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AFTER RECORDING RETURN TO
West One Bank, Washington
777 108th Avenue NE, Suite 250
Bellevue, WA 98004

ORIGINAL

Loan No. 6100

96-16891
DEED OF TRUST - OREGON
LINE OF CREDIT MORTGAGE

408 - 2735

May 3, 1996
H.M. Inc., a Washington corporation, Grantor
2622 SW Glacier Place, Redmond, OR 97756, Address

West One Bank, Washington, Beneficiary (Lender)
777 108th Avenue NE, Suite 250, Bellevue, Washington 98004

American Title, Trustee
15 Oregon Avenue, Bend, Oregon 97709

The Lender has loaned money or extended credit to H.M. Inc., a Washington corporation, (Borrower) which is repayable with interest according to the terms of the following described credit agreement(s), loan agreement(s), promissory note(s) or other agreement(s) for the extension of credit ("credit agreement(s)")

DATE May 3, 1996
MAXIMUM PRINCIPAL BALANCE \$840,000.00
LENGTH OF TERM Eighteen (18) months from Note Date plus Two (2), 6 month extensions, provided there are no default conditions.
DATE FINAL PAYMENT IS DUE November 3, 1998

Under the terms of the credit agreement(s), Lender has made or may make, from time to time, one or more loan advances to Borrower. The maximum principal amount to be advanced and outstanding at any one time pursuant to each credit agreement is the amount shown above as the Maximum Principal Balance for such credit agreement. However, the outstanding principal balance of the credit agreement(s) may vary as payments are received and new advances are made to Borrower. This Deed of Trust shall continue to be effective as to future advances after the credit agreement(s) have been paid to zero any number of times and after the credit agreement(s) have been renewed, extended or modified any number of times.

The term "Indebtedness", as used in this Deed of Trust, shall mean (a) all principal and interest and all other liabilities and obligations of Borrower which now are or hereafter become owing to Lender in connection with the credit agreement(s), and any number of modifications, extensions or renewals thereof, (b) any future amounts, together with interest that Lender may in its discretion loan to Borrower or Grantor under this Deed of Trust and any number of modifications, extensions or renewals, (c) unpaid charges, including late charges, and (d) any amount paid or advanced by Lender, with interest thereon, to protect the Property or Lender's interest in the Property, to discharge obligations of Grantor, or which are otherwise permitted under any provision of this Deed of Trust. The interest rate, payment terms and balance due under the credit agreement(s) may be indexed, adjusted, renewed or renegotiated in accordance with the terms of the credit agreement(s) and on account of any modifications, extensions and renewals thereof.

To secure payment of the Indebtedness and performance of all obligations of Grantor under this Deed of Trust, Grantor irrevocably grants and conveys to Trustee, in trust, with power of sale, the following property which currently has the address of 2603 N Highway 97, Redmond and Tax Account No NA, located in Deschutes County, State of Oregon.

Refer to Legal - Exhibit "A" attached hereto and by this reference made a part hereof.

Together with all appurtenances, all existing or subsequently created or affixed improvements or fixtures, and, unless this Deed of Trust is being given to secure an extension of consumer credit requiring disclosures under the Federal Truth-in-Lending Act, Grantor also hereby grants to Lender a Uniform Commercial Code security interest in all fixtures, equipment, furnishings and other articles of personal property now or subsequently located on or used in connection with the property, all of the foregoing is collectively referred to as the Property. Grantor hereby assigns to Lender as additional security for the Indebtedness all present and future rents, leases and profits from the Property.

1. Maintenance of the Property.

1.1 The Property shall be maintained in good condition at all times. Grantor shall promptly make all necessary repairs, replacements and renewals so that the value of the Property shall be maintained, and Grantor shall not commit or permit any waste on the Property. Grantor shall comply with all laws, ordinances, regulations and private restrictions affecting the Property.

1.2 To the extent that the Property constitutes commercial property, Grantor shall operate the Property in such manner as to prevent deterioration of the land and improvements including fences, except for reasonable wear and tear from proper use.

1.3 Grantor shall not demolish or remove any improvements from the Property without the written consent of Lender.

2. Completion of Construction.

If some or all of the proceeds of the loan creating the Indebtedness are to be used to construct or complete construction of any improvement on the Property, Grantor agrees:

2.1 To commence construction promptly and in any event within 120 days from the date of this instrument, and complete the same in accordance with any agreements relating to construction and plans and specifications satisfactory to Lender within 6 months of the date of this instrument.

2.2 To allow Lender to inspect the Property at all times during construction.

2.3 To replace any work or materials unsatisfactory to Lender within 15 calendar days after written notice to the Grantor of such fact.

2.4 That work shall not cease on the construction of such improvements for any reason whatsoever for a period of 15 consecutive days.

3. Taxes and Liens.

3.1 Grantor shall pay before they become delinquent all taxes and assessments levied against or on account of the Property, and shall pay as due all claims for work done on or for services rendered or material furnished to the Property. Special assessments shall be paid currently, without deferral, unless the lien for deferred assessments is subordinated to the interest of Lender under this Deed of Trust, or Lender gives its prior written consent to the deferral. Grantor shall maintain the Property free of any liens except for "Permitted Encumbrances" as defined in 8.1, the lien of taxes and assessments not delinquent, and except as otherwise provided in 3.2.

3.2 Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within 15 days after the lien arises or, if a lien is filed, within 15 days after Grantor has notice of the filing, secure the discharge of the lien or deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs, attorney fees or other charges that could accrue as a result of a foreclosure or sale under the lien.

3.3 The assessor or tax collector of the county in which the Property is located is authorized to deliver to Lender a written statement of the property taxes assessed or owing at any time.

4. Insurance.

4.1 Grantor shall carry such insurance as Lender may reasonably require. This shall include insurance on the Property against fire, additional risks covered by a standard endorsement for extended coverage, and such other risks as may be specified by Lender, including without limitation flood and war risks. Insurance on the Property shall be carried in companies and under policies approved by Lender and shall be for an amount equal to the remaining unpaid portion of the indebtedness or the full insurable value of the Property, whichever is less, and an amount sufficient to comply with any co-insurance provision in any policy.

4.2 All policies of insurance on the Property shall bear an endorsement to Lender making loss payable to Lender and shall be deposited with Lender. In the event of loss, Grantor shall immediately notify Lender, who may make proof of loss if it is not made promptly by Grantor. Proceeds shall be paid directly to Lender who may compromise with any insurance company and make a final settlement which shall be binding upon Grantor. Lender may, at its election, apply the proceeds to the reduction of the indebtedness or the restoration or repair of the Property.

4.3 At least 30 days prior to the expiration of any policy, a satisfactory renewal or substitute policy shall be secured by Grantor.

5. Reserves; Mortgage Insurance Premiums.

5.1 If allowed by law, and if Grantor and Lender do not otherwise expressly agree in writing, Lender may require Grantor to maintain reserves for payment of taxes (including special assessment and other charges against the Property by governmental or quasi-governmental bodies) or premiums on property insurance or both. The reserves shall be created by payment each month to Lender of an amount determined by Lender to be sufficient to produce by the date they are due amounts equal to the estimated taxes and insurance premiums to be paid. If at the time that payments are to be made the reserve for either taxes or insurance premiums is insufficient, Grantor shall upon demand pay such additional sum as Lender shall determine to be necessary to cover the required payment.

5.2 If Lender carries mortgage (default) insurance covering the repayment of all or any part of the indebtedness, the premiums for such insurance shall be paid by Grantor, and if allowed by law, Lender may require Grantor to maintain a reserve for such purposes in the same manner as for taxes and property insurance, and subject to the same agreements.

5.3 If Grantor desires to carry a package plan of insurance that includes coverage in addition to that required under this Deed of Trust, Lender, if allowed by law, may at its option establish and administer a reserve for that purpose. In such event the premium attributable to the required insurance coverage shall be quoted separately, and Lender may permit Grantor to furnish a certificate of insurance rather than deposit the policy as required in 4.2. If at any time Lender holds an insufficient amount in the insurance reserve to cover the premium for the entire package policy, Lender may, at its discretion, pay only that portion of the premium attributable to the required insurance coverage. If the blanket policy does not permit such partial payment, Lender may use the reserve funds for the premium on a new, separate policy providing the required insurance coverage and allow the package policy to lapse.

5.4 Lender shall not charge a service charge for collecting reserves and paying taxes and insurance premiums. The reserves shall not constitute a trust. Grantor agrees that Lender may commingle reserve funds with other funds of Lender, and need not invest them for the benefit of Grantor. Grantor agrees that Lender need not pay Grantor interest on reserves, unless applicable statutes require payment of interest notwithstanding any contrary agreement.

6. Expenditures by Lender.

If Grantor shall fail to comply with any provision of this Deed of Trust, Lender may, at its option, on Grantor's behalf take the required action and any amount that it expends in so doing shall be added to the indebtedness and shall bear interest at the highest rate applicable to any indebtedness. Grantor and Borrower shall pay such amounts to Bank on demand together with interest at the highest rate provided in any credit agreement. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which Lender may be entitled on account of the default, and Lender shall not by taking the required action cure the default so as to bar it from any remedy that it otherwise would have had.

7. Late Payment Charges.

To cover the extra expense involved in handling delinquent payment, Lender may charge a late charge on any scheduled payment which Lender does not receive within 15 days after the due date, or by the next business day, if the 15-day period ends on a Saturday, Sunday, or legal holiday. The amount of the late charge shall be as specified in the credit agreement or, if the credit agreement specifies no late charge, FIVE PERCENT (5.0%) percent of the payment of principal and interest, or portion of such payment which Lender does not receive within the 15-day period. The late charge under the credit agreement or under this Deed of Trust shall in no event exceed the maximum charge, if any, specified under applicable law. Collection of a late charge shall not constitute a waiver of or prejudice Lender's right to pursue any other right or remedy available on account of the delinquency.

8. Warranty; Defense of Title.

8.1 Grantor warrants that he holds merchantable title to the Property in fee simple, free of all encumbrances other than (a) those enumerated in the title policy, if any, issued for the benefit of Lender in connection with this transaction and accepted by Lender, and (b) the encumbrances described as "NA" (hereinafter referred to as "Permitted Encumbrances").

8.2 Grantor warrants and will forever defend the title against the lawful claims, other than Permitted Encumbrances, of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of the Lender under this Deed of Trust, Grantor shall defend the action at Grantor's expense.

8.3 If any Permitted Encumbrance is a lien, Grantor shall pay any sums and do any other acts necessary to prevent a default or prevent any action or condition which with the lapse of time, the giving of notice, or any other action of a creditor would be a default or enable any creditor to declare a default or foreclose any Permitted Encumbrance which is a lien.

9. Hazardous Substances.

9.1 Except as previously disclosed to Lender in writing, Grantor represents and warrants to Lender as follows:

9.1.1 no hazardous substances are stored, located, used or produced on the Property.

9.1.2 to the best of Grantor's knowledge after due and diligent inquiry no hazardous substances are stored, located, used or produced on any adjacent property nor have any hazardous substances been stored, located, used, produced, or released on the Property or any adjacent property prior to Grantor's ownership, possession or control of the Property.

9.2 Grantor will not cause nor permit any activities on the Property which directly or indirectly could result in the release of any hazardous substance onto or under the Property or any other property. Grantor agrees to provide written notice to Lender immediately upon Grantor becoming aware that the Property or any adjacent property is being or has been subject to a release of any hazardous substance.

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

9.4 Grantor will indemnify and hold Lender harmless from and against any and all claims, demands, damages, clean-up and other costs, expenses, losses, liens, liabilities, penalties, fines, lawsuits and other proceedings (including attorney fees) arising directly or indirectly from or out of, or in any way connected with (i) the breach of any representation, warranty, covenant or agreement concerning hazardous substances contained herein or in any other document executed by Grantor in connection with the loan evidenced by the note(s); (ii) any release onto or under the Property or other property of any hazardous substance which occurs as a direct or indirect result of the acts or omissions of Grantor, its directors, officers, employees, agents, and independent contractors; and (iii) any release onto or under the Property of any hazardous substance which occurs during Grantor's ownership, possession, or control of the Property.

9.5 If Lender shall at any time, through the exercise of any of its remedies under this Deed of Trust, or by taking a deed in lieu of foreclosure, hold title to or own the Property in Lender's own right and Lender discovers that any hazardous substance has been stored, located, used, produced or released onto or under the Property, Lender may, at its option, convey the Property to Grantor. Grantor covenants and agrees that it shall accept delivery of any instrument of conveyance and resume ownership of the Property in the event Lender exercises its option hereunder to convey the Property to Grantor. Lender, at Lender's sole discretion, shall have the right to record any instrument conveying the Property to Grantor and such recordation shall be deemed acceptance of the instrument and conveyance by Grantor.

9.6 All Grantor's representations, warranties, covenants and agreements contained herein regarding hazardous substances, including but not limited to Grantor's agreement to accept conveyance of the Property from Lender and resume ownership shall survive foreclosure of this Deed of Trust or acceptance by Lender of a deed in lieu of foreclosure.

9.7 For purposes of this Deed of Trust, the term "Hazardous substances" means any substance or material defined or designated as hazardous or toxic waste, hazardous or toxic material, or a hazardous, toxic or radioactive substance (or designated by any other similar term) by any applicable federal, state or local statute, regulation or ordinance now in effect or in effect at any time during either the term of this Deed of Trust or however long Grantor remains in possession, custody, or control of the Property following either foreclosure of this Deed of Trust or acceptance by Lender of a deed in lieu of foreclosure.

10. Condemnation.

10.1 If all or any part of the Property is condemned, Lender may at its election require that all or any portion of the net proceeds of the award be applied on the indebtedness. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses and attorney fees necessarily paid or incurred by Grantor and Lender in connection with the condemnation.

10.2 If any proceeding in condemnation is filed, Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor hereby assigns to Lender the net proceeds of any condemnation award.

11. Imposition of Tax.

11.1 The following shall constitute taxes to which this paragraph applies:

- (a) A specific tax upon trust deeds or upon all or any part of the indebtedness secured by a deed of trust.
- (b) A specific tax on the owner of property covered by a deed of trust which the taxpayer is authorized or required to deduct from payments on the deed of trust.
- (c) A tax on premises covered by a deed of trust chargeable against the beneficiary under the deed of trust or the holder of the note secured.
- (d) A specific tax on all or any portion of the indebtedness or on payments of principal and interest made by a Grantor under a deed of trust.

11.2 If any federal, state or local tax to which this paragraph applies is enacted subsequent to the date of this Deed of Trust, this shall have the same effect as a default and Lender may exercise any or all of the remedies available to it in the event of a default unless the following conditions are met:

- (a) Grantor may lawfully pay the tax or charge imposed; and
- (b) Grantor pays or offers to pay the tax or charge within 30 days after notice from Lender that the tax law has been enacted.

12. Due on Sale Clause.

Grantor agrees that Lender may, at Lender's option, declare the entire indebtedness immediately due and payable if all or any part of the Property, or an interest therein, is sold, transferred, further encumbered, or alienated. If Lender exercises the option to accelerate, Grantor agrees that Lender may use any default remedies permitted under this Deed of Trust and under applicable law. Grantor agrees that Lender may exercise Lender's rights under this Due-On-Sale provision, each time all or any part of the Property, or an interest in the Property, is sold, transferred, further encumbered, or alienated whether or not Lender previously exercised Lender's rights under this or any other Due-On-Sale provision.

13. Security Agreement; Financing Statements.

13.1 In addition to its status as a Deed of Trust, this instrument shall also constitute a security agreement with respect to any personal property and fixtures included within the description of the Property. It shall also be effective as a financing statement filed as a fixture filing from the date of its recording and shall remain effective as a fixture filing until it is released or satisfied of record. If Grantor does not have an interest of record in the real property, the name of the record owner is NA. For the purposes of this instrument being effective as a financing statement, Grantor is the "debtor" and Lender is the "secured party."

13.2 Grantor shall join with Lender in executing one or more financing statements under the Uniform Commercial Code and shall file the statement at Grantor's expense in all public offices where filing is required to perfect the security interest of Lender in any personal property and fixtures under the Uniform Commercial Code. A carbon, photographic or other reproduction of this instrument shall be sufficient as a financing statement.

14. Limitation of Indebtedness Secured.

Notwithstanding any other provision of this agreement, if Grantor exercises an option to limit the indebtedness secured by this Deed of Trust, Lender may, at its option, without notice to Borrower or Grantor, refuse to make any further advances under the credit agreement(s).

15. Release; Continuation; Reinstatement.

15.1 When the credit agreement(s) are cancelled and terminated as to any future advances and all sums secured by this Deed of Trust are paid, Lender shall request Trustee to reconvey the above described real property without warranty to the person legally

entitled thereto. Such person shall pay all fees for filing the reconveyance and shall pay Trustee a reasonable fee for preparation and execution of the reconveyance instrument.

15.2 If (a) any payment or other transfer to Lender on account of the indebtedness secured hereby is avoided or set aside under any applicable bankruptcy, insolvency or fraudulent conveyance law or law for the relief of debtors or on any other basis, or if Lender in its sole discretion consents in good faith to any such avoidance or set aside, then the indebtedness and this Deed of Trust shall be deemed to continue or to be reinstated to the extent of the avoided payment or transfer and the indebtedness shall be secured by the Property, even if the Property has been reconveyed and any security interest granted herein has been terminated, in whole or in part.

16. Consent, Waivers.

Without notice to Grantor and without diminishing or affecting Lender's rights or remedies, liabilities and obligations hereunder, Lender may deal in any manner with Borrower, Borrower's co-makers, sureties, endorsers and guarantors and any other person who at any time is liable for, or provides any real or personal property collateral for, any indebtedness of Borrower to Lender, including the Indebtedness, (2) any obligations constituting the Property or (3) any present and future rents, leases and profits from the property (collectively, the "collateral"). Without limiting the foregoing, Lender may, in its sole discretion: (a) make secured or unsecured loans to Borrower; (b) agree to any number of waivers, modifications, and extensions and renewals of any length of such loans, including the Indebtedness and of any obligations constituting the collateral; (c) impair, release with or without substitution of new collateral and fail to perfect a security interest in, any collateral provided any person whether with respect to any indebtedness or any obligations constituting the collateral; (d) sue, fail to sue, agree not to sue, release, and settle or compromise with Borrower or any other person.

17. Default.

The following shall constitute events of default:

- 17.1 Any portion of the Indebtedness is not paid when it is due.
- 17.2 Grantor fails within the time required by this Deed of Trust to make any payment for taxes, insurance, or mortgage insurance premiums or for reserves for such payments, or any payment necessary to prevent filing of or discharge any lien.
- 17.3 Grantor breaches any representations or warranties contained in this Deed of Trust.
- 17.4 Grantor breaches any covenant or agreement contained in this Deed of Trust regarding hazardous substances.
- 17.5 Grantor fails to perform any other covenant or agreement contained in this Deed of Trust within 20 days after receipt of written notice from Lender specifying the failure.
- 17.6 If this Deed of Trust secures a construction loan, any failure of Grantor or builder or any other person or entity to comply with or perform any provision of any construction loan agreement executed in connection with the loan within 20 days after receipt of written notice from Lender specifying the failure.
- 17.7 Default in any obligation secured by a lien which has or may have priority over this Deed of Trust, or the commencement of any action to foreclose any prior lien.
- 17.8 Death, dissolution, termination of existence, insolvency, business failure, or cessation of a material portion of the ordinary business operations of, appointment of a receiver for any part of the property of, assignment for the benefit of creditors by, entry of any judgment against or commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower, Grantor, any guarantor of any Indebtedness or any surety for Borrower.
- 17.9 Default by Grantor or any predecessors in title of Grantor, as lessee or sublessee, under the terms of any lease or sublease of the Property to which Grantor is a party or through which Grantor's interest in the Property is derived.

18. Rights and Remedies on Default.

18.1 Upon the occurrence of any event of default and at any time thereafter, Lender may exercise any one or more of the following rights and remedies:

- (a) The right at its option by notice to Borrower to declare the entire Indebtedness immediately due and payable.
- (b) With respect to all or any part of the Property that constitutes realty, the right to foreclose by judicial foreclosure in accordance with applicable law.
- (c) The right to have the Trustee sell the Property in accordance with the Deed of Trust Act of the State of Oregon and the Uniform Commercial Code of the State of Oregon where applicable, at public auction to the highest bidder. Any person except Trustee may bid at the Trustee's sale. The power of sale conferred by this Deed of Trust and the law is not an exclusive remedy and when not exercised, Lender may foreclose this Deed of Trust as a mortgage. The Trustee is not obligated to notify any party herein of a pending sale under any other deed of trust or of any action or proceeding in which Grantor, Trustee, or Lender shall be a party, unless such action or proceeding is brought by the Trustee.
- (d) With respect to all or any part of the Property that constitutes personalty, the rights and remedies of a secured party under the Uniform Commercial Code.
- (e) The right, without notice to Grantor, to take possession of the Property and collect all rents and profits, including those past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right Lender may require any tenant or other user to make payments of rent or use fees directly to Lender, and payments on such tenant or user to Lender in response to its demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed.
- (f) The right to have a receiver appointed to take possession of any or all of the Property, with the power to protect and preserve the Property and to operate the Property proceeding foreclosure or sale and apply the proceeds, over and above costs of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount.
- (g) Subject to any limitations imposed by law, the right to obtain a deficiency judgment in the event the net sale proceeds of any foreclosure sale are insufficient to pay the entire unpaid Indebtedness.
- (h) Any other right or remedy provided in this Deed of Trust, the promissory note(s) or credit agreement(s) evidencing the Indebtedness, any construction loan agreement, any other security document, or under law.

18.2 In exercising its rights and remedies, Lender and Trustee shall be free to sell all or any part of the Property together or separately or to sell certain portions of the Property and refrain from selling other portions. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

18.3 If required by applicable law, Lender shall give Grantor reasonable notice of the time and place of any public sale of any personal property or of the time after which any private sale or other intended disposition of the property is to be made. Reasonable notice shall mean notice given at least ten days before the time of the sale or disposition.

18.4 A waiver by either party of a breach of a provision of this agreement shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or take action to perform an obligation of Grantor under this Deed of Trust after failure of Grantor to perform shall not affect Lender's right to declare a default and exercise its remedies hereunder.

18.5 Whether or not litigation is commenced, Grantor and Borrower promise to pay all reasonable expenses incurred by Lender for the protection of its interest or the enforcement of its rights, including without limitation, attorney fees and costs of record searches, title reports, surveyors' reports and title insurance. Such expenses shall become a part of the Indebtedness payable on demand and shall bear interest at the highest rate provided in any credit agreement(s) from the date incurred until paid. Grantor and Borrower shall pay such expenses to Bank on demand, together with interest at the highest rate provided in any credit agreement.

19. Release of Claim.

Grantor hereby expressly and irrevocably releases and waives any and all "claims" (as now or hereafter defined in the United States Bankruptcy Code, 11 U.S.C. § 101 et seq.) of any nature whatsoever, whether known or unknown and whether now existing or hereafter acquired, in any existing or future bankruptcy case filed by or against Borrower or any person or entity with respect to whom Grantor is an "insider" (as now or hereafter defined in such Bankruptcy Code), to the extent such claims in any manner relate to or arise out of this Deed of Trust or any indebtedness secured hereby (including but not limited to fixed or contingent claims based on subrogation, indemnity, reimbursement, contribution or contract)

20. Notice.

Any notice under this Deed of Trust shall be in writing and shall be effective when actually delivered or, if mailed, when deposited as registered or certified mail directed to the address stated in this Deed of Trust. Either party may change the address for notices by written notice to the other party.

21. Other Agreements.

21.1 Subject to the limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon an inure to the benefit of the parties, their successors and assigns.

21.2 In construing this Deed of Trust the term Deed of Trust or Trust Deed shall encompass the term security agreement when the instrument is being construed with respect to any personal property or fixtures.

21.3 Nothing in this Deed of Trust shall be construed to require Lender to make any advances or extend any credit to Borrower.

21.4 Attorney fees. As used in this Deed of Trust, "attorney fees" shall include without limitation, attorney fees incurred in any appellate proceeding, proceeding under the bankruptcy code or receivership.

21.5 Even though the words "Line of Credit Mortgage" are printed on this Deed of Trust, this instrument is a deed of trust subject to the provisions of Oregon law relating to deeds of trust.

21.6 Disclosures.

(a) Under Oregon law, most agreements, promises and commitments made by lenders after October 3, 1989, concerning loans and other credit extensions which are not for personal, family or household purposes or secured solely by the borrower's residence must be in writing, express consideration and be signed by the lender to be enforceable.

(b) Oral agreements or oral commitments to loan money, extend credit or forbear from enforcing repayment of a debt are not enforceable under Washington law.

Grantor acknowledges receipt of a completed copy of this Deed of Trust.

HLM, Inc., a Washington corporation

by:

Hayden H. Watson

Its:

President

CORPORATE ACKNOWLEDGMENT

STATE OF OREGON)

County of Deschutes)

May 9, 1996

This instrument was acknowledged before me on the above date by Hayden H. Watson
and as President
of HLM, Inc., a Washington Corporation

Before me:



Notary Public for Oregon
My commission expires 12-9-97

REQUEST FOR RECONVEYANCE

To Trustee:

The undersigned is the holder of the note(s) or other credit agreement(s) secured by this Deed of Trust. All indebtedness secured by this Deed of Trust has been paid in full. You are hereby directed to cancel said note(s) or credit agreement(s) and this Deed of Trust, which are delivered hereby, and to reconvey without warranty, all the estate now held by you under this Deed of Trust to the person or persons legally entitled thereto.

Date _____

EXHIBIT A
TO
DEED OF TRUST

408 - 2740

This Exhibit A is attached to that certain Deed of Trust, dated May 3, 1996, between HLM, Inc., a Washington corporation, as Grantor and WEST ONE BANK, WASHINGTON as Beneficiary.

LEGAL DESCRIPTION

PARCEL 1

That portion of the Southwest quarter of the Northeast quarter (SW1/4 NE1/4) of Section Four (4), Township Fifteen (15) South, Range Thirteen (13) East of the Willamette Meridian, in Deschutes County, Oregon, described as follows: Beginning at the Southwest (SW) corner of the said Southwest quarter of the Northeast quarter (SW1/4 NE1/4), thence North 00°42'02" East along the West line of said Southwest quarter of the Northeast quarter and the centerline of N.W. 10th Street, 417.42 feet to the TRUE POINT OF BEGINNING, thence continuing North 00°42'02" East along the West line of said Southwest quarter of the Northeast quarter and the centerline of N.W. 10th Street, 896.46 feet to the North line of said Southwest quarter of the Northeast quarter, thence North 89°42'47" East along the North line of said Southwest quarter of the Northeast quarter 852.39 feet; thence South 0°20'25" East, 1116.56 feet; thence South 89°51'39" West, 650.60 feet; thence North 0°42'02" East, 208.71 feet; thence South 89°51'39" West, 208.71 feet to the TRUE POINT OF BEGINNING, all lying in Deschutes County, Oregon, EXCEPTING THEREFROM the westerly 31 feet for road-way purposes.

TOGETHER WITH: Commencing at a 3 1/4" aluminum cap monumenting the North quarter (N1/4) corner of Section Four (4), Township Fifteen (15) South, Range Thirteen (13) East of the Willamette Meridian, the Initial Point, thence South 00°42'06" West along the West line of the Northeast quarter (NE1/4) of said Section 4 - 2643.28 feet to a 2" pipe monumenting the Center 1/4 corner of said Section 4; thence North 89°51'12" East along the South line of said Northeast quarter (NE1/4) - 834.84 feet to a 1/2" pipe; thence North 00°42'06" East parallel with said West line - 208.71 feet to a 1/2" pipe, thence North 00°20'20" East - 567.23 feet to the TRUE POINT OF BEGINNING, thence North 00°20'20" East - 538.99 feet to a 1/2" pipe on the North line of the South half of said Northeast quarter (S1/2 NE1/4), thence North 89°41'16" East along said North line - 499.82 feet to the West right-of-way of State Highway - U.S. No. 97, being 45 feet from the centerline of said highway; thence 128.61 feet along the arc of a 11504.16 foot radius curve of said right-of-way, concave East, forming a central angle of 02°54'47" and a long chord bearing South 14°11'41" West - 584.82 feet; thence North 87°04'45" West - 50.04 feet; thence 128.61 feet along the arc of a 330.00 foot radius curve, concave North, forming a central angle of 22°21'53"; thence 150.57 feet along the arc of a 270.00 foot radius curve, concave South, forming a central angle of 31°57'08"; thence South 83°20'00" West - 140.05 feet to the POINT OF BEGINNING.

EXCEPTING THEREFROM: Description of a parcel of land situate in a portion of the South half of the Northeast quarter (S1/2 NE1/4) of Section Four (4), Township Fifteen (15) South, Range Thirteen (13) East of the Willamette Meridian, Deschutes County, Oregon, more particularly described as follows:

Commencing at a 3 1/4" aluminum cap monumenting the North quarter (N1/4) corner of Section Four (4), Township Fifteen (15) South, Range Thirteen (13) East of the Willamette Meridian, the Initial Point, thence South 00°42'06" West along the West line of the Northeast quarter (NE1/4) of said Section 4 - 2643.28 feet to a 2" pipe monumenting the Center 1/4 corner of said Section 4; thence North 89°51'12" East along the South line of said Northeast quarter - 834.84 feet to a 1/2" pipe; thence North 00°42'06" East - 208.71 feet to a 1/2" pipe and the TRUE POINT OF BEGINNING; thence North 89°51'12" East parallel with said West line - 449.71 feet to the West right of way of State Highway - U.S. No. 97, being 45 feet from the centerline of said highway; thence North 11°25'08" East along said right-of-way - 52.36 feet to Engineer's Station 81+55.45 PC; thence along said right-of-way and 472.40 feet along the arc of a 11504.16 foot radius curve concave East, the central angle of which is 02°21'10"; thence North 87°04'45" West - 50.04 feet; thence 128.61 feet along the arc of a 330.00 foot radius curve concave North, the central angle of which is 22°21'53"; thence 150.57 feet along the arc of a 270.00 foot radius curve concave South, the central angle of which is 31°57'08"; thence South 83°20'00" West - 140.05 feet to the centerline of Central Oregon Irrigation District's Lateral D; thence South 18°35'00" East along said centerline - 253.94 feet; thence South 10°43'00" West - 329.58 feet to the POINT OF BEGINNING.

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PARCEL 2

Description of a parcel of land situate in a portion of the Southwest quarter of the Northeast quarter (SW1/4 NE1/4) of Section Four (4), Township Fifteen (15) South, Range Thirteen (13) East of the Willamette Meridian, Deschutes County, Oregon, more particularly described as follows:

Commencing at a 2" pipe monumenting the Southwest (SW) corner of the Northeast quarter (NE1/4) of Section Four (4), Township Fifteen (15) South, Range Thirteen (13) East of the Willamette Meridian, the Initial Point, thence North 00°42'02" East along the West line of said Northeast quarter - 1312.83 feet to the North line of the South half of said Northeast quarter (S1/2 NE1/4), thence North 89°41'47" East along said North line - 1332.39 feet to the Westerly right-of-way line of State Highway - U.S. No. 97; thence 1057.43 feet along the arc of a 11499.16 foot radius curve concave East of said right-of-way forming a central angle of 05°16'08" and a long chord bearing South 03°02'08" West - 1057.06 feet to the P.T. of said curve, thence South 00°24'04" West along said right-of-way - 52.44 feet to a 1/2" pipe and the TRUE POINT OF BEGINNING, thence South 89°51'39" West parallel with the South line of said Northeast quarter - 454.69 feet to a 1/2" pipe, a point witnessed by the Southeast corner of Parcel #2 of Deschutes County Minor Land Partition No. MP-80-50 which bears North 89°51'39" East - 24.47 feet; thence South 00°42'11" West parallel with the West line of said Northeast quarter - 208.71 feet to a 1/2" pipe on the South line of said Northeast quarter, a point which bears North 89°51'39" East - 834.84 feet from the Initial Point; thence North 89°51'39" East - 455.76 feet to said right-of-way; thence North 00°24'04" East along said right of way - 208.70 feet to the POINT OF BEGINNING

PARCEL 3

Description of a parcel of land situate in a portion of the South half of the Northeast quarter (S1/2 NE1/4) of Section Four (4), Township Fifteen (15) South, Range Thirteen (13) East of the Willamette Meridian, Deschutes County, Oregon, more particularly described as follows:

Commencing at a 3 1/4" aluminum cap monumenting the North quarter (N1/4) corner of Section Four (4), Township Fifteen (15) South, Range Thirteen (13) East of the Willamette Meridian, the Initial Point, thence South 00°42'06" West along the West line of the Northeast quarter (NE1/4) of said Section 4 - 2643.28 feet to a 2" pipe monumenting the Center 1/4 corner of said Section 4; thence North 89°51'12" East along the South line of said Northeast quarter - 834.84 feet to a 1/2" pipe; thence North 00°42'06" East - 208.71 feet to a 1/2" pipe and the TRUE POINT OF BEGINNING; thence North 89°51'12" East parallel to said South line - 449.71 feet to the West right of way of State Highway - U.S. No. 97, being 45 feet from the centerline of said highway; thence North 00°28'08" East along said right-of-way - 52.36 feet to Engineer's Station 83+58.45 PC; thence along said right-of-way and 472.40 feet along the arc of a 11501.16 foot radius curve concave East, the central angle of which is 02°21'10"; thence North 87°04'45" West - 50.04 feet; thence 128.81 feet along the arc of a 330.00 foot radius curve concave North, the central angle of which is 22°21'33"; thence 150.57 feet along the arc of a 270.00 foot radius curve concave South, the central angle of which is 31°57'08"; thence South 83°20'00" West - 163.20 feet to the centerline of Central Oregon Irrigation District's Lateral "D"; thence South 88°35'00" East along said centerline - 181.84 feet; thence South 10°43'00" West - 329.58 feet to the POINT OF BEGINNING

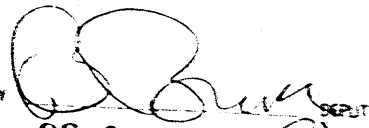

END

408 - 2742

STATE OF OREGON)
COUNTY OF DESCHUTES) ss.

I, MARY SUE PENNOLLOW, COUNTY CLERK AND
RECORDER OF CONVEYANCES, IN AND FOR SAID
COUNTY, DO HEREBY CERTIFY THAT THE WITHIN
INSTRUMENT WAS RECORDED THIS DAY:

95 MAY 18 PM 12:00

BY  DEPUTY
NO 96-16891 FEE 
DESCHUTES COUNTY OFFICIAL RECORDS