneficiary of any proposed change in Trustor's name, identity, or corporate structure and shall execute and deliver to Beneficiary, prior to or concurrently with the occurrence of any such change, all additional financing statements that Beneficiary may require to establish and maintain the validity and priority of Beneficiary's security interest with respect to any Trust Property described or referred to herein.

(d) Fixture Filing. With respect to those items of the Trust Property that are or will become fixtures upon the Property and those items, if any, specifically described in attached Exhibit B, this Deed of Trust shall be effective as a financing statement filed as a fixture filing from the date of its filing for record in the real estate records of the county in which the Trust Property or Exhibit B property is situated. Information concerning the security interest created by this instrument may be obtained from Beneficiary, as Secured Party, at the address of Beneficiary stated below. The mailing address of the Trustor, as debtor, is as stated below.

9. **Expenses and Attorney Fees.** If Beneficiary refers the Note to an attorney for collection or seeks legal advice following a default alleged in good faith under the Note: if Beneficiary is the prevailing party in any litigation instituted in connection with the Note; or if Beneficiary or any other person initiates any judicial or nonjudicial action, suit or proceeding in connection with the Note, the indebtedness evidenced thereby or the security therefor (including, but not limited to, an action to recover possession of the Property after foreclosure), and an attorney is employed by Beneficiary to (a) appear in any such action, suit or proceeding, or (b) reclaim, seek relief from a judicial or statutory stay, sequester, protect, preserve or enforce Beneficiary's interest in the Note, the Deed of Trust or any other security for the Note (including but not limited to proceedings under federal bankruptcy law, in eminent domain, under probate proceedings, or in connection with any state or federal tax lien), then in any such event, to the extent allowed by law, Trustor shall pay attorney fees and costs and expenses incurred by Beneficiary and/or its attorney in connection with the above-mentioned events and any appeals related to such events, including but not limited to costs incurred in searching records, the cost of title reports, the cost of appraisals, the cost of surveyors' reports and the cost of environmental surveys. If not paid within ten (10) days after such fees, costs and expenses become due and written demand for payment is made upon Trustor, such amount may, at Beneficiary's option, be added to the principal of the Note and shall bear interest at the Default Rate.

10. **Binding Effect; Waiver of Defenses; Interpretation.** This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The right to plead any Statute of Limitations in any suit brought upon the Note or the indebtedness thereby evidenced or to foreclose or enforce this Deed of Trust or arising therefrom or by reason of any default of Trustor, is hereby waived to the full extent permissible by law. The term Beneficiary shall mean the owner and holder, including pledges, of the Note secured hereby, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

11. **Due on Sale or Encumbrance.**

(a) This loan is personal to Trustor and not assignable. In making it, Beneficiary has relied on Trustor's credit, Trustor's interest in the Trust Property, and financial market conditions at the time this loan is made. In the event of a sale, conveyance, transfer or encumbrance of the title to or possession of all or part of the Trust Property, directly or indirectly, either voluntarily, involuntarily or by operation of law, without the prior written consent of Beneficiary (which consent may be withheld at Beneficiary's sole discretion), Beneficiary may declare the entire balance of this loan immediately due and payable. In such event, and to the extent permitted by law, a prepayment charge as specified in the Note shall be added to the sums due and payable in the Note and this Deed of Trust.

(b) Beneficiary will waive its right under the foregoing provisions of this paragraph if the following conditions are met: (i) the credit of proposed transferee is satisfactory to Beneficiary; (ii) the proposed transferee shall assume full personal liability for payment and performance of the Note, this Deed of Trust and any other security instruments securing the Note; (iii) Beneficiary's reasonable administrative costs, as determined by Beneficiary, are paid to Beneficiary; (iv) at Beneficiary's sole option, either the interest rate on the secured loan is increased to a rate not in excess of the then current market rate for comparable loans under comparable circumstances (the amount of the increase to be determined solely by Beneficiary), or Beneficiary is paid a lump sum compensation not to exceed five percent (5%) of the loan balance; and (v) the provisions in the Note, this Deed of Trust and any other instrument securing the Note regarding the maturity, amortization or prepayment of this loan shall be modified, at Beneficiary's sole option, to conform to provisions being offered by Beneficiary in similar loans at the time Beneficiary's waiver is sought, or in the event Beneficiary is not offering similar loans at such time, on such reasonable terms as Beneficiary may determine. Without limiting the generality or effect of the foregoing, waiver by Beneficiary of its right to accelerate the loan upon any transfer or contract to transfer, or to require satisfaction of the conditions set forth in subparagraph (b), shall not be deemed a waiver by Beneficiary of its right to accelerate the loan upon any other transfer or contract to transfer or of its right upon such transfer to require satisfaction of the conditions set forth above in subparagraph (b).

(c) Any changes in the provisions in the Note, this Deed of Trust, or any other instrument securing the Note resulting from the satisfaction of the conditions set forth in paragraph 11(b) above shall entitle Beneficiary to increase the amount of the monthly installment to an amount determined by Beneficiary to be sufficient to amortize this Loan within the remainder of the amortization period originally used by the Beneficiary to establish the original monthly payment amount for this Loan.

(d) For the purpose of, and without limiting the generality of the foregoing, the occurrence at any time of any of the following events, without Beneficiary's prior written consent, shall be deemed to be a transfer of title to the Trust Property.

- (i) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, all or any part of the legal and/or equitable title to the Trust Property;
 - (ii) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, any share of stock of the Trustor;
 - (iii) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, any general partnership interest in Trustor; or
 - (iv) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, twenty-five percent (25%) or more of all limited partnership interests in Trustor.
- (e) Assumption shall NOT release Trustor or any successor in interest from personal liability for payment and performance of the terms and conditions of this loan.

12. **Late Charges.** The Note provides that if any payment is not received by Beneficiary (or by the correspondent if a correspondent has been designated by Beneficiary to receive payments) within fifteen (15) days after its due date, Beneficiary, at its option, may assess a late charge equal to five cents for each \$1.00 of each overdue payment or the maximum late charge permitted by the laws of the state in which the Trust Property is located, whichever is less. Such late charge shall be due and payable on demand, and Beneficiary at its option, may (a) refuse any late payment or any subsequent payment unless accompanied by such late charge, (b) add such late charge to the principal balance of the Note or (c) treat the failure to pay such late charge as demanded as a default hereunder. If such late charge is added to the principal balance of the Note, it shall bear interest at the Default Rate.

13. **Deficiency.** Trustor consents to a personal deficiency judgment for any part of the debt hereby secured which shall not be paid by the sale of the Trust Property, unless such judgment is prohibited by law. Any Trustor who is a married person hereby expressly agrees that recourse may be had against his or her other property, however owned, but without hereby creating any lien or charge thereon, for any deficiency due at sale of the Trust Property; except that this provision shall not apply in the case of a Trustor who executes this Deed of Trust but not the Note secured hereby.

14. **Waiver of Rights Regarding Property.** To the extent permitted by law, Trustor hereby releases and waives (a) all rights to any homestead exemption in the Trust Property; (b) all rights of dower and curtesy in the Trust Property; and (c) all rights to possession of the Property during any period allowed by law for redemption.

15. **Waiver of Right to Marshal.** Trustor, for Trustor and for all persons hereafter claiming through or under Trustor or who may at any time hereafter become holders of liens junior to the lien of this Deed of Trust, hereby expressly waives and releases all rights to direct the order in which any of the Trust Property shall be sold in the event of any sale or sales pursuant hereto and to have any of the Trust Property and/or any other property now or hereafter constituting security for any of the indebtedness secured hereby marshaled upon any foreclosure of this Deed of Trust or of any other security for any of said indebtedness.

16. **Severability.** In the event any provision contained in this Deed of Trust shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Deed of Trust, but this Deed of Trust shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

17. **Signature on Deed of Trust Only.** Notwithstanding any other provision of this Deed of Trust, any person who executes this Deed of Trust, but not the Note secured hereby, shall have no personal liability on the Note or for any deficiency judgment which may be obtained upon foreclosure of this Deed of Trust. Such persons jointly and severally waive presentment, demand, protest and all notices and agree that Beneficiary, without notice to them or their consent, and upon such terms as Beneficiary may deem advisable, and without affecting in any way Beneficiary's rights hereunder as against the Trust Property, may:

(a) Extend, release, surrender, exchange, compromise, discharge or modify any right or obligation secured by or provided by this Deed of Trust or any other instrument securing this loan, or

(b) Take any other action which Beneficiary may deem reasonably appropriate to protect its security interest in the Trust Property.

18. **Nevada Provision.** If the Trust Property is located in Nevada, then to the extent not inconsistent with the foregoing provisions of this Deed of Trust, the following covenants, numbers 1, 2 (full replacement value), 3, 4 (12 percent) 5, 6, 7 (a reasonable percentage), 8 and 9 of NRS 107.030 are hereby adopted and made a part of this Deed of Trust.

19. **New Mexico Provision.** If the Trust Property is located in New Mexico, then the Trust Property and this Deed of Trust are subject to the terms of the New Mexico Deed of Trust Act.

20. **Oregon Provision.** If the Trust Property is located in Oregon, indicate whether document is being filed as a fixture filing with an effective period of | five years | ten years, or | X | until this Deed of Trust is released or satisfied of record or its effectiveness otherwise terminates as to the Property.

21. **Governing Law.** The law of the state in which the Trust Property is located shall govern the validity, interpretation, construction and performance of this Deed of Trust.

22. **Books and Records.** Upon demand, Trustor will provide Beneficiary with operating statements and other financial information relevant to the use, operation and income of the Trust Property, including reasonable access to the books and records.

23. **Prepayment Charges.** Prepayment charges will be imposed, as specified in the Note, to the extent permitted by law, whether the prepayment is (a) voluntary, involuntary, or by operation of law, (b) in connection with a default in performance of the payment obligations or any other obligations under the Note or under any instrument securing the Note, or (c) required by Beneficiary as provided herein in connection with a transfer or contract to transfer the Trust Property, provided that no prepayment charges shall be added to sums prepaid with casualty insurance proceeds or condemnation awards.

24. **Successor Trustee; Notice.** Beneficiary at any time and from time to time, by instrument in writing, may substitute and appoint a successor or successors (either corporate or individual) to any trustee named herein or previously substituted hereunder, which instrument when executed, acknowledged, and recorded in the office of the Recorder of the county or counties where the Trust Property is situated shall be conclusive proof of the proper substitution and appointment of each such successor trustee or trustees, who shall then have all the title, powers, duties and rights of the predecessor trustee, without the necessity of any conveyance from such predecessor. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to Trustor. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee. Except as otherwise provided in this Deed of Trust, all notices and consents required or permitted under this Deed of Trust shall be in writing and may be telexed, cabled, delivered by hand, or mailed by first class registered or certified mail, return receipt requested, postage prepaid, and addressed as follows:

If to Trustor/Debtor: METROPOLITAN SERVICE DISTRICT
2000 SW FIRST AVENUE
PORTLAND, OREGON 97201-5398

If to Beneficiary/Secured Party:
PACIFIC DEVELOPMENT (PROPERTY), INC.
an Oregon corporation
825 NE MULTNOMAH, SUITE 1275
PORTLAND, OREGON 97232

If to Trustee: _____ TITLE INSURANCE COMPANY

Changes in the respective addresses to which such notices may be directed may be made from time to time by any party by notice to the other parties. Notices and consents given by mail in accordance with this paragraph shall be deemed to have been given on the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

25. **Required Statement Regarding Tax Account Number.** The address of Beneficiary is as provided in paragraph 24. The Tax Account Number of the Trust Property is _____.

26. **Entire Agreement.** This Deed of Trust, the Note and any other security agreements securing the Note constitute the entire and complete agreement of the parties with respect to the subject matter hereof, and supersede all prior or contemporaneous understandings, arrangements and commitments, all of which, whether oral or written, are merged herein. This Deed of Trust shall bind and inure to the benefit of the parties to this Deed of Trust and any successor or assignee acquiring an interest hereunder consistent with paragraph B.11 above.

Signature of Trustor

METROPOLITAN SERVICE DISTRICT

By:

PROMISSORY NOTE
(For Fixed Rate Loans Secured by Trust Deed)

\$ 4,150,000 _____

_____, 19____

Borrower(s): METROPOLITAN SERVICE DISTRICT
 Borrower's Address: 2000 SW First Avenue
Portland, Oregon 97201-5398

Lender: PACIFIC DEVELOPMENT (PROPERTY), INC., an Oregon corporation
 Lender's Address: 825 NE Multnomah, Suite 1275
Portland, Oregon 97232

1. **Promise to Pay.** For value received, each undersigned "Borrower" promises to pay to the order of Lender at the address indicated above, or at such other place as the Lender or other holder of this Note may designate, the principal sum of Four Million One Hundred Fifty Thousand and no/100 -----Dollars (\$ 4,150,000), together with such other amounts as the Lender may advance from time to time under the terms of this Note, the Trust Deed which secures the repayment of this Note, or any other agreement executed by Borrower in connection with the execution and delivery of this Note. This Note, the Trust Deed and other agreements executed in connection herewith are hereinafter referred to as "Loan Instruments." The principal sum plus any amounts advanced by the Lender and any amounts due the Lender under the terms of the Loan Instruments are hereinafter referred to as the unpaid principal balance.

2. **Interest Accrual.** The unpaid principal balance shall be repaid by Borrower with interest. Interest shall accrue on the unpaid balance at the rate of Ten percent (10 %) per annum from the date of this Note and shall continue to accrue until such time as all sums due under this Note and Loan Instruments are paid in full.
 compounded daily

3. **Terms of Repayment.** The unpaid principal balance, together with accrued interest, shall be payable as follows: interest only will be payable on the first day of each month after the date of this Note, with the last such payment due on July 1, 1991.

Such monthly installments shall continue until all sums due the Lender are paid in full. ~~If the first installment of this Note is due more than thirty (30) days after date of said Note, then the accrued interest in excess of thirty (30) days shall be added to the beginning Note balance.~~ Each installment shall be applied in the following order of priority: accrued interest, late and/or other charges, unpaid principal balance, and tax and/or insurance reserve payments which may be required by the Loan Instruments. Should the accumulated charges become greater than the actual payment received, then the Lender shall have the right to add the difference to the unpaid principal balance.

4. **Final Payment.** The entire unpaid principal balance, accrued interest and all other sums due under the Note or the Loan Instruments shall be due and payable on July 1, 1991.

5. **Late Charges.** Borrower promises and agrees to pay the Lender a late charge equal to five percent (5%) of the amount of any monthly installment which is not received by the Lender within fifteen (15) days after the due date of such installment. Without limiting or affecting another provision of this Note, Trust Deed or Loan Instruments, Borrower agrees that the assessment and collection of a late charge shall not constitute a waiver by the Lender of Borrower's default for failure to make payments as agreed.

6. **Prepayment Penalties.** Borrower shall have the right to pay additional payments in excess of the regular installments under this Note, without penalty, ~~if said additional payments paid in any one loan year do not exceed twenty percent (20%) of the original loan amount. If the additional payments exceed twenty percent (20%) of the original loan amount in any one loan year, a prepayment penalty equal to the following will be assessed: five percent (5%) of the additional payments for the first loan year; four percent (4%) of the additional payments for the second loan year; three percent (3%) of the additional payments for the third loan year; two~~

~~percent (2%) of the additional payments for the fourth loan year, and one percent (1%) of the additional payments for any loan year thereafter. There shall be no prepayment penalty during the final year of payment. For purposes of this paragraph, "loan year" shall mean each consecutive twelve (12) month period beginning on the date of the Note. A prepayment penalty may be assessed by Lender notwithstanding the fact that such prepayment was the result of acceleration of the amounts due hereunder because of Borrower's default.~~

7. Escalation of Interest Rate Upon Borrower's Default. In the event of Borrower's default under the terms of this Note, Trust Deed or other Loan Instruments, the rate at which interest will accrue on the unpaid principal balance shall be increased to twenty percent (20%) or the maximum rate permitted by law, whichever is lower. Interest shall continue to accrue on the unpaid principal balance at this higher rate from the date of Borrower's default through any foreclosure proceedings and shall continue thereafter until all sums due hereunder are paid in full.

8. Default. If Borrower does not make payments when they are due, or if Borrower does not perform in accordance with the terms of the Trust Deed or other Loan Instruments, including but not limited to the provisions pertaining to the lease, sale, transfer or encumbrance of the property described in the Trust Deed without Lender's prior written consent, the Lender, at its option and without any notice to Borrower, may declare the entire unpaid principal balance, accrued interest and any other sums due pursuant to the terms of the Note, Trust Deed and Loan Instruments immediately due and payable. Time of payment and strict performance are the essence of this Note, Trust Deed and Loan Instruments. No delay or omission on the part of the Lender or other holder of this Note in exercising any right under this Note or the Trust Deed or other Loan Instruments shall operate as a waiver of any rights or remedies under this Note, Trust Deed or Loan Instruments. Any consent by the Lender shall not be deemed a continuing consent or a waiver of any right to require such consent in the future.

9. Attorneys' Fees. Borrower agrees to pay the Lender any costs it may incur as a result of Borrower's failure to make payments provided for in this Note or to perform any of Borrower's obligations under the Trust Deed and Loan Instruments, including Lender's attorneys' fees, whether or not the Lender files any type of court action or suit. If the Lender files a court action or suit and wins, Borrower agrees to pay, in addition to the amounts due under this Note, the Lender's court costs and its reasonable attorneys' fees as determined by the trial court and any appellate court or courts in the event the case is appealed. Borrower also agrees to pay the Lender any costs which it may incur in examining the title of the property offered as security in connection with the foreclosure of its Trust Deed. Borrower also agrees to pay any attorneys' fees, court costs or other costs that may be allowed under applicable Oregon law in the event that the Trust Deed is foreclosed nonjudicially pursuant to the Trustee's power of sale.

10. Consent and Waiver. Presentment, notice of dishonor and protest are hereby waived by Borrower, all makers, sureties, guarantors and endorsers of this Note. Each of said parties hereby consents to any extension of time or renewal of this Note and/or to any exchange or release of any security or collateral pledged by any party hereto or by any third person. Such modification, extension, waiver, exchange or release shall not affect the liability of such Borrower, makers, sureties, guarantors or endorsers, or any of them. All rights against such parties are hereby specifically reserved by the Lender.

11. Controlling Law. This Note and Trust Deed are to be construed in accordance with the laws of the State of Oregon.

12. Purpose. The Borrower expressly warrants that the transaction evidenced by this Note is exclusively for (indicate which):



Business Purposes (Commercial)

or



Primarily for Personal, Family
or Household Purposes

13. Maximum Interest Rate. It is the intent of the parties hereto that under no circumstances shall the Borrower be required to pay interest in excess of the maximum permitted by the laws of the State of Oregon and the United States of America. If a court of competent jurisdiction should find, for any reason, that the interest charged in connection with the loan evidenced by this Note is in excess of the lawful maximum, the parties agree that the interest charged herein be automatically reduced to the lawful maximum applicable amount under the laws of the State of Oregon or the United States of America, as the case may be.

14. Joint and Several Liability. If this Note is signed by more than one Borrower, the liability of each of the undersigned under the Note shall be joint and several.

15. Security. The performance of this Note is secured by a Trust Deed on the following described property: certain property in Multnomah County, Oregon
described in the Trust Deed dated _____, 1990

All of the terms, conditions and provisions of the Trust Deed and other Loan Instruments are incorporated into this Note as if set forth in full. Any default in the performance of Borrower's obligations under the Trust Deed and other Loan Instruments shall also constitute a default under the terms of this Note.

NOTWITHSTANDING any other provision of this instrument, the undersigned will not be in default hereunder (i) with respect to payments required hereunder, unless the undersigned fails to make the payment within 5 calendar days after receipt of written notice of nonpayment, and (ii) with respect to obligations other than the payment of moneys, unless the undersigned fails to perform the required obligation within 20 calendar days after receipt of written notice specifying the nature of the default or, if the default cannot be cured within 20 calendar days, failure within such time promptly to commence and pursue curative action and thereafter diligently pursue such curative action to completion; provided, that the undersigned shall only be entitled to two such notices within any 12-month period with respect to a default in the performance of the same obligation, and thereafter during such 12-month period the undersigned will be in default if it fails to perform such obligation when due.

IN WITNESS WHEREOF, and intending to be legally bound, the Borrower has executed this Note on the above date.

Corporate or Partnership Makers:

Individual Makers:

METROPOLITAN SERVICE DISTRICT

By: _____
Title

By: _____
Title

By: _____
Title

By: _____
Title

FINDINGS

Due Diligence Contract Items Between \$10,000 and \$31,000
Sears Facility Acquisition

As required by ORS 279.015(2)(a), the Metropolitan Service District Contract Review Board finds that exempting the Sears facility due diligence contracts between \$10,000 and \$31,000 is unlikely to encourage favoritism or substantially diminish competition because:

1. Three competitive quotes will be required as an alternate contracting procedure, thus, competition will not be diminished and favoritism will be avoided.

2. Competitive procedures for public contracts up to \$31,000 in value, rather than bids, are currently allowed by the Contract Review Board for Metropolitan Exposition-Recreation Commission public contracts, and in establishing that rule, the Board previously found this did not substantially diminish competition.

3. The Metro Code already allows competitive quotes for parking lot resurfacing in excess of \$15,000.

4. Many public agency use the higher threshold of \$31,000 or above, and this does not depart from standard industry practices.

5. The Contract Review Board previously exempted the Oregon Convention Center follow on contract items in Resolution No. 90-1285, where successful contracting was accomplished as required by ORS 279.015(2)(b). Metropolitan Contract Review Board finds that exempting Sears facility due diligence contracts between \$10,000 and \$31,000 will result in substantial cost savings because:

- a. The ability to contract for work quickly in the due diligence period will result directly in benefit to the public by ensuring that the facility suits Metro's needs and has no outstanding problems prior to commitment to purchase.
- b. The time and effort to develop detailed contract documents for bidding required for accurate bids will be avoided, thus allowing Metro to preserve valuable staff time and meet the due diligence time frame.

\$ 50,000,000

Portland, Oregon

October 11, 1990

ON DEMAND, I (or if more than one maker) we, jointly and severally, promise to pay to the order of
PACIFIC DEVELOPMENT (PROPERTY), INC.

at 825 NE Multnomah, Suite 1275
FIFTY THOUSAND AND NO/100 ----- DOLLARS,

with interest thereon at the rate of 0 percent per annum from ----- until paid; interest to be paid
----- All or any portion of the principal hereof may be paid at any time. If this note is placed in the hands of
an attorney for collection, I/we promise and agree to pay the holder's reasonable attorney's fees and collection costs, even though no suit
or action is filed hereon; however, if a suit or an action is filed, the amount of such reasonable attorney's fees shall be fixed by the court,
or courts in which the suit or action, including any appeal therein, is tried, heard or decided.

Earnest money for the Sear's Building property
and parking garage in Portland, Oregon. Due
and payable as per Earnest Money Agreement of
even date herewith

METROPOLITAN SERVICE DISTRICT

By: _____

Exhibit B

Sears Building Due Diligence

<u>ITEM</u>	<u>ESTIMATED COST</u>
Building Appraisal	\$6,000
Structural/Civil Engineering Report	7,500
Roof Inspection	2,000
Utilities	
Sewer, water, gas & oil line checks	2,000
ALTA Property Survey	3,500
Seismic Report	5,000
HVAC Report	2,500
Compaction/Load Test	3,500
Soils Testing	2,000
Architect	
Code Compliance	15,000
Hazardous Waste/Asbestos	
Verification only	2,000
Leasing/Market Feasibility Report	10,000
Contingency	<u>4,000</u>
Total	\$65,000

\$ 50,000,000

Portland, Oregon

October 11, 1990

ON DEMAND, I (or if more than one maker) we, jointly and severally, promise to pay to the order of
PACIFIC DEVELOPMENT (PROPERTY), INC.

at 825 NE Multnomah, Suite 1275

FIFTY THOUSAND AND NO/100 ----- DOLLARS,

with interest thereon at the rate of 0 percent per annum from ----- until paid; interest to be paid
----- All or any portion of the principal hereof may be paid at any time. If this note is placed in the hands of
an attorney for collection, I/we promise and agree to pay the holder's reasonable attorney's fees and collection costs, even though no suit
or action is filed hereon; however, if a suit or an action is filed, the amount of such reasonable attorney's fees shall be fixed by the court,
or courts in which the suit or action, including any appeal therein, is tried, heard or decided.

Earnest money for the Sear's Building property
and parking garage in Portland, Oregon. Due
and payable as per Earnest Money Agreement of
even date herewith

METROPOLITAN SERVICE DISTRICT

By:-----

STAFF REPORT

CONSIDERATION OF RESOLUTION NO. 90-1338 FOR THE PURPOSE
OF AUTHORIZING THE EXECUTION OF A SALE AGREEMENT FOR
ACQUISITION OF THE SEARS FACILITY, EXEMPTING DUE
DILIGENCE CONTRACTS AND BOND COUNSEL SERVICES FROM
METRO CODE 2.04.053

October 11, 1990

Presented by: Jennifer Sims

FACTUAL BACKGROUND AND ANALYSIS

Metro's administrative offices are currently housed in leased space at 2000 S.W. First Avenue, Portland, Oregon 97201. Metro Center has approximately 45,000 square feet of which Metro occupies 36,712 square feet. The remaining space is subleased to five tenants. Metro's offices were moved to this location in July, 1986. The lease obligation expires July 1, 1996. The building includes 107 full size parking spaces which are utilized by employees, visitors and tenants.

Metro has experienced significant growth during its occupancy at this location. The staff size has increased from 90 to 150 employees. Metro's space requirements have increased by 36 percent in less than five years. Public access and parking demands have become increasingly important with the growth in Metro's operations and responsibilities. Also, the organizational growth and maturity has resulted in an interest in facility ownership compared to long term leasing of administrative offices.

To respond to these needs, a Relocation Task Force was formed in May 1990. Members of that Task Force include Councilor Tanya Collier, Councilor Lawrence Bauer, Executive Officer Rena Cusma, an employee representative, and staff members from Finance and Administration and Council. The Task Force determined that it was appropriate and timely to conduct a relocation study to determine opportunities available for Metro offices. To assist in this study, Coldwell Banker, a commercial real estate broker was selected through a competitive process. The Task Force was presented 22 suitable sites for relocation. These were evaluated against an agreed set of objectives and criteria and were reduced to the seven most qualified sites. Additional information was gathered regarding these seven sites which was presented to the Metro Council in an executive session on September 13, 1990. The Task Force determined that among these properties the Sears facility most closely met Metro's needs.

With concurrence of the Council, the Executive Officer entered into negotiations with Pacific Development, Incorporated (PDI), the owner of the Sears facility. PDI was requested to provide a proposal including the sale price for the land, building and

garage for Task Force consideration. The initial proposed sale price was \$7.6 million. That proposal was presented on June 13, 1990.

Following four months of negotiations, a sale agreement has been reached pending due diligence studies (Exhibit A to Resolution No. 90-1338). The Sears facility includes a 183,000 square foot building of poured-in-place reinforced concrete and a 460 car parking garage. There are 58 additional on-site parking spaces. The structure appears to be designed and structurally sound enough to allow for parking to be placed in the lower level and potentially on the first floor. With restriping and lower level parking an estimated 660 stalls would be available. With a 2 per 1000 parking ratio for tenants, Metro would have very adequate parking while still satisfying the State obligation.

Highlights of the proposed sale agreement are as follows:

- o Purchase price - \$5.15 million
- o Metro provides up to 346 parking spaces to the State of Oregon beginning at \$56 per month per stall in 1992, inflation clauses included. Parking provision to the State on a use or lose basis.
- o Metro reserves the right to purchase, at market value, an additional 86 parking spaces from PDI for Metro use.
- o Metro agrees to limit tenant parking to two spaces per thousand, which is standard for the Lloyd District.
- o Seller agrees to deliver property free of asbestos and hazardous waste substances.
- o Seller agrees to deliver property free of liens, taxes and with outstanding LID payments paid in full.
- o A 67-day due diligence period with Metro option to terminate deal. Metro must make determination to proceed by December 17, 1990.
- o Fifty thousand dollars (\$50,000) to escrow by December 17, 1990 if proceeding with purchase. Council approval required prior to making earnest money deposit.
- o An additional \$950,000 due and payable at closing on December 28, 1990.
- o Balance of \$4.15 million due and payable to PDI by July 1, 1991. Seller will carry balance at 10 percent interest.

Based on preliminary financial analyses, it appears that the acquisition and renovation costs will result in reasonable occupancy rates. These analyses have included comparisons to continued leasing and new construction.

This project would be eligible for financing through Certificates of Participation or Revenue Bonds. Metro's financial advisors, Public Financial Management (PFM), and Stoel Rives Boley Jones and Grey Bond Counsel will work with Metro staff during the due diligence period to determine a financing strategy. In addition,

a full project work scope and staffing plan will be provided to the Council with time frames, costs and budget impact during the due diligence period. It is anticipated that funding for the due diligence period will be a transfer from the capital improvements line in the Building Management Fund to Materials and Services.

In order to meet the time frame established for closing this purchase by the end of the calendar year, it is necessary to have an exemption for the due diligence contracts listed in Exhibit B. Findings for the exemption are described in Exhibit C. The various due diligence contracts will provide information on marketing feasibility, condition of the structures, and renovation costs.

EXECUTIVE OFFICER RECOMMENDATION

The Executive Officer recommends adoption of Resolution No. 90-1338.

JS:sg
October 11, 1990
SEARSTAF.RPT