

WHEN RECORDED MAIL TO

SEND TAX NOTICE TO

of Mid Valley Bank
Box 508
Kanogan, Washington
98540

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST INDENTURE

DATED: January 03, 1985BETWEEN: Garter Enterprises, Inc.AND: Mid Valley Bank

AND:

("Grantor,")

Beneficiary ("Lender,")

("Trustee.")

Grantor conveys to Trustee for benefit of Lender as Beneficiary all of Grantor's right, title, and interest in and to the following described real property (the "Real Property"), together with all existing or subsequently erected or affixed improvements or fixtures.

The Red Garter Tavern, 2636 Bielm Street, Klamath Falls, Oregon legally described as: That portion of the SW 1/4 of Section 20, Township 38 South, Range 9 E.W.M., described as follows: Beginning at a point 1280 feet East and 1080 Feet North from the section corner common to Section 19, 20, 29, and 30, Township 38 South, Range 9, E.W.M., and running thence North 261.7 feet; thence West 271 feet; thence South 262.7 feet; thence East 271 feet to the place of beginning, being all of vacated Blocks 3 and 4 of Highway Addition to the City of Klamath Falls, Oregon, and portions of Street adjacent thereto.

Grantor presently assigns to Lender (also known as Beneficiary) all of Grantor's right, title, and interest in and to all rents, revenues, income, issues, and profits (the "Income") from the Real Property described above.

Grantor grants Lender a Uniform Commercial Code security interest in the Income and in all equipment, fixtures, furnishings, and other articles of personal property owned by Grantor, now or subsequently attached or affixed to the Real Property described above, together with all accessions, parts, or additions to, all replacements of, and all substitutions for any of such property, and together with all proceeds (including insurance proceeds and refund of premium) from any sale or other disposition (the "Personal Property"). The Real Property and the Personal Property are collectively referred to as the "Property."

(Check if Applies) ☐ There is a mobile home on the Real Property, which is covered by this security instrument, and which is and shall remain:

☐ Personal Property

☐ Real Property

Grantor has borrowed from Lender, has guaranteed to Lender, or otherwise has agreed to provide the Property as collateral for an obligation to Lender in an amount of \$ 44,812.00. This amount is repayable with interest according to the terms of a promissory note or other credit agreement given to evidence such indebtedness, dated the same as this Deed of Trust, under which the final payment of principal and interest will be due not later than June 01, 1989, which is the date of maturity of this Deed of Trust. The promissory note or other credit agreement, and any note or notes or agreements given in renewal or substitution for the promissory note originally issued, is herein referred to as "the Note."

The term "Indebtedness" as used in this deed shall mean all principal and interest payable under the Note and any amounts expended or advanced by Lender to discharge obligations of Grantor or expenses incurred by Lender or Trustee to enforce obligations of Grantor hereunder, as permitted under this Deed of Trust, together with interest thereon as provided herein. This Deed of Trust, including the assignment of Income and the security interest, is given to secure payment of the Indebtedness and performance of all obligations of Grantor under this Deed of Trust and is given and accepted on the following terms:

The term "Borrower" is used in this Deed of Trust for convenience of the parties, and use of that term shall not affect the liability of any such Borrower on the Note. Any Borrower who co-signs this Deed of Trust, but does not execute the Note: (a) is co-signing this Deed of Trust only to grant and convey that Borrower's interest in the Property to Trustee under the terms of this Deed of Trust; (b) is not personally liable under the Note except as otherwise provided by law or contract; and (c) agrees that Lender and any other Borrower hereunder may agree to extend, modify, forbear, or make any other accommodations or amendments with regard to the terms of this Deed of Trust or the Note, without that Borrower's consent and without releasing that Borrower or modifying this Deed of Trust as to that Borrower's interest in the Property.

(Check if applicable)

☐ This Deed of Trust supports a revolving line of credit.

☒ Indebtedness, as defined above, includes any future amounts that Lender may in its discretion loan to Grantor, together with interest thereon.

The rate of interest on the Note is subject to indexing, adjustment, renewal, or renegotiation.

1. Payment and Performance.

Grantor shall pay to Lender all amounts secured by this Deed of Trust as they become due, and shall strictly perform all of Grantor's obligations.

2. Possession and Maintenance of the Property.

2.1 **Possession:** Until in default, Grantor may remain in possession and control of and operate and manage the Property and collect the Income from the Property.

2.2 **Duty to Maintain:** Grantor shall maintain the Property in first class condition and promptly perform all repairs and maintenance necessary to preserve its value.

2.3 **Nuisance, Waste:** Grantor shall neither conduct or permit any nuisance nor commit or suffer any strip or waste on or to the Property or any portion thereof including without limitation removal or alienation by Grantor of the right to remove any timber, minerals (including oil and gas), or gravel or rock products.

2.4 **Removal of Improvements:** Grantor shall not demolish or remove any improvements from the Real Property without the prior written consent of Lender. Lender shall consent if Grantor makes arrangements satisfactory to Lender to replace any improvement which Grantor proposes to remove with one of at least equal value. "Improvements" shall include all existing and future buildings, structures, and parking facilities.

2.5 **Lender's Right to Enter:** Lender and its agents and representatives may enter upon the Property at all reasonable times to attend to Lender's interest and to inspect the Property.

OK 1/9/00

- [illegible]

real property interests. If any Borrower is a corporation, transfer also includes any change in ownership of more than 25% of the voting stock of Borrower.
If Grantor or prospective transferee applies to Lender for consent to a transfer, Lender may require such information concerning the prospective transferee as would normally be required from the new loan applicant.

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11. Security Agreement; Financing Statements.

11.1 Security Agreement. This instrument shall constitute a security agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code of the state in which the Real Property is located.

11.2 Security Interest. Upon request by Lender, Grantor shall execute financing statements and take whatever other action is requested by Lender to perfect and continue Lender's security interest in the Income and Personal Property. Grantor hereby appoints Lender as Grantor's attorney in fact for the purpose of executing any documents necessary to perfect or continue the security interest granted therein. Lender may, at any time and without further authorization from Grantor, file copies or reproductions of this Deed of Trust as a financing statement. Grantor will reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall assemble the Personal Property and make it available to Lender within three days after receipt of written demand from Lender.

11.3 Mobile Homes. If the Property includes mobile homes, motor homes, modular homes, or similar structures, such structures shall be and shall remain Personal Property or Real Property as stated above regardless of whether such structures are affixed to the Real Property, and irrespective of the classification of such structures for the purpose of tax assessments. The removal or addition of axles or wheels, or the placement upon or removal from a concrete base, shall not alter the characterization of such structures.

12. Reconveyance on Full Performance.

If Grantor pays all of the Indebtedness when due and otherwise performs all the obligations imposed upon Grantor under this Deed of Trust and the Note, Lender shall execute and deliver to Trustee a request for full reconveyance in the form set forth on this Deed of Trust and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Income and the Personal Property. Any reconveyance fee or termination fee required by law shall be paid by Grantor, if permitted by applicable law.

13. Default.

The following shall constitute events of default:

- (a) Failure of Grantor to pay any portion of the Indebtedness when it is due.
- (b) Failure of Grantor within the time required by this Deed of Trust to make any payment for taxes, insurance, or for any other payment necessary to prevent filing of or to effect discharge of any lien.
- (c) Dissolution or termination of existence (if Grantor is a corporation), insolvency, business failure, appointment of a receiver for any part of the property, assignment for the benefit of creditors by, the commencement of any proceeding under any bankruptcy or insolvency laws by or against, or the failure to obtain dismissal or deny the contents of any petition filed under any bankruptcy or insolvency laws within the time required to answer by, Grantor or any of the individuals or entities who are herein collectively referred to as "Grantor."
- (d) Default of Grantor under any prior obligation or instrument securing any prior obligation, or commencement of any suit or other action to foreclose any prior lien.
- (e) If the Real Property has been submitted to unit ownership pursuant to a Unit Ownership Law or any similar law, failure of Grantor to perform any of the obligations imposed on Grantor by the declaration submitting the Real Property to unit ownership, by the bylaws of the association of unit owners, or by any rules or regulations thereunder. If Grantor's interest in the Real Property is a leasehold interest and such Property has been submitted to unit ownership, any failure of Grantor to perform any of the obligations imposed on him by the lease of the Real Property from its owner, any default under such lease which might result in termination of the lease as it pertains to the Real Property, or any failure of Grantor as a member of an association of unit owners to take any reasonable action within Grantor's power to prevent a default under such lease by the association of unit owners or by any member of the association.
- (f) Failure by Grantor to perform any other obligation under this Deed of Trust if:
 - (1) Lender has sent to Grantor a written notice of the failure and the failure has not been cured within 15 days of the notice, or if the default cannot be cured within 15 days, Grantor has not commenced curative action or is not diligently pursuing such curative action; or
 - (2) Grantor has given notice of a breach of the same provision(s) of this Deed of Trust within the preceding 12 months.
- (g) If the interest of Grantor in the Property is a leasehold interest, any default by Grantor under the terms of the lease, or any other Event (whether or not the fault of Grantor) that results in the termination of Grantor's leasehold rights; provided, that such events shall not constitute a default hereunder if Grantor provides Lender with prior written notice reasonably satisfactory to Lender, setting forth Grantor's intent to place the Personal Property at another location, stating the location, and evidencing Grantor's right to do so.
- (h) Any breach by Grantor under the terms of any other agreement between Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness of Grantor to Lender, whether made now or later.
- (i) If Lender reasonably deems itself insecure.

14. Rights and Remedies on Default.

14.1 Remedies. Upon the occurrence of any event of default and at any time thereafter, Trustee or Lender may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

- (a) Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Grantor would be required to pay.
- (b) With respect to all or any part of the Real Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.
- (c) With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code in effect in the state in which the Lender is located.
- (d) Lender shall have the right, without notice to Grantor, to take possession of the Property and collect the Income, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user to make payments of rent or use fees directly to Lender. If the Income is collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney in fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy this subparagraph either in person, by agent, or through a receiver.
- (e) Lender shall have the right to have a receiver appointed to take possession of any or all of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Income from the Property and apply the proceeds, over and above cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount.
- (f) If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at will of Lender or the purchaser of the Property and shall pay while in possession a reasonable rental for use of the Property.
- (g) If the Real Property is submitted to unit ownership, Lender or its designee may vote on any matter that may come before the members of the association of unit owners, pursuant to the power of attorney granted Lender in Section 16.2.
- (h) Trustee and Lender shall have any other right or remedy provided in this Deed of Trust, or the Note.

14.2 Sale of the Property. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

14.3 Notice of Sale. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten days before the time of the sale or disposition.

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

14.5 Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and on any appeal. Whether or not any court action is involved, all rights shall become a part of the Indebtedness payable on demand and shall bear interest from the date of expenditure until repaid at the rate of 12 percent per annum or at the rate of the Note, whichever is higher. Expenses covered by this paragraph include (without limitation) all attorney fees incurred by Lender whether or not there is a lawsuit, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law.

15. Notice.

Any notice under this Deed of Trust shall be in writing and shall be effective when actually delivered or, if mailed, shall be deemed effective on the second day after being deposited as registered or certified mail, postage prepaid, directed to the address stated in this Deed of Trust. Any party may change its address for notices by written notice to the other parties. Lender requests that copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust be sent to Lender's address, as set forth on page one of this Deed of Trust. If the property is in California, the notice shall be as provided by Section 2924b of the Civil Code of California.

16. Miscellaneous.

16.1 Successors and Assigns. Subject to the limitations stated in this Deed of Trust on transfer of Grantor's interest, and subject to the provisions of applicable law with respect to successor trustees, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns.

16.2 Unit Ownership Power of Attorney. If the Real Property is submitted to unit ownership, Grantor grants an irrevocable power of attorney to Lender to vote in its discretion on any matter that may come before the members of the association of unit owners. Lender shall have the right to exercise this power of attorney only after default by Grantor and may decline to exercise this power, as Lender may see fit.

16.3 Annual Reports. If the Property is used for purposes other than Grantor's residence, within 60 days following the close of each fiscal year of Grantor, Grantor shall furnish to Lender a statement of net cash profit received from the Property during Grantor's previous fiscal year in such detail as Lender shall require. "Net cash profit" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

16.4 Applicable Law. This Deed of Trust has been delivered to Lender in the state in which the Lender is located. The law of that state shall be applicable for the purpose of construing and determining the validity of this Deed of Trust and, to the fullest extent permitted by the law of any state in which any of the Property is located, determining the rights and remedies of Lender on default.

16.5 Joint and Several Liability. If Grantor consists of more than one person or entity, the obligations imposed upon Grantor under this Deed of Trust shall be joint and several.

16.6 **Time of Essence.** Time is of the essence of this Deed of Trust.
16.7 **Use.**
(a) If located in Idaho, the Property either is not more than twenty acres in area or is located within an incorporated city or village;
(b) If located in Washington, the Property is not used principally for agricultural or farming purposes.
(c) If located in Oregon, the Property is not now used for agricultural, timber, or grazing purposes. THIS INSTRUMENT DOES NOT GUARANTEE THAT ANY PARTICULAR USE MAY BE MADE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT. A BUYER SHOULD CHECK WITH APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.
(d) If located in Montana, the Property does not exceed fifteen acres and this instrument is a Trust Indenture executed in conformity with the Small Tract Financing Act of Montana.
(e) If located in Utah, this instrument is a Trust Deed executed in conformity with the Utah Trust Deed Act, UCA 57-1-19, et seq.

16.8 **Waiver of Homestead Exemption.** Borrower hereby waives the benefit of the homestead exemption as to all sums secured by this Deed of Trust.
16.9 **Merger.** There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

16.10 **Substitute Trustee.** Lender, at Lender's option, may from time to time appoint a successor trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Lender and recorded in the office of the Recorder of the county where the Property is located. The instrument shall contain the name of the original Lender, Trustee, and Borrower, the book and page where this Deed of Trust is recorded, and the name referred upon the Trustee herein and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

16.11 **Statement of Obligation.** If the Property is in California, Lender may collect a fee not to exceed \$50 for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.

17. **Prior Indebtedness.**

17.1 **Prior Lien.** The lien securing the Indebtedness secured by this Deed of Trust is and remains secondary and inferior to the lien securing payment of a prior obligation in the form of a _____, and is in the original principal amount of \$ _____.

(Check which Applies)
☒ Trust Deed
☐ Mortgage
☐ Land Sale Contract
☐ Other (Specify) _____

The prior obligation has a current principal balance of \$ _____, and is in the original principal amount of \$ _____. Grantor expressly covenants and agrees to pay or see to the payment of the prior indebtedness and to prevent any default thereunder.

17.2 **Default.** If the payment of any installment of principal or any interest on the prior indebtedness is not made within the time required by the note evidencing such indebtedness, or should an event of default occur under the instrument securing such indebtedness and not be cured during any applicable grace period therein, then the Indebtedness secured by this Deed of Trust shall, at the option of Lender, become immediately due and payable; and this Deed of Trust shall be in default.

17.3 Grantor shall not enter into any agreement with the holder of any mortgage, deed of trust or other security agreement which has priority over this Deed of Trust by which that agreement is modified, amended, extended, or renewed without the prior written consent of Lender. Grantor shall neither request nor accept any future advances under a prior mortgage, deed of trust or other security agreement without the prior written consent of Lender.

GRANTOR: _____ GRANTOR: Mark H. Million Pres.
Quin E. Million Sec.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF _____
County of _____ ss: _____
On this day, personally appeared before me _____
to me known to be (or in California personally known to me or proved to me on the basis of satisfactory evidence to be) the individual, or individuals described in and who executed the within and foregoing instrument, and acknowledged that _____ he _____ signed the same as _____ free and voluntary act and deed, for the uses and purposes therein mentioned. Given under my hand and official seal this _____ day of _____, 19 _____.
BY _____ Residing at _____
Notary Public in and for the state of: _____ My commission expires _____

CORPORATE/PARTNERSHIP ACKNOWLEDGMENT

STATE OF Washington
County of Okanogan ss: _____
On the 3rd day of January, 1985, before me Quin Million and Marlene Million
personally appeared and known to me to be (or in California personally known to me or proved to me on the basis of satisfactory evidence to be) authorized agents of the corporation (or if a partnership, member(s) of the partnership) that executed the within and foregoing instrument and acknowledged the instrument to be the free and voluntary act and deed of the corporation (or partnership), by authority of its Bylaws or by Resolution of its Board of Directors (or if a partnership, by authority of the partnership agreement), for the uses and purposes therein mentioned, and on oath stated that _____ he _____ was/were authorized to execute and in fact executed this instrument on behalf of the corporation (or partnership).
BY Quin E. Million Residing at Omak
Notary Public in and for the state of: Washington My commission expires 7-18-87

REQUEST FOR FULL RECONVEYANCE

(To be used only when obligations have been paid in full)

STATE OF OREGON: COUNTY OF KLAMATH:ss
I hereby certify that the within instrument was received and filed for record on the 18th day of March A.D., 1985 at 2:44 o'clock P M, and duly recorded in Vol M85, of _____ Mortgages on page 4022

EVELYN BIEHN, COUNTY CLERK
by: Ann Smith, Deput.

Fee: \$ 17.00