

87018

HOUSING DIVISION
STATE OF OREGONVol. ^m 80 Page 13269

TRUST DEED

THIS TRUST DEED is made this 17 day of JULY, 1980, between
Robert J. Bogatay, an individual, whose address is
P.O. Box 493 Klamath Falls, Oregon (hereinafter referred to as "Grantor");
Klamath County Title Company (hereinafter referred to as "Trustee");
 the Housing Division, Department of Commerce, State of Oregon, having its principal
 office and post office address at 102 Labor and Industries Building, Salem, Oregon
 97310 (hereinafter referred to as "Beneficiary" or as the "Division");
 XXX
 XXX
 XXX

RECITALS:

THAT, in consideration of the sum of One Million One Hundred Seven Thousand
Three Hundred----- (\$1,107,300.00) Dollars, in hand paid to the Grantor, and
 for other good and valuable consideration, the receipt and sufficiency of which sum
 and consideration is hereby acknowledged, the Grantor does hereby grant, bargain, sell
 and convey to Trustee in trust with power of sale, all the tract(s) or parcel(s) of land
 (hereinafter referred to as "Land") located in the County of Klamath
 and State of Oregon, described in Exhibit A attached hereto and by this reference
 made a part hereof;

TOGETHER WITH (i) all the buildings, structures and other improvements now or hereafter
 erected on the Land, and (ii) all building materials, supplies and equipment now or
 hereafter located on the Land and suitable or intended to be incorporated or installed
 in any building, structure or other improvement erected or to be erected on the Land;
 and (iii) all lighting, heating, ventilating, air conditioning, sprinkling and
 plumbing fixtures, water and power systems, engines and machinery, boilers, ranges,
 ovens, dishwashers, carpeting, mirrors, mantels, furnaces, oil burners, elevators and
 motors, refrigeration, electrical equipment, storm and screen windows, doors, awnings
 and shades and all other fixtures of every description now or hereafter found or used
 upon or appurtenant to the Land or any improvement thereon; and (iv) all carpeting,
 drapes, curtains, furniture, furnishings, appliances, maintenance equipment and other
 personal property of the Grantor now or hereafter installed or placed in or about, or
 used in connection with the use, operation or maintenance of, the Land or any building,
 structure or other improvement or fixture; and (v) all additions, accessions, increases,
 parts, fittings, accessories, replacements, substitutions, betterments, repairs and
 proceeds of or to any or all of the foregoing; and (vi) all hereditaments, easements,
 appurtenances, rents, issues, profits, proceeds, royalties and mineral, oil and gas
 rights and all other interests now and hereafter pertaining to the Land or any im-
 provement or fixture thereon (all of the foregoing, together with the Land, are here-
 inafter referred to as the "Property");

TO HAVE AND TO HOLD the Property unto the Beneficiary, its successors and assigns, for-
 ever.

PROVIDED, NONETHELESS, That if the Grantor (i) shall pay to the Beneficiary when due
 the sum of One Million One Hundred Seven Thousand Three Hundred-----
 (\$1,107,300.00) Dollars, together with interest thereon in accordance with the terms
 of that certain Trust Deed Note of Grantor of even date herewith (hereinafter referred
 to as "Note") payable to the order of the Beneficiary, which Note is payable in in-
 stallments, with the last installment due August 15, 2010, and (ii) shall
 also pay all other sums, with interest thereon, as may be payable by the Grantor to
 the Beneficiary in accordance with this Trust Deed or the payment of which may now or
 hereafter be secured by this Trust Deed (the indebtedness evidenced by the Note, or
 any instrument issued in substitution therefor or in renewal or as a refinancing
 thereof, and all such other sums, are hereinafter collectively referred to as "in-
 debtedness"), and (iii) shall also keep and perform all covenants and warranties herein
 contained on the part of the Grantor to be kept and performed, then this Trust Deed
 shall be null and void and the rights hereby granted shall cease and terminate;
 otherwise this Trust Deed shall be and remain in full force and effect.

The Grantor warrants and covenants that the Grantor is lawfully seized in fee simple of
 the Property which is real property and is the absolute owner of the Property which
 is personal property; that the Grantor has the right and power to grant and convey the
 Property; that the Property is free from all liens, security interests and encumbrances,

ACCEPTED:


 (INITIAL)

except as follows:

None.

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that the Beneficiary shall quietly enjoy and possess the Property; that the Grantor will warrant and defend the title to the Property against all claims, whether now existing or hereafter arising; and that all buildings, improvements and fixtures now or hereafter located on the Land are, or will be located entirely within the boundaries of the Land. The foregoing warranties shall survive foreclosure of this Trust Deed and shall run with the Land.

The Grantor further covenants and agrees as follows:

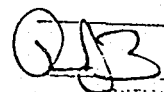
1. Payment of Indebtedness and Compliance with Other Agreements. The Grantor will pay promptly when due the principal of and interest on the Note, prepayment charges, if any, provided in the Note and all other Indebtedness, at the stated maturity date or dates, or earlier in the event of acceleration. The Grantor will promptly and faithfully observe all of its obligations and will permit or suffer no default or event of default to occur, under this Trust Deed, the Trust Deed Note secured hereby, or that certain Regulatory Agreement, of even date herewith, between Grantor, Trustee and Beneficiary, duly filed and recorded in Klamath County, Oregon, and any other agreement now in effect or hereafter made between the Grantor and the Beneficiary with respect to the transaction evidenced by the Note and this Trust Deed. The provisions of the Note and the agreements itemized in this paragraph 1 are hereby incorporated by reference into this Trust Deed, as fully as if set forth at length and in detail herein.

2. Compliance with Laws. The improvements made and to be made upon the Land above described, together with all plans and specifications, comply with all municipal ordinances and with all rules of the applicable fire rating or inspection organization, bureau, association or office which are now or may hereafter become applicable.

3. Use of Mortgaged Property. Grantor plans to use the Property for the following purpose: residential apartment units for elderly occupancy. Grantor will not permit or suffer the use of any of the Property for any purpose other than the use for which the same is intended at the time of execution of this Trust Deed, which purpose is set forth above. The Grantor will keep the buildings and other improvements now or hereafter erected on the Land in good repair and condition, ordinary depreciation excepted. The Grantor will not commit or permit waste, will not alter the design or structural character of any building now or hereafter erected on the Land without the prior written consent of the Beneficiary, will not do any act or thing which would unduly impair or depreciate the value of the Property, including any act which would jeopardize any subsidy payable with respect to the occupancy of all or any portion of the Property, and will not abandon the Property. In the event of the failure of the Grantor to keep the buildings or other improvements in good repair, the Beneficiary may make such repairs at Grantor's expense as in Beneficiary's sole discretion it may deem necessary for the proper preservation thereof, and any and all sums paid for such repairs shall bear interest from the date of payment at the rate specified in the Note, shall be due and payable on demand, and shall be fully secured by this Trust Deed. The Grantor will not remove from the Land any fixtures or personal property included in the Property unless the same is immediately replaced with like property, also subject to the lien and security interest of this Trust Deed, of at least equal value and utility. Grantor shall notify Beneficiary of such replacements within 10 days of the making of such replacement. The Grantor will comply with all present and future laws, ordinances, regulations and requirements of any governmental body applicable to the Property and to the occupancy and operation thereof.

4. Grantor's Duty to Pay Taxes. The Grantor will pay, before a fine or penalty might attach for nonpayment thereof, all taxes and assessments and all other charges whatsoever levied upon or assessed, placed or made against the Property. The Grantor will, upon written request by the Beneficiary, promptly deliver to the Beneficiary any receipts for the payment of such taxes, assessments and other charges. The Grantor likewise will pay to the extent allowed by statute all taxes, assessments and other charges levied upon or assumed, placed or made against, or measured by this Trust Deed or the recordation hereof, or the indebtedness secured hereby; or upon Trust Deed with respect to the transaction evidenced by the Trust Deed Note and this Trust Deed.

ACCEPTED:


(initial)

the event of the passage or promulgation after the date of this Trust Deed of any applicable law or regulation, creating or providing for any tax, assessment or other charge levied or assessed upon Beneficiary with respect to the transaction evidenced by the Trust Deed Note and this Trust Deed, which may not lawfully be paid by the Grantor, the indebtedness secured hereby, together with interest due thereon, shall, at the option of the Beneficiary, become immediately due and payable.

5. Grantor's Duty to Pay Utilities. The Grantor will pay or cause to be paid all charges made by utility companies, public or private, for electricity, gas, heat, water or sewer furnished to or used in connection with the Property and, upon written request by the Beneficiary, will promptly deliver to the Beneficiary receipts for the payment of such charges.

6. Insurance. At its own expense, the Grantor will maintain, for the benefit of the Beneficiary, title insurance insuring the interest of the Beneficiary in the Property and will keep the improvements now existing or hereafter erected on the Property insured against loss by fire and such other hazards, casualties and contingencies as may be required from time to time by the Beneficiary, and all such insurance shall be evidenced by standard title insurance, and standard fire and extended coverage insurance policy or policies, in such amounts as may be required by the Beneficiary, and in default thereof the Beneficiary shall have the right to effect such insurance at the expense of Grantor. Such policies shall be endorsed with standard Mortgage clause with loss payable to the Beneficiary, shall have a replacement cost endorsement, and shall be deposited with the Beneficiary. The Grantor shall pay all premiums on such insurance at least ten (10) days prior to the date the premium on each said policy shall become due and payable, subject to the provisions for premium escrow set forth in paragraph 7 hereof. At the written request of the Beneficiary, the Grantor shall promptly furnish to the Beneficiary all written notices and all paid-premium receipts received by Grantor. In the event of loss, the Grantor shall give prompt notice by mail to the insurance carrier and the Beneficiary, and the Beneficiary may make proof of loss, if not made promptly by the Grantor. The Beneficiary is hereby authorized in the event of loss to compromise and settle all loss claims on said policy on such terms as it deems appropriate. The Grantor shall promptly furnish to Beneficiary a copy of any proof of loss given to the insurance carrier.

If the Property, or any part thereof, shall be damaged by fire or other insured hazard, the amounts paid by any insurance company shall be paid to the Beneficiary, to the extent of the Indebtedness then remaining unpaid, and, at the option of Beneficiary, all or any part of such amount may be applied in reduction of the Indebtedness or released for the repairing or rebuilding of the Property. All policies of insurance and any and all refunds of unearned premiums are hereby assigned to the Beneficiary as additional security for the payment of the Indebtedness. In event of foreclosure of this Trust Deed, all right, title and interest of the Grantor in and to any insurance policies then in force shall pass to the purchaser on foreclosure.

7. Escrow for Taxes, Insurance and Other Charges. To protect more fully the security of this Trust Deed, the Grantor, together with and in addition to the monthly payments of interest, or of principal and interest, as the case may be, under the terms of the Note, beginning on the date set forth below for commencement of payment, and thereafter as the Beneficiary shall direct, will pay the Beneficiary or such other agent of the Beneficiary, as the Beneficiary directs in writing, the following sums:

(a) Commencing on such date as Beneficiary, in its discretion, shall designate to Grantor, and thereafter together with and in addition to the monthly payments required by the Note, a sum equal to (i) the land lease payments, if any, next due, plus the premiums that will next become due and payable on the policy or policies of title insurance and the policies of fire and other property insurance covering the Property, plus water rates, taxes and assessments next due on the Property (all estimated by the Beneficiary, and less all sums already paid therefor), (ii) divided by the number of months to elapse before one month prior to the date when such land lease payments, premiums, water rates, taxes and assessments will become delinquent, such sums to be held by Beneficiary in escrow to pay said land lease payments, premiums, water rates, taxes and special assessments. Grantor hereby expressly acknowledges its liability under this Trust Deed to pay all taxes, special assessments and other lawful government charges with respect to the Property before they become delinquent, subject to the escrow provisions set forth above;

(b) All payments required to be made by Grantor pursuant to this Section and all payments to be made under the Note shall be added together and the aggregate amount thereof shall be paid each month in a single payment to be applied by Beneficiary to the following items in the following order of priority: ACCEPTED:

- (i) land lease payments, taxes, special assessments, water rates, title insurance premium, fire and other property insurance premiums; (ii) interest on the Note; (iii) amortization of the principal of the Note.

8. No Sale or Lease. It is hereby expressly agreed by Grantor that Grantor shall not sell, lease or otherwise encumber the Property without the express written consent of the Beneficiary, by its authorized officer, which consent will be given only to the extent permitted pursuant to the terms of any indenture or other instrument entered into by the Division in connection with the issuance of obligation to finance the loan evidenced by the Trust Deed Note, and only in cases of:

- (a) Receipt of a prepayment of the Trust Deed Note in conformity with the prepayment requirements of the Beneficiary as set forth in said Trust Deed Note;
- (b) Grant of easements, licenses or rights-of-way over, under or upon the Property which, in the opinion of the Beneficiary, do not destroy or diminish its usefulness for the purpose intended;
- (c) Lease of the Property or a part thereof to a third party for the purpose of operation of a housing development eligible to be financed by a governmental unit through the issuance of obligations the interest on which is exempt from federal income taxes, provided that the proposed lessee is approved by Beneficiary and such lease is permitted by law and is subordinate to and subject to all of the terms, provisions and limitations of this Trust Deed;
- (d) Sale or exchange of a portion of the Property on which no building or structure is situated and which in the Beneficiary's opinion is not needed for operation of the Property, provided that the sales price thereof shall be approved by the Beneficiary and the proceeds thereof shall be paid to the Beneficiary and applied in reduction of the indebtedness;
- (e) Sale to another eligible Grantor, approved by the Beneficiary, who assumes all obligations of the original Grantor under the Trust Deed and accompanying documents, in which case the Beneficiary may, in its sole discretion, release the original Grantor.

In any of the above situations the Division may request payment of a fee, not to exceed 1% (one percent) of the original Indebtedness. QAB ✓

9. No Junior Financing. The Grantor will not, without the prior written consent of the Beneficiary, grant or create any lien or consensual security interest on the Property other than the lien and security interest of this Trust Deed.

10. Liens. The Grantor will keep the Property free from all liens, whether superior or subordinate to this Trust Deed, and upon written demand of the Beneficiary will promptly pay and procure the release of any lien, whether arising prior or subsequent to the execution of this Trust Deed, which, in any way, may, in the judgment of the Beneficiary, impair the security of this Trust Deed, but the Grantor need not discharge any such lien so long as the Grantor shall agree to pay the obligation secured by such lien in a manner acceptable to the Beneficiary or shall, in good faith, contest such lien by appropriate legal proceedings effective to prevent the enforcement of the lien and the loss of any of the Property. Notwithstanding the foregoing, the Beneficiary may require payment of, and pay as provided in Section 11 hereof, any delinquent real estate taxes without regard to the validity thereof.

11. Beneficiary's Option to Pay. In the event of Grantor's failure to pay any sums provided for in this Trust Deed, the Beneficiary, at its option, may pay the same. Any funds accumulated under paragraph 7(a) hereof remaining after payment of the items therein specified shall be credited against subsequent monthly payment of the same items required thereunder; but if any such item shall exceed the estimate therefor, or if the Grantor shall fail to pay any other governmental or municipal charge, the Grantor shall forthwith make good the deficiency or pay the charge before the same becomes delinquent or subject to interest or penalties; in default thereof the Beneficiary may pay the same. All sums paid by the Beneficiary and any sums which the Beneficiary may advance to pay Trust Deed insurance premiums shall be added to the Indebtedness and shall bear interest from the date of payment by Beneficiary at the rate specified in the Note and shall be due and payable on demand. If the Property is sold under foreclosure or is otherwise acquired by the Beneficiary after default, any remaining balance of the accumulations under paragraph 7(b) hereof shall be applied in reduction of the Indebtedness as of the date of the commencement of the foreclosure proceedings or as of the date the property is otherwise acquired, as the case may be.

12. Protection of Beneficiary's Security. If the Grantor fails to perform any of the

ACCEPTED:

covenants and agreements contained in this Trust Deed or if any action or proceeding is commenced which does or may adversely affect the Property or the interest of the Grantor or Beneficiary therein, or the title of the Grantor thereto, then the Beneficiary, at the Beneficiary's option, and without waiving other remedies, may perform such covenants and agreements, defend against and/or investigate such action or proceeding, and take such other action as the Beneficiary deems necessary to protect the Beneficiary's interest. In the event that any insurance policy required hereunder shall lapse, the Beneficiary shall be entitled to obtain such insurance as the Beneficiary deems necessary for the protection of the Property and the Grantor shall be obligated to pay the premium therefor. The Grantor irrevocably authorizes and empowers the Beneficiary to enter upon the Property as the Grantor's agent and, in the Grantor's name or otherwise, to perform any and all covenants and agreements to be performed by the Grantor as herein provided. The Beneficiary shall, at its option, be subrogated to any encumbrance, lien, claim or demand, and to all the rights and securities for the payment thereof, paid or discharged with the principal sum secured hereby or by the Beneficiary under the provisions hereof, and any such subrogation rights shall be additional and cumulative security for this Trust Deed. Nothing contained in this paragraph shall require the Beneficiary to incur any expense or do any action hereunder, and the Beneficiary shall not be liable to the Grantor for any damages or claims arising out of action taken by the Beneficiary pursuant to this Section 12. Any amounts disbursed or incurred by the Beneficiary pursuant to this Section 12, including, but not limited to, reasonable attorneys' fees as allowed by statute, with interest thereon at the rate provided in the Note, shall become additional Indebtedness of the Grantor, payable upon demand, and shall be secured by this Trust Deed.

13. Condemnation. The Grantor hereby irrevocably assigns to the Beneficiary any award or payment which becomes payable by reason of any taking of the Property, or any part thereof, either temporarily or permanently, in or by condemnation or other eminent domain proceedings or by reason of sale under threat thereof, or in anticipation of the exercise of the right of condemnation or other eminent domain proceedings. The Grantor will immediately notify the Beneficiary of any such proceedings of which it has knowledge. The Grantor will file and prosecute in good faith and with due diligence what would otherwise be its claim in any such award or payment and will cause the same to be collected and paid over to the Beneficiary, and the Grantor irrevocably authorizes and empowers the Beneficiary, in the name of the Grantor or otherwise, to file, prosecute, settle or compromise any such claim and to collect, receipt for and retain the same. The proceeds of the award or payment may, after deducting all reasonable costs and expenses, including attorneys' fee, which may have been incurred by the Beneficiary in the collection thereof, be released to the Grantor, applied, at the sole discretion of the Beneficiary, to restoration of the Property or to the reduction of the Indebtedness secured hereby.

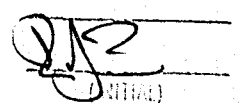
14. Reamortization. At the option of the Grantor, the Indebtedness may be reamortized on terms acceptable to the Beneficiary if (i) a partial prepayment results from an award in condemnation in accordance with provisions of paragraph 13 hereof, or from an insurance payment made in accordance with provisions of paragraph 6 hereof, and (ii) there is a resulting loss of income from the Property.

15. Inspection. The Beneficiary, or its agents, may at all reasonable times enter upon the Property for the purposes of inspection. The Beneficiary shall have no duty to make such inspection and shall not be liable to the Grantor or any person in possession if it makes such inspection. The Beneficiary, or its agents, shall also have the right, at all reasonable times, to examine the books and records of the Grantor pertaining to the Property and to make extracts therefrom and copies thereof.

16. No Discrimination. So long as this Trust Deed and the Note secured hereby are held by the Division, Grantor will not execute or file for record any instrument which imposes a restriction upon the sale or occupancy of the Property on the basis of race, creed, color, religion or sex.

17. Security Interest. This Trust Deed shall constitute a security agreement with respect to (and the Grantor hereby grants the Beneficiary a security interest in) all personal property and fixtures included in the Property. The Grantor will from time to time, at the request of the Beneficiary, execute any and all financing statements covering such personal property and fixtures (in a form satisfactory to the Beneficiary) which the Beneficiary may reasonably consider necessary or appropriate to perfect its interest. The Grantor will pay to the Beneficiary, on demand, the amount of any and all costs and expenses (including reasonable attorneys' fees and legal expenses) paid or incurred by the Beneficiary in connection with the exercise of any right or remedy referred to in paragraph 20 hereof.

ACCEPTED:

 (initials)

18. Prepayment. The Note provides that the Indebtedness may not be prepaid in part and that it may not be prepaid in whole without the prior approval of the Division; and further that the Division may consent to a prepayment of the Indebtedness in whole, but not in part, only if the sum to be prepaid shall be the aggregate of the following, computed as of the date of prepayment:

In the event of any prepayment, the Maker shall pay the unpaid principal balance of the Trust Deed Note, plus a premium for the privilege of prepayment equal to:

(i) Interest on the unpaid principal balance from the date of the prepayment to the earliest date on which the financing securities then outstanding may be redeemed, at the option of the Division, such amount not to exceed 20% of said principal during the first ten years of the term of this Note or 6% after such date; plus

(ii) The premium required for redemption of the financing securities on that date, and the costs and expenses of the Division in connection therewith (such amount not to exceed 6% of such principal balance).

19. Events of Default. Each of the following occurrences shall constitute an event of default hereunder (herein called an "Event of Default"):

(a) The Grantor shall fail to pay the Note in accordance with its terms or shall fail duly to perform or observe any of its covenants or commitments contained in this Trust Deed or in any other agreement incorporated herein, and such failure shall continue for thirty (30) calendar days (or with respect to other agreements incorporated herein, such failure shall not be cured within the number of days specified therein);

(b) A responsible title insurance company shall fail duly to issue a policy or commitment for a policy of title insurance to or for the benefit of the Beneficiary, free from exceptions for mechanics' and materialmen's liens and other exceptions not previously approved by the Beneficiary, insuring this Trust Deed to be a valid first lien (subject only to those exceptions, if any, previously enumerated herein) on the Land and related real property interests and the Property in an amount not less than the stated principal amount of the Note; or, if issued, any such policy or commitment shall be repudiated or revoked or shall not be duly performed;

(c) Any warranty of title made by the Grantor in this Trust Deed shall be breached or broken;

(d) Any representation or warranty made by the Grantor in any of the agreements identified or referred to in paragraph 1 or in any financial statements or reports submitted to the Beneficiary by or on behalf of the Grantor shall prove false or materially misleading;

(e) The Grantor shall become insolvent, however defined; shall be dissolved; shall commit an act of bankruptcy under the United States Bankruptcy Act (as now or hereafter amended); shall file or have filed against it, voluntarily or involuntarily, a petition in bankruptcy or for reorganization or for the adoption of an arrangement under the United States Bankruptcy Act (as now or hereafter amended); shall make an assignment for the benefit of creditors; shall procure, permit or suffer, voluntarily, or involuntarily, the appointment of a receiver or trustee to take charge of any of the Property or any other properties owned by it; or shall have initiated against itself, voluntarily or involuntarily, any act, process or proceeding under any insolvency law or other statute or law providing for the modification or adjustment of the rights of creditors.

20. Acceleration; Remedies. Upon the occurrence of any Event of Default or at any time thereafter until such Event of Default is cured to the written satisfaction of the Beneficiary, the Beneficiary may, at its option, exercise one or more of the following rights and remedies available to it:

(a) The Beneficiary may declare immediately due and payable all Indebtedness secured by this Trust Deed, and the same shall thereupon be immediately due and payable, without notice or demand; and

(b) The Beneficiary shall have, and may exercise with respect to all personal property and fixtures which are part of the Property, all the rights and remedies accorded upon default to a secured party under the Uniform Commercial Code, as in effect in the State of Oregon. If notice to the Grantor of intended disposition of such property is required by law in a particular instance, such notice

ACCEPTED:

 (INITIAL)

shall be deemed reasonable, if given (in the manner specified in paragraph 22) at least ten (10) calendar days prior to the date of intended disposition; and

(c) The Beneficiary may (and is hereby authorized and empowered to) cause the Trustee to institute the procedures for sale of the Property pursuant to paragraph 30 below.

21. Forbearance Not a Waiver; Rights and Remedies Cumulative. Any delay by the Beneficiary in exercising any right or remedy provided herein or otherwise afforded by law or equity shall not be a waiver of or preclude the exercise of such right or remedy. All such rights and remedies shall be distinct and cumulative and may be exercised singly, serially (in any order) or concurrently, and as often as the occasion therefor arises. The Beneficiary's taking action pursuant to Sections 3, 11 or 12, or receiving proceeds, awards or damages pursuant to Sections 6, 12 or 13 shall not impair any right or remedy available to the Beneficiary under Section 20.

22. Notices. Except as otherwise provided herein, whenever any approval or notice on behalf of the Beneficiary is required under this Trust Deed or whenever any action on behalf of the Beneficiary is required or permitted, the Administrator of the Beneficiary shall have the power and right to approve, give notice or act on behalf of the Beneficiary. Any notice from the Beneficiary to the Grantor under this Trust Deed shall be deemed to have been given by the Beneficiary and received by the Grantor, when mailed by certified mail by the Beneficiary to the Grantor at the following address:

P.O. Box 493
Klamath Falls, Oregon 97601

or at such other address as the Grantor may designate to the Beneficiary, by certified mail received by the Beneficiary at 102 Labor and Industries Building, Salem, Oregon 97310, or such other address as the Beneficiary may designate by written notice.

23. Governing Law; Severability. This Trust Deed shall be governed by the laws of the State of Oregon. In the event that any provision or clause of this Trust Deed conflicts with applicable law, such conflict shall not affect any other provision of this Trust Deed which can be given effect without the conflicting provisions, and to this end, the provisions of the Trust Deed are declared to be severable.

24. Miscellaneous Rights of Beneficiary. The Beneficiary may at any time and from time to time, without notice, release any person liable for the payment of any Indebtedness; extend the time or agree to alter the terms of payment of any Indebtedness, release any property securing any Indebtedness, consent to the making of any plat or map of the Property or the creation of any easement thereon or any covenants restricting use or occupancy thereof, or agree to alter or amend the terms of this Trust Deed in any way, all without in any way affecting the liability of any person (other than the person so released) or the validity or priority of this Trust Deed (except as it covers property so released). Any personal property remaining upon the Property, after the Property has been possessed or occupied by the Beneficiary or its agent following foreclosure of this Trust Deed, or under any deed in lieu of foreclosure, shall be conclusively presumed to have been abandoned by the Grantor, and Grantor covenants that Grantor will upon written request of Beneficiary execute a warranty bill of sale transferring title to such personal property to Beneficiary.

25. Other Debt. This Trust Deed shall also secure, and the Indebtedness shall also include, all other advances heretofore or at any time hereafter made to the Grantor by the Beneficiary and all other indebtedness of every type and description now or hereafter owed under the Trust Deed by the Grantor, unless (in the case of any such advance or indebtedness) the Beneficiary has otherwise agreed in writing. The Beneficiary shall not be obligated to make any such advance or to permit or suffer the creation of any such indebtedness.

26. Exculpation. The covenant of any limited partnership of the Grantor to pay principal and interest is included in the Note secured hereby for the purpose of establishing and continuing the existence of the Indebtedness; it is a condition of said covenant that in the event of default under the terms hereof, the Beneficiary shall take no action against any limited partnership Grantor except such as may be necessary to subject the property to the satisfaction of the Indebtedness; provided that nothing in said condition and no action so taken shall operate to impair an obligation of the Grantor under the Regulatory Agreement referred to herein. More particularly, the Division warrants:

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that it will not seek a deficiency judgment against any limited partnership following a foreclosure and sale of the completed development, provided however that the Division has acknowledged, in writing, satisfactory completion and acceptance of the development.

27. Additional Covenants. The Grantor further covenants and agrees that:

(a) Property is not currently used for agriculture, timber or grazing purposes, and will not in the future be used for any commercial purpose which would result in the loss of federal tax exemption of the obligation issued by the Division to finance the loan evidenced by the Trust Deed Note.

28. Successors and Assigns Bound; Number; Gender; Joint and Several Liability; Captions. The covenants and agreements contained herein shall bind, and the rights conferred hereby shall inure to the benefit of the respective heirs, legal representatives, successors and assigns of the Beneficiary and the Grantor. Whenever used, the singular number shall include the plural, and the plural the singular; and the use of any gender shall apply to all genders. All covenants and agreements of the Grantor shall be joint and several. The captions and headings of the paragraphs of this Trust Deed are for convenience only and are not to be used to interpret or define the provisions hereof.

29. Grantor and Beneficiary agree to execute and deliver any instruments in writing necessary to carry out any agreement, term, condition or assurance in this Trust Deed whenever occasion shall arise and reasonable request for such instruments shall be made.

30. Mutual Covenants.

(a) At any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement and without affecting the personal liability of any person for payment of the Indebtedness secured hereby, Trustee may: reconvey all or any part of the Property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

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

(c) As additional security, Grantor hereby gives and confers upon Beneficiary the right, power and authority, during the continuance of this Deed of Trust, to collect the rents, issues and profits of said Property, reserving unto Grantor the right, prior to any default by Grantor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the Indebtedness hereby secured, enter upon and take possession of said Property or any part thereof, in its own name sue for or otherwise collect such 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 Beneficiary may determine. The entering upon and taking possession of said Property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(d) Upon default by Grantor in payment of any Indebtedness secured hereby or in performance of any agreement hereunder or any other default set forth in paragraph 19 hereof, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In the event of default, Beneficiary shall execute or cause the Trustee to execute a written notice of such default and of its election to cause to be sold the herein described property to satisfy the

ACCEPTED:

obligations hereof, and shall cause such notice to be recorded in the office of the recording officer in each county wherein the Land or some part thereof is situated.

(e) Trustee is not obligated to notify any party hereto of any action or proceeding in which Grantor, Beneficiary or Trustee shall be a party unless brought by Trustee.

(f) In the event of dissolution or resignation of the Trustee, the Beneficiary may substitute a trustee or trustees to execute the trust hereby created, and when any such substitution has been filed for record in the office of the County Clerk of the county in which the Property herein described is situated, it shall be conclusive evidence of the appointment of such trustee or trustees, and such new trustee or trustees shall succeed to all of the powers and duties of the trustee or trustees named herein.

Request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale hereunder be mailed to the Grantor at its address hereinbefore set forth.

Robert J. Bogatay
GRANTOR

By

Its

By

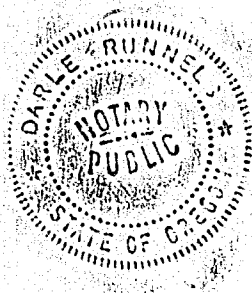
Its

STATE OF Oregon
County of Clatsop ss.

On this 17 day of July, 1980, personally appeared the above-named ROBERT J. BOGATAY, an individual, and acknowledged the foregoing instrument, consisting of 9 pages including this page, to be _____ voluntary act and deed.

Before me:

Dale Runnels
Notary Public for Oregon
My Commission expires 7/23/81



ACCEPTED:

RJB
(INITIAL)

13278

LAKE PARK TOWERS
Klamath Falls
OR16-H029-103

DESCRIPTION OF PROPERTY

All the following described real property situated in Klamath County, Oregon:

A portion of lots 4, 3 and 2 in Block 19 of Original Town of Klamath Falls (formerly Linkville) according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, more particularly described as follows:

Beginning at the most Southerly corner of said lot 4; thence N. $39^{\circ}05'$ E. along the Southeasterly line of said lots 4 and 3 a distance of 128.6 feet; thence at right angles N. $50^{\circ}55'$ W., parallel with the Westerly line of said lot 4 a distance of 77.6 feet to a corner of the Bush Furniture building; thence N. $05^{\circ}50'$ W. along the outside face of said building a distance of 5.8 feet to a corner of said building, said corner being S. $50^{\circ}55'$ E. 30.1 feet from the Southeasterly line of the alley in said Block 19; thence N. $50^{\circ}55'$ W. along the outside face of said building a distance of 30.1 feet, more or less, to the Southeasterly line of said alley; thence S. $39^{\circ}05'$ W. along said Southeasterly line a distance of 132.9 feet to the Northeasterly line of 2nd. Street; thence S. $50^{\circ}55'$ E. along said line a distance of 122.0 feet to the point of beginning.

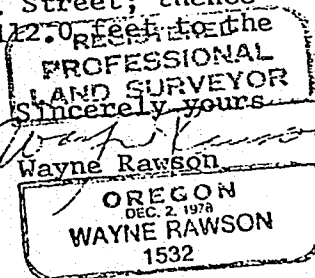


EXHIBIT A

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of Klamath County Title Co.

this 17th day of July A. D. 1980 at 11:46 clock AM., or

fully recorded in Vol. M80 of Mortgages on Page 13269

By Wm D. MILNE, County Clerk
Bernetha Heloch

Fee \$35.00

ACCEPTED:

QJB

(INITIAL)

KCTC