

TRUST DEED

THIS TRUST DEED, made this 25th day of September, 1978, between NEWPORT FEDERAL, as Grantor, KLAMATH COUNTY TITLE COMPANY, and Oregon corporation, as Trustee, and ARRAH C. CURRY and JANET RAE CURRY, as Beneficiaries.

W I T N E S S E T H:

Grantor, irrevocably grants, bargains, sells and conveys to trustee in trust with power of sale, the property in Klamath County, Oregon, described as:

A parcel of land located in the SE1/4SE1/4 of Section 28 Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows: Beginning at a 2 inch iron pipe which is the S.E. corner of Section 28; thence North 89°30' West along the South line of Section 28, a distance of 537.71 feet, more or less, to a point which is the S.E. corner of Pacific Northwest Bell Telephone Co. property. Thence N 0°20' East 100.0 feet to a point which is the N.E. corner of Pacific Northwest Bell Telephone Co. property; thence N 89°30' West 100.0 feet to a point which is the N.W. corner of the Pacific Northwest Bell Telephone Co. property and also the East line of Ponderosa Nursing Home. Thence N 0°49' East a distance of 280.0 feet to a 1/2 inch iron pipe which is also the N.E. corner of the Ponderosa Nursing Home property. Thence N 89°30' West 24.94 feet to a point which is the S.E. corner of the Senior Apartments property and also the West line of the SE1/4SE1/4 of Section 28. Thence North along said West line approximately 286.32 feet to the N.W. corner of the SE1/4SE1/4 of Section 28. Thence East along the North line approximately 659 feet of said 1/4 to a 1/2 inch iron re-bar for 1/64 corner on the East line of Section 28. Thence South along said East line of Section 28 to a point of beginning.

AND ALL that portion of the SE1/4SE1/4 of Section 28, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon bounded as follows: Beginning at a point on the South line of said SE1/4SE1/4 of Section 28 a distance of 726.0 feet East of the West line of Williams Avenue in Dixon Addition to Klamath Falls, Oregon; thence East along South line of said Section 28, 100.0 feet; thence North at right angles 100.0 feet; thence West 100.0 feet; thence South 100.0 feet to the point of beginning.

SUBJECT TO:

Rights of the public in any portion of the described property lying within the limits of any roads or highways.

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Right-of-way for pole line, including the terms and provisions thereof, given by I. L. C. Gooding to Pacific Telephone & Telegraph Company, dated June 9, 1942, recorded August 1, 1942 in Volume 149, page 54, deed records of Klamath County, Oregon;

Easement for ingress and egress over and across the North 50 feet of the described property is reserved in Merlin T. Ryman, et al., as disclosed in deed dated August 30, 1962, recorded September 12, 1962 in Volume 340, page 182, deed records of Klamath County, Oregon.

Together with all and singular the tenements, hereditaments and appurtenances and all of the rights thereunto belonging and anywise now or hereafter appertaining, and the rents, issues and profits thereof and all fixtures now or hereafter attached hereto or used in connection with said real estate,

FOR THE PURPOSE OF SECURING PERFORMANCE OF EACH AGREEMENT OF GRANTOR HEREIN CONTAINED AND THE PAYMENT OF THE SUM OF Twenty Thousand Dollars (\$20,000.00), with interest thereon according to the terms of the Promissory Note of 25th day of September, 1978, payable to ARRAH C. CURRY and JANET RAE CURRY and made by CECIL R. MAYS, individually, and as President of AMERICAN WEST NURSING CENTER, INC., the final payment of principal and interest thereof, if not sooner paid, to be due and payable on the 1st day of October, 1982. In connection with said Promissory Note, Grantor hereby waives any and all right to notice of renewals and extensions, or any other notice and Grantor hereby agrees that no delay in collection, extension of time for payment, or renewal as to the indebtedness evidenced by said Promissory Note or any liability in connection therewith, shall operate as a discharge of this Trust Deed and that neither the giving nor acceptance of other security for the indebtedness nor the renewal, substitution or release, or discharge with or without consideration, of any other security given for said indebtedness, nor failure for any reason to collect, enforce, or realize upon any other security nor upon the note itself, nor the addition of any new party as debtor on said note, shall release or in any way affect the validity of this Trust Deed as security for said note and obligations thereunder and Grantor hereby waives any and all right it may have to notice of default, except pursuant to the Trust Deed statutes of the State of Oregon, or presentment but agrees upon any said default Trustee shall thereupon be entitled to exercise the rights herein contained in favor of beneficiary.

To protect the security of this Trust Deed, Grantor agrees:

1. To protect, preserve and maintain said property in good condition and repair; not to remove or demolish any building or improvement thereon or hereinafter placed thereon; not to commit or permit any waste of property.
2. To complete or restore promptly and in good and workmanlike manner any building or improvement which may be constructed, damaged or destroyed thereon, and pay when due all costs incurred therefor.

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3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting said property; if the beneficiaries so requests, to join in executing such financing statements pursuant to the Uniform Commercial Code as the beneficiaries may require and to pay for filing same in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by the beneficiary.

4. To provide and continuously maintain insurance on the buildings now or hereafter erected on the said premises against loss or damage by fire and such other hazards as the beneficiaries may from time to time require, in an amount not less than the full insurable value thereof, written in companies acceptable to the beneficiaries, with loss payable to the latter; all policies of insurance shall be delivered to the beneficiaries as soon as insured; if the Grantor shall fail for any reason to procure any such insurance and to deliver said policies to the beneficiaries at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on said buildings, the beneficiaries may procure the same at grantor's expense. The amount collected under any fire or other insurance policy may be applied by beneficiaries upon any indebtedness secured hereby and in such order as beneficiaries may determine, or at option of beneficiaries the entire amount so collected, or any part thereof, may be released to grantor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

5. To keep said premises free from mechanics' liens and to pay all taxes, assessments and other charges that may be levied or assessed upon or against said property before any part of such taxes, assessments and other charges become past due or delinquent and promptly deliver receipts therefor to beneficiaries; should the grantor fail to make payment of any taxes, assessments, insurance premiums, liens or other charges payable by grantor, either by direct payment or by providing beneficiaries with funds with which to make such payment, beneficiaries may, at their option, make payment thereof, and the amount so paid, with interest at the rate set forth in the note secured hereby, together with the obligations described in paragraphs 6 and 7 of this Trust Deed, shall be added to and become a part of the debt secured by this Trust Deed, without waiver of any rights arising from breach of any of the covenants hereof and for such payments, with interest as aforesaid, the property hereinbefore described, as well as the grantor, shall be bound and all such payments shall be immediately due and payable without notice, and the nonpayment thereof shall, at the option of the beneficiaries, render all sums secured by this Trust Deed immediately due and payable and constitute a breach of this Trust Deed.

6. To pay all costs, fees and expenses of this trust including the cost of title search as well as the other costs and expenses of the trustee incurred in connection with or in enforcing this obligation, and trustee's and attorneys' fees actually incurred.

7. To appear in and defend any action or proceeding purporting to affect the security rights or powers of beneficiaries or trustee; and in any suit, action or proceeding in which the beneficiary or trustee may appear, including any suit for the foreclosure of this deed, to pay all costs and expenses, including evidence of title and the beneficiaries' or trustee's attorneys' fees; the amount of attorneys'

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fees mentioned in this paragraph 7 in all cases shall be fixed by the trial court and in the event of an appeal from any judgment or decree of the trial court, grantor further agrees to pay such sum as the appellate court shall adjudge reasonable as the beneficiaries' or trustee's attorneys' fees on such appeal.

It is mutually agreed that:

8. In the event that any portion or all of said property shall be taken under the right of eminent domain or condemnation, beneficiaries shall have the right, if they so elect, to require that all or any portion of the monies payable as compensation for such taking which are in excess of the amount required to pay all reasonable costs, expenses and attorneys' fees necessarily paid or incurred by grantor in such proceedings, shall be paid to beneficiaries and applied by them first upon any reasonable costs and expenses and attorneys' fees, both in the trial and appellate courts, necessarily paid or incurred by beneficiaries in such proceedings, and the balance applied upon the indebtedness secured hereby; and grantor agrees, at its own expense, to take such actions and execute such instruments as shall be necessary in obtaining such compensation, promptly upon beneficiaries' request.

9. At any time and from time to time upon written request of beneficiaries, payment of their fees and presentation of this deed and the note for endorsement (in case of full reconveyance, for cancellation), 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; and (d) reconvey, without warranty, all or any part of the property. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof. Trustee's fees for any of the services mentioned in this paragraph shall not be less than \$5.

10. Upon any default by grantor hereunder, or default on the payment of the indebtedness secured hereby, beneficiaries may at any time without notice, either in person, by agent or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in its own name sue for or otherwise collect the rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees upon any indebtedness secured hereby, and in such order as beneficiaries may determine.

11. 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.

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12. Upon default of the payment of the Promissory Note secured hereby or upon default of the grantor in the performance of any agreement hereunder, the beneficiary may declare all sums secured hereby immediately due and payable. In such an event beneficiaries at their election may proceed to foreclose this Trust Deed in equity as a mortgage in the manner provided by law for mortgage foreclosures or direct the trustee to foreclose this Trust Deed by advertisement and sale. In the latter event the beneficiaries or the trustee shall execute and cause to be recorded their written notice of default and their 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.

13. 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 86.760, may pay to the beneficiaries or their 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 attorneys' 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.

14. 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 beneficiaries, may purchase at the sale.

15. 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 interest 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.

16. For any reason permitted by law beneficiaries 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 beneficiaries, 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

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of the successor trustee.

17. 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, beneficiaries or trustee shall be a party unless such action or proceeding is brought by trustee.

The Grantor covenants and agrees to and with the beneficiaries and those claiming under them, that it is lawfully seized in fee simple of said described real property and has a valid, unencumbered title thereto, except as above set forth, and he will warrant and forever defend them against all persons whosoever.

Grantor further warrants that said real property is not now currently used for agricultural, timber, or grazing purposes.

This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors and assigns. The term beneficiaries shall mean the holder and owner, including pledgee, of the contract secured hereby, whether or not named as a beneficiary herein. In construing this deed and whenever the context so requires, the masculine gender includes the feminine and the neuter, and the singular number includes the plural.

IN WITNESS WHEREOF, said Grantor has hereunto set his hand the day and year first above written.

NEWPORT FEDERAL

By 

By Richard A. Higbee

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STATE OF CALIFORNIA)
) ss.
 COUNTY OF ORANGE)

On this 16th day of November, 1978, personally appeared Charles M. Horning and Richard A. Higbie who, being duly sworn, each for himself and not one for the other, did say that the former is the President and that the latter is the Secretary of NEWPORT FEDERAL, a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and each of them acknowledged said instrument to be its voluntary act and deed.

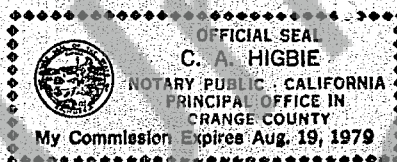
Before me:

Barley W.

Notary Public for California

My Commission Expires: 8/19/79

(SEAL)



STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record 23400000

on 30th day of November A. D. 1978 at 11:00 o'clock A.M., and

duly recorded in Vol. 178, of Mortgages on Page 26925

Fee \$21.00

Wm D. MILNE, County Clerk

Jaqueline J. Mettler

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