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K-35732
DEED OF TRUST AND NOTE

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THIS DEED OF TRUST is made this 23 day of FEBRUARY, 19 84, between the Grantor, Cameron A. Curtiss and Deanna E. Curtiss, whose address is Harriman Route Box 20, Klamath Falls, Oregon 97601, (herein "Borrower"); the trustee, Klamath County Title Company, and the Department of Energy, State of Oregon, 102 Labor & Industries Building, Salem, OR 97310 (herein "Beneficiary" or "Department").

Borrower, in consideration of the sum of ONE HUNDRED THIRTY-FIVE THOUSAND AND NO/100 dollars (U.S. \$135,000.00), paid to Borrower, and for other good and valuable consideration, irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the County of Klamath, State of Oregon:

Township 37 South, Range 7 East of the Willamette Meridian:

Section 8: NW-1/4 SW-1/4, S-1/2 SW-1/4, NE-1/4 SW-1/4, SE-1/4;

Section 9: Lots 1, 2, 3, 4, 5, 6, 7, 8 and 9; N-1/2 SW-1/4, NW-1/4 SE 1/4; Also that part of the SW-1/4 SW-1/4 described as follows: Beginning at the Southwest corner of said subdivision; thence North along the West line of said subdivision to the Northwest corner thereof; thence East along the North line of said subdivision to the Northeast corner thereof; thence Southwesterly along a straight line to the point of beginning.

Section 17: N-1/2 NW-1/4

"Together with all hydroelectric fixtures, components, and equipment now or hereafter installed on or across the above described parcel, which fixtures, components, and equipment are hereby agreed to constitute real property."

which has the address of Harriman Rt. Box 20

(Street)
Klamath Falls, Oregon, 97601 (herein "Property Address"),
(City, State and Zip Code)

together with all improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents (subject, however, to the rights and authorities given herein to the Department to collect and apply such rents), royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, all fixtures now or hereafter attached to the property, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the

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property covered by this Deed of Trust; and all of the foregoing, together with said property (or the leasehold estate if this Deed of Trust is on a leasehold) are herein referred to as the "Property";

To secure to the Department (a) the repayment of indebtedness in the amount of ONE HUNDRED THIRTY-FIVE THOUSAND dollars (U.S. \$ 135,000.00), together with interest thereon, evidenced by and in accordance with the terms of Borrower's Trust Deed Note (herein Note), which is hereby incorporated herein as follows:

Loan No. L-00068

DEPARTMENT OF ENERGY
STATE OF OREGON

U.S. \$ 135,000.00

X Klamath Falls, Oregon

X February 23, 19 84

TRUST DEED NOTE

For value received, Cameron A. Curtiss and Deanna E. Curtiss (hereinafter "Borrower"), whose principal office or residence is Harriman Route Box 20, Klamath Falls, Or 97061, promises to pay to the Department of Energy, State of Oregon, having its principal office at 102 Labor & Industries Building, Salem, OR 97310 (hereinafter "Department"), or order, the principal sum of ONE HUNDRED THIRTY-FIVE THOUSAND 00/100 dollars (U.S. \$ 135,000.00) plus interest from the date hereof on the unpaid balance of the rate of 10.25 percent (10.25 %) per annum. Principal and interest shall be payable in consecutive equal monthly installments of ONE THOUSAND THREE HUNDRED TWENTY SIX and 00/100 dollars (U.S. \$ 1,326.00), the first payment to be made on the x 23 day of x March, 1984, and subsequent payments to be made on the same day of each month thereafter and ending, if not sooner paid, on x March 23, 2004.

If payment of any installment is delinquent more than fifteen (15) days, Borrower agrees to pay a late charge of ONE percent (1.0 %) of the delinquent installment, in addition to any other sums due under this Note.

If any default in payment of an installment is not cured within thirty (30) days of the due date for such installment, the entire remainder of the unpaid balance, including principal, interest and other charges, if any, shall, at the option of the Note holder, become immediately due and payable. If this Note is placed in the hands of an attorney for collection, Borrower agrees to pay the reasonable collection costs incurred by the holder hereof,

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including such reasonable attorney fees for trial and appellate services as may be fixed by the court.

If the original principal sum due under this Note is greater than One Hundred Thousand Dollars (\$100,000) outstanding, Borrower may prepay the principal amount only with the written authorization of the Note holder. Any partial prepayment so authorized shall be made on the date monthly installments are due and shall be in the amount of that part of one or more monthly installments which would be applicable to principal. Such partial prepayment shall be applied against the principal amount outstanding and shall not postpone the due date of any subsequent monthly installments or change the amount of such installments, unless the Note holder shall otherwise agree in writing. For any prepayment requiring written authorization of the Note holder, the Note holder may charge a prepayment premium not to exceed three percent (3%) of the unpaid principal balance being prepaid.

Presentment, demand, protest, and notice of dishonor, protest and nonpayment are waived by Borrower and all makers, sureties, grantors and endorsers hereof. This Note shall be the joint and several obligation of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their successors and assigns. If the Borrower or any guarantor, surety or endorser hereof becomes insolvent, commits an act of bankruptcy, commences or becomes subject to any proceeding under the federal Bankruptcy Act, as amended, or any other insolvency or debtor's relief law, then the entire indebtedness evidenced by this Note shall, at the option of the holder hereof, become immediately due and payable.

Failure to exercise any option available to the holder under the terms of this Note shall not constitute a waiver of the right to exercise the option in the event of any continuing or subsequent default, and no waiver of a breach of any provision of this Note shall constitute a waiver of any subsequent breach of the same or of any other provision of this Note.

Payments of principal, interest and other fees or charges due under this Note are payable at the offices of the Department, 102 Labor & Industries Building, Salem, OR 97310, or such other place as the Department may designate in writing. Any notice to the Note holder shall be given by certified mail, return receipt requested, at the address stated above. Any notice to Borrower provided for in this Note shall be given by mailing such notice by certified mail, return receipt requested, addressed to Borrower at the address stated below, or such other address as Borrower may designate in writing to the Note holder.

The terms, provisions, covenants and conditions contained in this Note shall apply to, inure to the benefit of and bind the parties hereto and their respective heirs, successors and assigns.

The indebtedness evidenced by this Note is secured by a Deed of Trust dated* February 23, 1984.

In witness whereof, Borrower has caused this Trust Deed Note to be executed this * 23rd day of * February, 1984.

* HARRIMAN Rt. Box 20

Cameron A. Curtiss
Cameron A. Curtiss Borrower

Klamath Falls, ORE. 97601
Borrowers Address

* Deanna E. Curtiss
Deanna E. Curtiss Borrower

NOTICE TO BORROWER

DO NOT SIGN THIS NOTE BEFORE YOU READ IT. IF THE ORIGINAL PRINCIPAL SUM DUE UNDER THIS NOTE WAS GREATER THAN ONE HUNDRED THOUSAND DOLLARS (\$100,000), THE NOTE HOLDER MAY REFUSE TO ACCEPT FULL OR PARTIAL PREPAYMENT OF THE LOAN BEFORE THE DATE PROVIDED FOR REPAYMENT IN THE NOTE CHARGE AND COLLECT A PENALTY FOR ANY SUCH PREPAYMENT.

(b) the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust, or otherwise payable by the Borrower to the Department in accordance with this Deed of Trust; and

(c) the performance of all covenants, agreements, and warranties herein contained on the part of Borrower to be kept and performed.

Borrower represents, warrants and covenants:

(a) That Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, that the Property is free from all liens, security interests and encumbrances, except those enumerated in the title insurance policy approved by and issued for the benefit of the Department in connection with this transaction, or otherwise approved in writing by the Department;

(b) The Borrower is an individual resident of the State of Oregon; or

(c) The Borrower is a partnership formed pursuant to the laws of the State of Oregon; or

(d) If the Borrower is a corporation, the corporation is duly incorporated and domiciled in Oregon, is in good standing under the laws of the State of Oregon, has full corporate and other power to enter into this Deed of Trust and by proper corporate action has duly authorized the execution and delivery of this Deed of Trust. The corporate Borrower further agrees that so long as this Deed of Trust is in effect, it will maintain its corporate existence and will not dissolve or otherwise dispose of all or substantially all of its assets and will not merge into or consolidate with another corporation or permit one or more corporations to merge into or consolidate with it, without the prior written consent of and subject to the conditions imposed by the Department.

(e) Neither the execution and delivery of this Note and Deed of Trust, consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions herein, will violate any provision of law, any order of any court or other agency of government, the Articles of Incorporation or Bylaws of the Borrower, if a corporation, or any indenture, agreement or other instrument to which the Borrower is now a party or by which it or any of its properties; or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or except as provided hereunder, result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower.

(f) The improvements to be financed by the loan evidenced by the Note will meet a local community or regional energy need in this State, and the Borrower will utilize or cause those improvements to be utilized for the purpose, as defined by Oregon Revised Statutes Chapter 470, as amended, of a Small Scale Energy Project until all of the amounts to become due and payable under this Deed of Trust have been paid and all of the Borrower's other obligations hereunder have been discharged.

(g) The site to be used for the improvements referred to in paragraph (f) has been acquired by the Borrower and no money from the loan evidenced by the Note will be used for site acquisition costs.

Borrower further warrants, covenants and agrees as follows:

1. Payments by Borrower. Borrower will promptly pay when due the principal of and interest on the Note, and all other fees or charges due under the Note or this Deed of Trust, at the stated maturity date or dates, or earlier in the event of acceleration. The Borrower will promptly and

faithfully observe all of its obligations and will permit or suffer no event of default to occur under this Deed of Trust or the Note secured hereby, or under any other agreement now in effect or hereafter made between the Borrower and Department with respect to the transaction evidenced by the Note and Deed of Trust. If the loan evidenced by the Note is refinanced or financial assistance for construction of the improvements constructed with the loan is obtained from sources other than the Small Scale Local Energy Project Loan Program after the loan is made, all such funds shall be payable to the Department.

2. Borrower to Provide Insurance. At its own expense, Borrower 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 Department. All such insurance shall be evidenced by standard fire and extended coverage insurance policy or policies, in such amount as may be required by the Department, endorsed with a standard mortgagee clause with loss payable to the Department, with a replacement cost endorsement, all in a form acceptable to the Department. Such policies shall provide that the Department shall be given thirty (30) days advance written notice of the cancellation, expiration or termination of the policy or of any material change in coverage thereunder. The Borrower 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, and shall promptly furnish to the Department a copy of all written notices received by Borrower. In the event of loss, Borrower shall promptly give written notice to the insurance carrier and the Department, and the Department may make proof of loss, if not made promptly by Borrower. The Department 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. Borrower shall promptly furnish to the Department a copy of any proof of loss given to the insurance carrier.

If the Property, or any part thereof, is damaged by fire or other insured hazard, the amounts paid by any insurance company shall be paid to the Department, to the extent of any amounts then remaining unpaid under the Note or this Deed of Trust, and, at the sole option of the Department, all or any part of such amount may be applied in reduction of such amount remaining unpaid under the Note or Deed of Trust 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 Department as additional security for the payment of the Note. In event of foreclosure of this Deed of Trust, all right, title and interest of the Borrower in and to any insurance policies then in force shall pass to the purchaser on foreclosure.

3. Borrower to Pay Taxes and Assessments. The Borrower will pay, before a fine or penalty might attach for nonpayment thereof, all taxes and assessments and all other charges and encumbrances whatsoever levied upon or

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assessed, placed or made against the Property. The Borrower will promptly deliver to the Department all notices of taxes, assessments and other charges due and any receipts for the payment of taxes, assessments and other charges.

4. Borrower to Maintain Property: Department Approval. The Borrower will keep the buildings and other improvements now or hereafter erected on the Property in good repair and condition, ordinary depreciation excepted. The Borrower will not commit or permit waste, will not alter the design or structural character of any improvement now or hereafter erected on the Property without the prior written consent of the Department, will not do any act or thing which would unduly impair or depreciate the value of the Property, will not abandon the Property, and will complete all construction in accordance with any agreement between the parties hereto. Before Borrower expends any proceeds from the loan funds evidenced by the Note, the Department must approve Borrower's plans for development, operation, and maintenance of the improvements to be constructed with those funds. In the event of the failure of the Borrower to keep the buildings or other improvements in good repair, the Department may make such repairs at Borrower's expense as in the Department's sole discretion it may deem necessary for the proper preservation thereof, and any and all sums paid for such repairs shall be due from and payable by the Borrower on demand, and shall be fully secured by this Deed of Trust. The Borrower will not remove from the Property any fixture included in the Property unless the same is immediately replaced with like property, also subject to the lien and security interest of this Deed of Trust, of at least equal value and utility.

5. Use of Property. The Property is not currently used for agriculture, timber or grazing purposes. The Property 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 Department to finance the loan evidenced by the Note.

6. Compliance with Laws. The improvements made and to be made upon the Property, together with all plans and specifications, comply with all municipal ordinances and with any interim or final comprehensive land use plan in effect. The Borrower will comply with all present and future laws, ordinances, regulations and requirements of any governmental body applicable to the Property or to the occupancy and operation thereof.

7. Sale or Lease of Property. The Borrower expressly agrees that Borrower will not sell, exchange, lease, rent or otherwise encumber the Property without the express written consent of the Department. Such written consent may be conditioned upon approval by the Department of the lease or sale price, qualifications of the buyer, or other terms of the transaction, and may require that any proceeds from the transaction be paid to the Department to reduce the amount remaining unpaid under the Note and Trust Deed.

8. Liens on Property. The Borrower will not, without the Department's prior written consent, grant or create any lien or consensual security interest on the Property. Borrower shall promptly discharge any lien which has priority over this Deed of Trust; provided, that Borrower shall not be required to discharge any such lien so long as Borrower shall agree in writing to the payment of the obligation secured by such lien in a manner acceptable to the Department, or shall in good faith contest such lien by, or defend to the Department, or shall in legal proceedings which operate to prevent enforcement of such lien in, legal proceedings which operate to prevent enforcement of the lien or forfeiture of the Property or any part thereof.

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

10. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby irrevocably assigned to and shall be paid to the Department.

The Borrower will immediately notify the Department of any such proceedings of which it has knowledge. The Borrower 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 Department, and the Borrower irrevocably authorizes and empowers the Department, in the name of the Borrower, or otherwise, to file, prosecute, settle or compromise any such claim and to collect, receipt for and retain the same.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by the Deed of Trust, with the excess, if any, paid to Borrower. In the event of a partial taking of the Property, unless Borrower and the Department otherwise agree in writing, there shall be applied to the sums secured by this Deed of Trust such proportion of the proceeds as is equal to that proportion which the amount of the sums secured by this Deed of Trust immediately prior to the date of taking bears to the fair market value of the Property immediately prior to the date of taking, with the balance of the proceeds paid to Borrower.

If the Property is abandoned by Borrower, or if, after notice by the Department to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to the Department within 30 days after the date such notice is mailed, the Department is authorized to collect and apply the proceeds, at the Department's sole option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

Unless the Department and Borrower otherwise agree in writing, any application of proceeds to principal under this Section 10 shall not extend or postpone the due date of the monthly installments due under the Note secured by this Deed of Trust or change the amount of such installments.

11. Non-Liability of State. The State and its officers, agents and employees shall not be liable to Borrower or to any other party whomsoever for any death, injury, damage or loss that may result to any person or property by or from any cause whatsoever in, on or about the Premises and the Project or due to the construction or operation of the Project. Borrower shall, and does hereby agree to, indemnify, defend, save and hold the State, officers, agents and employees harmless from, and defend each of them against, any and all claims, liens and judgments for death of, injury to, or loss by any person or damage to property whatsoever occurring in, on or about the Premises and the Property or due to the construction, existence, or operation of the Project, and, to the extent permitted by law, any reasonable attorneys' fees and expense by the additional payments provided for incurred in connection with litigation against the State challenging or questioning the validity of the Contract, the construction, existence, or operation of the Project or actions, contracts, permits, or licenses obtained, agreed to, or performed by Borrower in connection therewith.

12. Reamortization. At the request of the Borrower and subject to the written approval of the Department, amounts remaining due under the Note may be reamortized within the original term of the Note on terms acceptable to the Department if: (i) a partial prepayment results from an award in condemnation in accordance with provisions of Section 10 hereof, or from an insurance payment made in accordance with provisions of Section 2 hereof, and (ii) there is a resulting loss of income from the Property.

13. Borrower Not Released. Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by the Department to any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. The Department shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Borrower and Borrower's successors in interest.

14. Forbearance Not a Waiver; Rights and Remedies Cumulative. Any delay by the Department 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 therefore arises. The Department's taking action or receiving proceeds, awards or damages under terms of this Deed of Trust shall not impair any right or remedy available to the Department under any of the provisions hereof. In particular, the procurement of insurance or the payment of taxes or other liens or charges by the Department shall not be a waiver of the Department's right to accelerate the maturity of the indebtedness secured by the Deed of Trust.

15. Inspection. The Department, or its agents or assignees, may at all reasonable times upon reasonable notice to Borrower enter upon the Property for the purpose of inspection. The Department shall have no duty to make such inspection, and shall not be liable to the Borrower or any person in possession if it makes or fails to make such inspection. The Department, or its agents, shall also have the right, at all reasonable times, to examine the books and records of the Borrower pertaining to the Property and to the loan secured by this Deed of Trust and to make extracts therefrom and copies thereof.

16. Security Interest. This Deed of Trust shall constitute a security agreement with respect to (and Borrower hereby grants the Department a security interest in) all personal property and fixtures included in the Property. Borrower will from time to time, at the request of the Department, execute any and all financing statements covering such personal property and

fixtures (in a form satisfactory to the Department) which the Department may reasonably consider necessary or appropriate to perfect its interest. The Borrower will pay to the Department, on demand, the amount of any and all costs and expenses (including reasonable attorneys' fees and legal expenses) paid or incurred by the Department in connection with the exercise of any right or remedy referred to in Section 24 hereof.

17. Personal Property on Foreclosure. Any personal property remaining upon the Property after the Property has been possessed or occupied by the Department or its agent following foreclosure of this Deed of Trust, or under any deed in lieu of foreclosure, shall be conclusively presumed to have been abandoned by the Borrower, and the Borrower covenants that Borrower will upon written request of the Department execute a bill of sale transferring title to such personal property to the Department.

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

19. Successors and Assigns Bound; Number; 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 Department and the Borrower. 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 Borrower shall be joint and several. The captions and headings of the paragraphs of this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.

20. Governing Law; Severability. This Deed of Trust shall be governed by the laws of the State of Oregon. In the event that any provisions or clause of this Deed of Trust conflicts with applicable law, such conflict shall not affect any other provision and to this end, the provision of this Deed of Trust are severable.

21. Notice. Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for this Deed of Trust shall be given by mailing such notice by certified mail, return receipt requested, addressed to Borrower at the Property Address or at such other address as Borrower may designate by notice to the Department as provided herein, and (b) any notice to the Department shall be given by certified mail,

return receipt requested, to the Department's address stated herein or to such other address as the Department may designate by notice to Borrower as provided herein. Any notice provided for in this Deed of Trust shall be deemed to have been given to Borrower or the Department when given in the manner designated herein.

22. Transfer of the Property; Assumption. If all or any part of the Property or an interest therein is sold or transferred by Borrower without the Department's prior written consent, excluding (a) the creation of a lien or encumbrance subordinate to this Deed of Trust, (b) the creation of a purchase money security interest for household appliances, or (c) a transfer by devise, descent or by operation of law upon the death of a joint tenant, the Department may, at its sole option, declare all the sums secured by this Deed of Trust to be immediately due and payable. The Department shall have waived such option to accelerate if, prior to the sale or transfer, the Department and the person to whom the Property is to be sold or transferred reach agreement in writing that the credit of such person is satisfactory to the Department and that the interest payable on the sums secured by this Deed of Trust shall be at such rate as the Department shall request, and that such person qualifies for a loan under the Small Scale Energy Project Loan Program. If the Department has waived the option to accelerate provided in this Section, and if Borrower's successor in interest has executed a written assumption agreement accepted in writing by the Department, the Department shall release Borrower from all obligations under this Deed of Trust and the Note.

If the Department exercises such option to accelerate, the Department shall mail Borrower notice of acceleration in accordance with Section 21 hereof. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, the Department may, without further notice or demand on Borrower, invoke any remedies permitted by Section 24 hereof.

23. Events of Default. Each of the following occurrences shall constitute an "Event of Default" under this Deed of Trust:

(a) Failure by the Borrower to pay the Note in accordance with its terms; or

(b) Failure by the Borrower to observe or perform any covenant, condition or agreement in this Deed of Trust on its part to be observed or performed, other than as referred to in subsection (a) of this Section 23, or the breach of any warranty by the Borrower herein, for a period of 30 days after written notice thereof has been given by the Department to Borrower specifying such failure or breach and requesting that it be remedied, unless the Department shall agree in writing to an extension of

such time; or

(c) The making of any representation or warranty by the Borrower in this Deed of Trust or in any document executed in connection with the loan secured by the Note which is false or misleading in any material respect; or

(d) A responsible title insurance company fails to issue a policy of title insurance to or for the benefit of the Department, free from exceptions for mechanics' and material person's liens and other exceptions not previously approved by the Department, insuring this Trust Deed to be a valid lien, subject only to those exceptions, if any, indicated in the Title Insurance Policy accepted by the Department, on the land and related real property interests in an amount not less than the stated principal amount of the Note; or, if issued, any such policy or commitment is repudiated or revoked or is not being duly performed; or

(e) Any warranty of title made by the Borrower in this Deed of Trust is breached or broken; or

(f) The taking of any administrative action by any governmental regulatory authority which materially and adversely affects the Borrower's financial condition, operations or ability to pay its obligations under the Note secured by this Deed of Trust; or

(g) The dissolution or liquidation of the Borrower in any manner without the express written consent of, and in accordance with terms in writing agreed to, by the Department; or

(h) The Borrower shall file any petition or institute any proceedings under the Bankruptcy Act, either as such Act now exists or under any amendment thereof which may hereafter be enacted, or under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt, or as an insolvent, or as a debtor, or in any similar capacity, whether in or whereby the Borrower prays to be adjudicated a bankrupt, or is to be discharged from any or all of the Borrower's debts or obligations, or offers to the Borrower's creditors to effect a composition or extension of time to pay the Borrower's debts or prays for a reorganization or to effect a plan of debts, or for any other similar relief, or if any such petition or any such proceeding of the same or similar kind or character be filed or instituted against the Borrower and not discharged or dismissed within sixty days, or if a receiver of the business or of the property or assets of the Borrower shall be appointed by any court, except a receiver appointed at the instance or request of the Department. The appointment of a receiver, trustee or liquidator of the Borrower in any proceeding described in this subsection (h) shall not

be deemed a default by the Borrower hereunder if such receiver, trustee or liquidator shall be discharged within sixty days after such appointment.

The happening of any event of default above mentioned, and the continuance thereof beyond the times herein limited, shall constitute a breach of this Deed of Trust.

24. 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 Department, the Department may, at its option, and to the extent allowed by statute, exercise one or more of the following rights and remedies available to it:

(a) The Department may declare immediately due and payable all sums remaining unpaid under the Note or otherwise immediately due and payable, without notice of demand, together with any interest accrued to date of payment; and

(b) The Department 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. Notice to the Borrower of intended disposition of such property and fixtures, if required, shall be deemed reasonable if such notice is given in the manner specified in Section 21 at least ten (10) calendar days prior to the date of intended disposition; and

(c) The Department may at its option proceed to foreclosure under this Deed of Trust in equity as a mortgage or, to the extent allowed by statute, direct the Trustee to foreclose this Deed of Trust by advertisement and sale. In the latter event the Department may, and is hereby authorized and empowered to 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 obligations hereof, and shall cause such notice to be recorded in the office of the recording officer in each county wherein real property forming a part of the Property is situated; and

(d) The Department may take whatever action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due hereunder, or to enforce performance and observance of any obligation, condition or covenant of the Borrower under this Deed of Trust; and

(e) The Department may discontinue any further disbursements of funds otherwise due the Borrower from the Department; and

(f) The Department may institute an appropriate action or suit to prevent the use of the improvements financed by the loan evidenced by the Note by any person who is delinquent in repayment of any moneys due under the Note.

No notice, other than such as is specifically provided for herein, shall be required before the Department may exercise any remedy reserved to it by this Section.

25. Additional Security. As additional security, Borrower hereby gives and confers upon the Department the right, power and authority, during the continuance of this Deed of Trust, to collect the rents, issues, profits and income of said Property, reserving unto Borrower the right, prior to any default by Borrower in payment of all or any part of the indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues, profits and income as they become due and payable. Upon any such default, the Department 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 any sums 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, income and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, to all or part of the indebtedness secured hereby, and in such order as the Department may determine. The entering upon and taking possession of said Property, the collection of such rents, issues, profits and income 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.

26. Additional Instruments. Borrower and the Department agree to execute and deliver any written instruments necessary to carry out any agreement, term, condition or assurance in this Deed of Trust whenever occasion shall arise and reasonable request for such instruments shall be made.

27. Trustee's Obligation to Notify. Trustee is not obligated to notify any party hereto of any action or proceeding in which Borrower, the Department or Trustee shall be a party unless brought by Trustee.

28. Reconveyance. Upon payment of all sums secured by this Deed of Trust, the Department shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

29. Substitute Trustee. In accordance with applicable law, the Department may from time to time remove Trustee and appoint a successor

trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

30. Attorney's Fees. As used in this Deed of Trust and in the Note, "attorneys' fees" shall include attorneys' fees, if any, which shall be awarded by a trial or appellate court.

Request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale hereunder by mailed to the Borrower at its address set forth above.

IN WITNESS WHEREOF, Borrower has executed this Deed of Trust.

X Cameron A. Curtiss
Cameron A. Curtiss Borrower

X Deanna E. Curtiss
Deanna E. Curtiss Borrower

X STATE OF OREGON)
County of _____) ss.

Personally appeared the above named Cameron A. Curtiss & Deanne E. Curtiss, Borrower, this 23 day of February, 1984, and acknowledged the foregoing instrument to be his voluntary act and deed.

Before me:

[Signature]
Notary Public for Oregon

My Commission Expires: 8-5-87

Return to
KOC

STATE OF OREGON: COUNTY OF KLAMATH:ss

I hereby certify that the within instrument was received and filed for record on the 23rd day of February A.D., 1984 at 3:22 o'clock P M, and duly recorded in Vol M84, of Mortgages on page 2875.

EVELYN BIEHN, COUNTY CLERK

Fee \$ 64.00

by Pam Smith Deputy