

DEED OF TRUST

38-12980

THIS DEED OF TRUST is made this 31st day of August, 19 77, BETWEEN
Eric C. Lewis and Beverly A. Lewis, husband and wife

whose address is 4800 Driftwood, Klamath Falls, Oregon 97601
 and Pioneer National Title Insurance Company as Trustee,

whose address is 421 S.W. Stark Street, Portland, Oregon
 and RAINIER NATIONAL BANK, a National Banking Association, whose address is 1100 Second Avenue,
Seattle, Washington 98104 as beneficiary

Grantor hereby irrevocably grants, bargains, sells and conveys to Trustee in trust, with power of sale, the following described property in
Klamath County, ~~Washington~~, Oregon:

**Lots 3 and 4, Block 20, ORIGINAL TOWN OF LINKVILLE, now CITY OF KLAMATH FALLS,
 according to the official plat thereof filed January 27, 1897 in Book 1 of Plats
 Page 4, in the office of the County Clerk of Klamath County, Oregon.**

TOGETHER WITH:

(a) All the estate and rights of Grantor in and to said property and in and to land lying in streets and roads adjoining said premises, and all access rights and easements appertaining thereto.

(b) All buildings, structures, improvements, fixtures and articles of property now or hereafter attached to, or used or adapted for use in the operation of, the said premises, including but without being limited to, all heating and incinerating apparatus and equipment whatsoever, all boilers, engines, motors, dynamos, generating equipment, piping and plumbing fixtures, ranges, cooking apparatus and mechanical kitchen equipment, refrigerators, cooling, ventilating, sprinkling and vacuum cleaning systems, fire extinguishing apparatus, gas and electric fixtures, carpeting, underpadding, elevators, escalators, partitions, mantels, built-in mirrors, window shades, blinds, screens, storm sash, awnings, furnishings of public spaces, halls and lobbies, and shrubbery and plants; and including also all interest of any owner of the said premises in any of such items hereafter at any time acquired under conditional sale contract, chattel mortgage or other title retaining or security instrument, all of which property mentioned in this paragraph shall be deemed part of the realty and not severable wholly or in part without material injury to the freehold.

(c) All and singular the lands, tenements, privileges, water rights, hereditaments and appurtenances thereto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and all the estate, rights, title, claim, interest and demand whatsoever of the Grantor, either in law or equity, whether now owned or hereafter acquired, of, in and to the bargained premises, TO HAVE AND TO HOLD said premises bargained and described, together with all and singular the lands, tenements, privileges, water rights, hereditaments and appurtenances thereto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and all of the estate, rights, title, claim and demands whatsoever of the Grantor, either in law or equity, whether now owned or hereafter acquired, of, in and to the above bargained premises, forever as security for the faithful performance of the indebtedness secured hereby and as security for the faithful performance of each and all of the covenants, agreements, terms and conditions of this Deed of Trust. SUBJECT, HOWEVER, to the right, power, and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits.

(d) All of Grantor's rights further to encumber said property for debt except by such encumbrance which by its actual terms and specifically expressed intent shall be and at all times remain subject and subordinate to (i) any and all tenancies in existence when such encumbrance becomes effective and (ii) any tenancies thereafter created. Grantor hereby (i) representing as a special inducement to Beneficiary to make this loan that as of the date hereof there are no encumbrances to secure debt junior to this Deed of Trust and (ii) covenanting that there are to be none as of the date when this Deed of Trust becomes of record, except in either case encumbrances having the prior-written approval of Beneficiary, and all of Grantor's rights to enter into any lease or lease agreement which would create a tenancy that is or may become subordinate in any respect to any mortgage or deed of trust other than this Deed of Trust.

When and if Grantor and Beneficiary shall respectively become the Debtor and Secured Party in any Uniform Commercial Code Financing Statement affecting property either referred to or described herein, or in any way connected with the use and enjoyment of these premises, this Deed of Trust shall be deemed a Security Agreement as defined in said Uniform Commercial Code and the remedies for any violation of the covenants, terms and conditions of the agreement herein contained shall be (i) as prescribed herein, or (ii) by general law, or (iii) as to such part of the security which is also reflected in said Financing Statement by the specific statutory consequences now or hereafter enacted and specified in the Uniform Commercial Code, all at Beneficiary's sole election. Grantor and Beneficiary agree that the filing of such a Financing Statement in the records normally having to do with personal property shall never be construed as in anywise derogating from or impairing this declaration and hereby stated intention of the parties hereto, that everything used in connection with the production of income from the property that is the subject of this Deed of Trust and/or adapted for use therein and/or which is described or reflected in this Deed of Trust is and at all times and for all purposes and in all proceedings both legal or equitable shall be regarded as part of the real estate irrespective of whether (i) any such item is physically attached to the improvements, (ii) serial numbers are used for the better identification of certain equipment items capable of being thus identified in a recital contained in this Deed of Trust or in any list filed with the Beneficiary, (iii) any such item is referred to or reflected in any such Financing Statement so filed at any time.

THIS DEED IS FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of Grantor incorporated by reference or contained herein and payment of the sum of -----

Forty-two thousand and no/100----- DOLLARS (\$ 42,000.00) with interest thereon according to the terms of a promissory note of even date herewith, payable to Beneficiary or order and made by Grantor; all renewals, modifications or extensions thereof; and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of their successors or assigns, together thereon at such rate as shall be agreed upon.

The Grantor covenants and agrees as follows:

1. To pay all debts and monies secured hereby, when from any cause the same shall become due. To keep the property free from statutory and governmental liens of any kind. That the Grantor is seized in fee simple of the property and owns outright every part thereof, that there are no liens or encumbrances against or upon the same and none superior to this Deed of Trust will be created or suffered to be created by the Grantor during the life of this Deed of Trust, that he has good right to make this Deed of Trust and that he will forever warrant and defend said property unto the Beneficiary, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof. The grantor upon request by mail will furnish a written statement duly acknowledged of the amount due on this Deed of Trust and whether any offsets or defenses exist against the debt secured hereby.

2. To pay to Beneficiary, if Beneficiary so requires, together with and in addition to the monthly payments of principal and interest payable under the terms of the said note, on the date set forth therein for the making of monthly payments each month, until said note is fully paid, a sum, as estimated by the Beneficiary, equal to the ground rents, if any, and the taxes and special assessments next due on the premises covered by this Deed of Trust, plus the premiums that will next become due and payable on insurance policies as may be required under paragraph 8 hereof, Grantor agreeing to deliver promptly to Beneficiary all bills and notices thereof, less all sums already paid therefor, divided by the number of months to elapse before two (2) months prior to the date when such ground rents, premiums, taxes and special assessments will become delinquent, such sums to be held by the Beneficiary in trust to pay said ground rents, premiums, taxes and special assessments. All payments mentioned in this paragraph and all payments to be made under said note shall be added together and the aggregate amount thereof shall be paid by the Grantor each month in a single payment to be applied by Beneficiary to the following items in the order set forth: (1) ground rents, if any, taxes, special assessments, fire and other hazard insurance premiums; (2) interest on the note secured hereby; and, (3) amortization of the principal of said note. Any deficiency in the amount of any such aggregate monthly payment, shall constitute an event of default under this Deed of Trust. The arrangement provided for in this paragraph 2 is solely for the added protection of the Beneficiary and entails no responsibility on the Beneficiary's part beyond the allowing of due credit, without interest, for the sums actually received by it. Upon assignment of this Deed of Trust by the Beneficiary, any funds on hand shall be turned over to the assignee and any responsibility of the assignor with respect thereto shall terminate. Each transfer of this property that is the subject of this Deed of Trust shall automatically transfer to the Grantee all rights of the Grantor with respect to any funds accumulated hereunder.

3. In the event that any payment or portion thereof is not paid within fifteen (15) days commencing with the date it is due, Beneficiary may collect, and the Grantor agrees to pay with such payment, a "late charge" of four cents (\$0.04) for each dollar so overdue as liquidated damages for the additional expense of handling such delinquent payments.

4. If the total of the payments (herein called reserves) made under paragraph 2 hereof relating to reserves for ground rents, taxes, special assessments and premiums on insurance policies, shall exceed the amount of payments actually made by the Beneficiary for the purposes set forth in paragraph 2 plus such amounts as have been reasonably accumulated in such reserves toward payments therefrom next to become due, such excess may, provided no default then exists under the terms of this instrument nor under the terms of the promissory note hereby secured, but not otherwise, be credited by Beneficiary in payment of subsequent aggregate, but not partial, payments to be made by Grantor or, at the option of the Beneficiary, refunded to the Grantor or his successor in interest as may appear upon the records of the Beneficiary. If, however, the monthly payments accumulating such reserves shall not be sufficient to pay the sums required when the same shall become due and payable, the Grantor shall pay to Beneficiary any amount necessary to make up the deficiency within thirty (30) days after written notice to Grantor stating the amount of the deficiency. If there shall be a default under any of the provisions of this Deed of Trust and thereafter a sale of the property in accordance with the provisions hereof, or if the Beneficiary acquires the property otherwise after default, the Beneficiary shall apply, at the time of commencement of such proceedings or at the time the property is otherwise acquired, the balance then remaining in the funds accumulated under paragraph 2, less such sums as will become due and payable during the pendency of the proceedings, as a credit against the amounts secured hereby.

5. To maintain the buildings and other improvements on the property in a rentable and tenantable condition and state of repair, to neither commit nor suffer any waste, to promptly comply with all requirements of the Federal, State and Municipal authorities and all other laws, ordinances, regulations, covenants, conditions and restrictions respecting said property or the use thereof, and pay all fees or charges of any kind in connection therewith. The Beneficiary may recover as damages for any breach of this covenant the amount it would cost to put the property in the condition called for herein. In the event of breach of any requirement of this paragraph, the Beneficiary may, in addition to any other rights or remedies, at any time thereafter declare the whole of said principal sum immediately due and payable. Proof of impairment of security shall be unnecessary in any suit or proceeding under this paragraph. Grantor shall permit Beneficiary or its agents the opportunity to inspect the property, including the interior of any structures, at reasonable times and after reasonable notice.

6. To complete or restore promptly and in good workmanlike manner any building or improvement which may be constructed, damaged or destroyed thereon, and pay when due all costs incurred therefor, and, if the loan secured hereby or any part thereof is being obtained for the purpose of financing construction of improvements on said property, Grantor further agrees:

(a) To commence construction promptly and in any event within thirty (30) 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 Beneficiary within eight (8) months of the date of this instrument.

(b) To allow Beneficiary to inspect said property at all times during construction.

(c) To replace any work or materials unsatisfactory to Beneficiary, within fifteen (15) calendar days after written notice to Grantor of such fact.

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

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

7. No building or other improvement on the property shall be structurally altered, removed or demolished, in whole or in part, without the Beneficiary's prior written consent, nor shall any fixture or chattel covered by this Deed of Trust and adapted to the proper use and enjoyment of the premises be removed at any time without like consent unless actually replaced by an article of equal suitability, owned by the Grantor, free and clear of any lien or security interest except such as may be approved in writing by the Beneficiary.

8. To provide to the Beneficiary, at least thirty (30) days prior to expiration of existing insurance, and maintain unceasingly, insurance, with premiums prepaid, on all of the property that is the subject of this Deed of Trust, or hereafter becoming part of said property, against loss by fire and other hazards, casualties and contingencies, including war damage, as may be required from time to time by the Beneficiary in such amounts and for such period of time, with loss payable clauses (without contribution) in favor of and in form satisfactory to the Beneficiary, and to deliver all policies to Beneficiary, which delivery shall constitute an assignment to Beneficiary of all such return premiums. All insurance shall be carried in companies approved by Beneficiary. Beneficiary may at its option require Grantor to maintain said required policies in Grantor's possession in lieu of delivering said policies to Beneficiary, in which event said policies shall be kept available by Grantor at all times for return to the Beneficiary or for inspection by Beneficiary, its agents or insurers, and said requirement may be withdrawn by Beneficiary at any time. In event of foreclosure of this Deed of Trust or other transfer of title to the subject property in extinguishment of some or all of the indebtedness secured hereby, all interest of the Grantor in any insurance policies in force shall pass to the purchaser or Grantee. To pay to Beneficiary as Beneficiary may require a reasonable fee to cover costs of substituting policies in the event the Grantor replaces any policy prior to its expiration, Grantor will reimburse Beneficiary for any premiums paid for such insurance by the Beneficiary upon the Grantor's default in so insuring the buildings or other improvements or default in assigning and delivering of such policies to the Beneficiary so endorsed.

9. To appear in and defend any suit, action or proceeding that might affect the value of this security instrument or the security itself or the rights and powers of Beneficiary or Trustee; and should Beneficiary or Trustee elect also to appear in or defend any such action or proceeding, be made a party to such by reason of this Deed of Trust, or elect to prosecute such action as appears necessary to preserve said value, the Grantor will, at all times, indemnify from, and, on demand reimburse Beneficiary or Trustee for any and all loss, damage, expense or cost, including cost of evidence of title and attorney's fees, arising out of or incurred in connection with any such suit, action or proceeding, and the sum of such expenditures shall be secured by this Deed of Trust with interest as provided in the note secured hereby and shall be due and payable on demand. To pay costs of suit, cost of evidence of title and a reasonable attorney's fee in any proceeding or suit brought by Beneficiary to foreclose this Deed of Trust.

10. To pay in full at least thirty (30) days before delinquent all rents, taxes, assessments and encumbrances, charges or liens with interest, that may now or hereafter be levied, assessed or claimed upon the property that is the subject of this Deed of Trust or any part thereof, which at any time appear to be prior or superior hereto for which provision has not been made heretofore, and upon request will exhibit to Beneficiary official receipts therefor, and to pay all taxes imposed upon, reasonable costs, fees and expenses of this Trust. On default under this paragraph Beneficiary may, at its option, pay, or pay out of reserves accumulated under paragraph 2, any such sums, without waiver of any other right of Beneficiary by reason of such default of Grantor, and Beneficiary shall not be liable to Grantor for a failure to exercise any such option.

11. To repay immediately on written notice to Grantor all sums expended or advanced hereunder by or on behalf of Beneficiary or Trustee, with interest from the date of such advance or expenditure at the rate of twelve per cent (12%) per annum until paid, and the repayment thereof shall be secured hereby. Failure to repay such expenditure or advance and interest thereon within ten (10) days of the mailing of such notice will, at Beneficiary's option, constitute an event of default hereunder, or, Beneficiary may, at its option, commence an action against Grantor for the recovery of such expenditure or advance and interest thereon, and in such event Grantor agrees to pay, in addition to the amount of such expenditure or advance, all costs and expenses incurred in such action, together with a reasonable attorney's fee.

12. Should Grantor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Grantor and without releasing Grantor 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 property for such purposes; commence, 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 such power, incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefor including cost of evidence of title, employ counsel, and pay his reasonable fees.

13. (a) To fully comply with all of the terms, conditions and provisions of all leases on said property so that the same shall not become in default and to do all that is needful to preserve all said leases in force.

(b) To permit no assignment of any lease, or any subletting thereunder unless the right to assign or sublet is expressly reserved by the lessee under such lease.

(c) That save and except for taxes and assessments provided to be paid by Grantor as specified in Paragraph 10 hereof, Grantor will not create or suffer to permit to be created, subsequent to the date of the execution and delivery of this Deed of Trust, any lien or encumbrance which may be or become superior to any lease affecting said property.

(d) That if any part of the automobile parking areas included within said property is taken by condemnation, or before said areas are otherwise reduced, Grantor will provide parking facilities in kind, size and location to comply with all leases, and before making any contract for such substitute parking facilities, Grantor will furnish to Beneficiary satisfactory assurance of completion thereof free of liens and in conformity with all governmental zoning and regulations.

14. Should the property or any part or appurtenance thereof or right or interest therein be taken or damaged by reason of any public or private improvement, condemnation proceeding (including change of grade), fire, earthquake or other casualty, or in any other manner, Beneficiary may, at its option, commence, appear in and prosecute, in its own name, any action or proceeding, or make any compromise or settlement, in connection with such taking or damage, and obtain all compensation, awards or other relief therefor. All such compensation, awards, damages, rights of action and proceeds, including the proceeds of any policies or insurance affecting the property, are hereby assigned to beneficiary, which may, after deducting therefrom all its expenses, including attorney's fees, release any monies so received by it, or apply the same on any indebtedness secured hereby or apply the same to the repair or restoration of the property, as it may elect. Grantor further assigns to Beneficiary any return premiums or other repayments upon any insurance at any time provided for the benefit of the Beneficiary, refunds or rebates made of taxes or assessments on said property, and Beneficiary may at any time collect said return premiums, repayments, refunds, rebates, etc., notwithstanding that no sum secured hereby be overdue when such right to collection be asserted. Grantor also agrees to execute such further assignments of any such compensation, award, damages, rebates, return of premiums, repayments, rights of action and proceeds as Beneficiary or Trustee may require.

15. Time is of the essence hereof in connection with all obligations of the Grantor herein or in said note. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

16. Any time upon written request of Beneficiary, payment of its fees and presentation of this Deed and said note for endorsement (in case of full reconveyance, for cancellation and retention), without affecting the liability of any person for the payment of the indebtedness Trustee may (a) consent to the making of any map or plat of said property, (b) join in granting any easement or creating any restriction thereon, (c) join in any subordination or other agreement affecting this Deed or the lien or charge thereof, (d) reconvey, without warranty, all or any part of the property. The conclusive proof of the truthfulness thereof. Grantor agrees to pay a reasonable Trustee's fee for full or partial reconveyance, together with a recording fee if Trustee, at its option, elects to record said reconveyance.

17. In case of a sale under this Deed of Trust, the said property, real, personal and mixed, may be sold in one parcel.

18. The Grantor shall not, without first obtaining the Beneficiary's written consent, assign any of the rents or profits of the property or collect any rent for more than one month in advance or change the general nature of the occupancy or initiate or acquiesce in any zoning reclassification, or do or suffer any act or thing which would impair the security for said debt or the Beneficiary's lien upon said property or the rents thereof. In the event of breach of any requirement of this paragraph, the Beneficiary may, in addition to any other rights or remedies, at any time thereafter declare the whole of said principal sum immediately due and payable.

19. The holder of this Deed of Trust, in any action to foreclose it, shall be entitled (without notice and without regard to the adequacy of any security for said debt) to the appointment of a receiver of the rents and profits of the property and such receiver shall have, in addition to all the rights and powers customarily given to and exercised by such receiver, all the rights and powers granted to the Beneficiary by the covenants contained in paragraph 21 hereof.

20. As further security for the payment of all indebtedness herein mentioned, all Grantor's rents and profits of said property and the right, title and interest of the Grantor in and under all leases now or hereafter affecting said property, are hereby assigned and transferred to the Beneficiary. So long as no default shall exist in compliance with any requirement hereof or of any further instrument at any time executed with respect to this Deed of Trust the Grantor may collect assigned rents and profits as the same fall due, but upon the occurrence of any such default, or at such later time as the Beneficiary in its sole discretion may fix by written notice, all right of the Grantor to collect or receive rents or profits shall wholly terminate. All rents or profits of Grantor receivable from or in respect to said property which it shall be permitted to collect hereunder shall be received by it in trust to pay the usual and reasonable operating expenses of, and the taxes upon, said property and the sums owing the Beneficiary as they become due and payable as provided in this Deed of Trust or in the said note or in any modification of either. The balance of such rents and profits after payment of such operating expenses, taxes and sums due the Beneficiary, and after the setting aside of accruals to date of such expenses, taxes and sums, including amortization, shall be Grantor's absolute property. No lease of the whole or any part of the property involving an initial term of more than three years shall be modified or terminated without the written consent of the Beneficiary, nor shall the surrender of any such lease be accepted nor any rental thereunder be collected for more than two months in advance without like written consent. In the event of any default hereunder and the exercise by the Beneficiary of its rights hereby granted, Grantor agrees that payments made by tenants or occupants to the Beneficiary shall, as to such tenants, be considered as though made to Grantor and in discharge of tenants' obligations as such to Grantor. Nothing herein contained shall be construed as obliging the Beneficiary to perform any of Grantor's covenants under any lease or rental arrangement. Grantor shall execute and deliver to the Beneficiary upon demand any further or supplemental assignments necessary to effectuate the intentions of this paragraph and upon failure of the Grantor so to comply, Beneficiary may, in addition to any other right or remedy it has, declare the maturity of the indebtedness hereby secured.

21. In the event of default in compliance with any requirement of this Deed of Trust or of any further instrument at any time executed with respect to this Deed of Trust, and the continuance thereof for such period as would entitle the Beneficiary to declare said debt due and payable, or for ten days if no such period be applicable the Beneficiary may, at its option, enter upon and take possession of the said property and let the same or any part thereof, making therefor such alterations as it finds necessary, and may terminate in any lawful manner any tenancy or occupancy of said property, exercising with respect thereto any right or option available to the Grantor. From and after the occurrence of any such default, if any owner of said property shall occupy said property or part thereof such owner shall pay to the Beneficiary in advance on the first day of each month a reasonable rental for the space so occupied, and upon failure so to do the Beneficiary shall be entitled to remove such owner from the property by any appropriate action or proceeding.

22. The entering upon and taking possession of said property, the collection of such rents, issues, and profits, or the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

23. All sums secured hereby shall become immediately due and payable, at the option of the Beneficiary without demand or notice, after any of the following occur, each of which shall be an event of default: (a) default by Grantor in the payment of any indebtedness secured hereby or in the performance or observance of any agreement contained herein; or (b) any assignment made by Grantor or the then owner of said property for the benefit of creditors; or (c) any transfer of title made by the Grantor or the then owner of said property to a Grantee or successor in interest without the assumption of all of the terms and conditions herein contained; or (d) any of the following shall occur, with respect to the property, the Grantor or the then owner of said property: (i) the appointment of a receiver, liquidator, or Trustee; (ii) the adjudication as a bankrupt or insolvent; (iii) the filing of any Petition for Bankruptcy or reorganization; (iv) the institution of any proceeding for dissolution or liquidation; (v) if Grantor be unable, or admit in writing an inability to pay his debts when due; or (vi) a default in any provision of any other instrument which may be held by Beneficiary as security for said note, including the loan agreement and related documents, the terms and covenants of which are incorporated herein by reference as though fully set forth herein. No waiver by Beneficiary of any default on the part of Grantor shall be construed as a waiver of any subsequent default hereunder. In event of such default and upon written request of Beneficiary, Trustee shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington (RCW Chapter 61.24 as existing now, or hereafter amended) and the Uniform Commercial Code of the State of Washington where applicable, at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed in accordance with said Deed of Trust Act. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Grantor had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and encumbrancers for value. The Power of Sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy and when not exercised Beneficiary may foreclose this Deed of Trust as a mortgage. At any time Beneficiary may appoint in writing a successor trustee, or discharge and appoint a new Trustee in the place of any Trustee named herein, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the Original Trustee. The 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 Grantor, Trustee or Beneficiary shall be a party, unless such action or proceeding is brought by the Trustee.

24. The property which is the subject of this Deed of Trust is not used principally or primarily for agricultural or farming purposes.

25. In the event of the passage after the date of this Deed of Trust of any Federal, State or local law, deducting from the value of real property for the purpose of taxation any lien thereon, or changing in any way the laws now in force for the taxation of mortgages, deeds of trust, or debts secured thereby, for Federal, State or local purposes, or the manner of the collection of any such taxes so as to affect the interest of Beneficiary, then and in such event, Grantor shall bear and pay the full amount of such taxes, provided that if for any reason payment by Grantor of any such new or additional taxes would be unlawful or if the payment thereof would constitute usury or render the loan or indebtedness secured hereby wholly or partially usurious under any of the terms or provisions of the note, or the within Deed of Trust or otherwise, Beneficiary may, at its option, without demand or notice, declare the whole sum secured by this Deed of Trust with interest thereon to be immediately due and payable, or Beneficiary may, at its option, pay that amount or portion of such taxes as renders the loan or indebtedness secured hereby unlawful or usurious, in which Grantor shall concurrently therewith pay the remaining lawful and non-usurious portion or balance of said taxes.

26. If from any circumstances whatever fulfillment of any provision of this Deed of Trust or said note at the time performance of such provision shall be due shall involve transcending the limit of validity prescribed by the usury statute or any other law, then ipso facto the obligation to be fulfilled shall be reduced to the limit of such validity, so that in no event shall any exaction be possible under this Deed of Trust or under said note that is in excess of the limit of such validity, but such obligation shall be fulfilled to the limit of such validity. The provisions of this paragraph shall control every other provision of this Deed of Trust and said note.

27. In the event that this Deed of Trust is foreclosed as a mortgage and the property sold at a foreclosure sale, the purchaser may, during any redemption period allowed, make such repairs or alterations on said property as may be reasonably necessary for the proper operation, care, preservation, protection and insuring thereof. Any sums so paid together with interest thereon from the time of such expenditure at the highest lawful rate shall be added to and become a part of the amount required to be paid for redemption from such sale.

28. Grantor shall deliver to the Beneficiary within twenty days after written demand therefor a detailed operating statement in form satisfactory to the Beneficiary covering the subject property and certified as correct by the Grantor. Grantor shall permit the Beneficiary or its representative to examine all books and records pertaining to the said property, upon prior written demand of not less than ten days. In default thereof Beneficiary shall, in addition to all other remedies, have the option of maturing the indebtedness hereby secured. The Beneficiary shall demand not more than one statement in any calendar year.

29. Beneficiary shall have the right at its option to foreclose this Deed of Trust subject to the rights of any tenant or tenants of the said property and the failure to make any such tenant or tenants a party defendant to any such suit or action or to foreclose their rights will not be asserted by the Grantor as a defense in any action or suit instituted to collect the indebtedness secured hereby or any part thereof or any deficiency remaining unpaid after foreclosure and sale of the said property, any statute or rule of law at any time existing to the contrary notwithstanding.

30. Upon any default by Grantor and following the acceleration of maturity as herein provided, a tender of payment of the amount necessary to satisfy the entire indebtedness secured hereby made at any time prior to foreclosure sale (including sale under power of sale) by the Grantor, its successors or assigns or by anyone in behalf of the Grantor, its successors or assigns, shall constitute an evasion of the prepayment terms of said note and be deemed to be a voluntary prepayment thereunder and any such payment to the extent permitted by law, will, therefore, include the additional payment required under the prepayment privilege, if any, contained in said note or if at that time there be no prepayment privilege then such payment will to the extent permitted by law include an additional payment of five per cent (5%) of the then principal balance.

31. The Beneficiary shall be subrogated for further security to the lien, although released of record, of any and all encumbrances paid out of the proceeds of the loan secured by this Deed of Trust.

32. Grantor, from time to time, within 15 days after request by Beneficiary, shall execute, acknowledge and deliver to Beneficiary, such chattel mortgages, security agreements or other similar security instruments, in form and substance satisfactory to Beneficiary, covering all property of any kind whatsoever owned by Grantor or in which Grantor has any interest which, in the sole opinion of Beneficiary, is essential to the operation of the said property covered by this Deed of Trust. Grantor shall further, from time to time, within 15 days after request by Beneficiary, execute, acknowledge and deliver any financing statement, renewal, affidavit, certificate, continuation statement or other document as Beneficiary may request in order to perfect, preserve, continue, extend or maintain the security interest under, and the priority of, this Deed of Trust and the priority of such chattel mortgage or other security instrument as a first lien. Grantor further agrees to pay to Beneficiary on demand all costs and expenses incurred by Beneficiary in connection with the preparation, execution, recording, filing and refiling of any such instrument or document including the charges for examining title and the attorney's fee for rendering an opinion as to the priority of this Deed of Trust and of such chattel mortgage or other security instrument as a valid first and subsisting lien. However, neither a request so made by Beneficiary nor the failure of Beneficiary to make such request shall be construed as a release of such property, or any part thereof, from the conveyance of title by this Deed of Trust, it being understood and agreed that this covenant and any such chattel mortgage, security agreement or other similar security instrument, delivered to Beneficiary, are cumulative and given as additional security.

33. All Beneficiary's rights and remedies herein specified are intended to be cumulative and not in substitution for any right or remedy otherwise available and no requirement whatsoever may be waived at any time except by a writing signed by the Beneficiary, nor shall any waiver be operative upon other than a single occasion. This Deed of Trust cannot be changed or terminated orally. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors, successors and assigns. All obligations of Grantor hereunder are joint and several. The term "Beneficiary" shall mean the holder and owner, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. Without affecting the liability of any other person for the payment of any obligation herein mentioned (including Grantor should he convey said property) and without affecting the lien hereof upon any property not released, Beneficiary may, without notice, release any person so liable, extend the maturity or modify the terms of any such obligation, or grant other indulgences, release or reconvey or cause to be released or reconveyed at any time all or part of the said property described herein, take or release any other security or make compositions or other arrangements with debtors. Beneficiary may also accept additional security, either concurrently herewith or thereafter, and sell same or otherwise realize thereon, either before, concurrently with, or after sale hereunder. This Deed of Trust shall be so construed that wherever applicable, the use of the singular number shall include the plural number, the use of the plural number shall include the singular number, the use of any gender shall be applicable to all genders and shall likewise be so construed as applicable to and including a corporation. The word "note" shall include all notes evidencing the indebtedness secured hereby. If any of the provisions hereof shall be determined to contravene or be invalid under the laws of the State of Washington, such contravention or invalidity shall not invalidate any other provision of this agreement, but it shall be construed as if not containing the particular provision or provisions held to be invalid, and all rights and obligations of the parties shall be construed and enforced accordingly. Any notices to be given to Grantor by Beneficiary hereunder shall be sufficient if mailed postage prepaid, to the address of the Grantor stated herein, or to such other address as Grantor has requested in writing to the Beneficiary, that such notices be sent. Any time period provided in the giving of any notice hereunder shall commence upon the date such notice is deposited in the mail.

34. Additional Conditions, if any:

as per Exhibit A, attached hereto and made a part hereof:

35. **11. Upon default by grantor in payment of any indebtedness secured hereby or in his performance of any agreement hereunder, the beneficiary may declare all sums secured hereby immediately due and payable. In such an event and if the above described real property is currently used for agricultural, timber or grazing purposes, the beneficiary may proceed to foreclose this trust deed in equity, as a mortgage in the manner provided by law for mortgage foreclosures. However if said real property is not so currently used, the beneficiary at his election may proceed to foreclose this trust deed in equity as a mortgage or direct the trustee to foreclose this trust deed by advertisement and sale. In the latter event the beneficiary or the trustee shall execute and cause to be recorded his written notice of default and his election to sell the said described real property to satisfy the obligations secured hereby, whereupon the trustee shall fix the time and place of sale, give notice thereof as then required by law and proceed to foreclose this trust deed in the manner provided in ORS 86.740 to 86.795.**

36. **12. Should the beneficiary elect to foreclose by advertisement and sale then after default at any time prior to five days before the date set by the trustee for the trustee's sale, the grantor or other person so privileged by ORS 86.740, may pay to the beneficiary or his successors in interest, respectively, the entire amount then due under the terms of the trust deed and the obligation secured thereby (including costs and expenses actually incurred in enforcing the terms of the obligation and trustee's and attorney's fees not exceeding \$50 each) other than such portion of the principal as would not then be due had no default occurred, and thereby cure the default, in which event all foreclosure proceedings shall be dismissed by the trustee.**

37. **13. Otherwise, the sale shall be held on the date and at the time and place designated in the notice of sale. The trustee may sell said property either in one parcel or in separate parcels and shall sell the parcel or parcels at auction to the highest bidder for cash, payable at the time of sale. Trustee shall deliver to the purchaser its deed in form as required by law conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters of fact shall be conclusive proof of the truthfulness thereof. Any person, excluding the trustee, but including the grantor and beneficiary, may purchase at the sale.**

38. **14. When trustee sells pursuant to the powers provided herein, trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including the compensation of the trustee and a reasonable charge by trustee's attorney, (2) to the obligation secured by the trust deed, (3) to all persons having recorded liens subsequent to the interest of the trustee in the trust deed as their interests may appear in the order of their priority and (4) the surplus, if any, to the grantor or to his successor in interest entitled to such surplus.**

39. **15. For any reason permitted by law beneficiary may from time to time appoint a successor or successors to any trustee named herein or to any successor trustee appointed hereunder. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers and duties conferred upon any trustee herein named or appointed hereunder. Each such appointment and substitution shall be made by written instrument executed by beneficiary containing reference to this trust deed and its place of record, which, when recorded in the office of the County Clerk or Recorder of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee.**

40. **16. Trustee accepts this trust when this deed, duly executed and acknowledged, is made a public record as provided by law. 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 grantor, beneficiary or trustee shall be a party unless such action or proceeding is brought by trustee.**

EXHIBIT A

17989

WITNESS the hand(s) and seal(s) of the Grantor(s) on the day and year first above written.

X *Eric C. Lewis*
 Eric C. Lewis

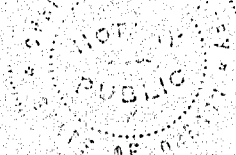
X *Beverly A. Lewis*
 Beverly A. Lewis

STATE OF Oregon
~~Washington~~ } ss.
 COUNTY OF Multnomah

On this day personally appeared before me Eric C. Lewis and Beverly A. Lewis

to me known to be the individual(s) _____
 described in and who executed the within and foregoing instrument, and acknowledged that they
 signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this twentieth day of September, 1977.



Christine L. Landry
 Notary Public in and for the State of ~~Washington~~ Oregon
 residing at Portland
 My comm. expires 10-29-77

STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 26th day of
September A.D., 1977 at 11:21 o'clock PM M., and duly recorded in Vol. M77,
 of Mortgages on Page 17985.

FEE \$15.00

WM. D. MILNE, County Clerk

By Bernetha V. Letcher Deputy

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Notary Public in and for the State of Washington, residing
 at _____