

MTC 15419

TRUST DEED

THIS TRUST DEED is made this 12th day of November, 1985, among CHARLES J. BURNS and JUDITH M. BURNS ("Grantor"), whose address is 848 West High Street, Lima, Ohio 45801, MOUNTAIN TITLE COMPANY, OF KLAMATH COUNTY, INC., (as "Trustee"), whose address is 407 Main Street (P. O. Box 5017), Klamath Falls, Oregon 97601 and BH TRUST whose address is P. O. Box 2517, Yakima, Washington 98907 (311 North 4th Street, Yakima, Washington) (as "Beneficiary").

Grantor, in consideration of the indebtedness herein recited and the Trust herein created, irrevocably grants, conveys and assigns to Trustee, in trust, with power of sale, that property situate in the County of Klamath, State of Oregon, described as follows:

See Schedule "A" attached hereto and incorporated herein by reference.

Together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Grantor to collect and apply such rents, issues and profits prior to any default hereunder, and including all buildings and improvements now or hereafter placed thereon, and all appurtenances, easements, rights and party walls, water and water rights, pumps and pumping plants and all shares of stock evidencing the same; all machinery, equipment, appliances and fixtures for generating or distributing air, water, heat, electricity, light, fuel or refrigeration, or for ventilating or sanitary purposes, or for the exclusion of vermin or insects, or for the removal of dust, refuse, or garbage; all wall beds, wall safes, build-in furniture and installations, shelving, lockers, partitions, door stops, vaults, elevators, dumbwaiters, awnings, window shades, venetian blinds, light fixtures, fire hoses and brackets and boxes for same, fire sprinklers, alarm systems, drapery rods and brackets, screens, linoleum, carpets, plumbing, laundry tubs and trays, ice boxes, refrigerators, heating units, stoves, water heaters, incinerators, communication systems, and all installations for which any such building is specifically designed and all of said items whether now or hereafter installed, being hereby declared to be, for all purposes of this Trust Deed, a part of the realty; and all estate, interest or other claim or demand including insurance, in law as well as in equity,

1 - TRUST DEED

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248-6030

which Grantor now has or may hereafter acquire, in and to the aforesaid property, the specific enumerations herein not excluding the general.

The Grantor hereby warrants that said Grantor is the owner in fee simple absolute of the above-described property and every part thereof and the same is free from all liens and encumbrances.

This Trust Deed is made for the purpose of securing, in such order of priority as Beneficiary may elect, payment of (a) the indebtedness in the sum of ONE HUNDRED EIGHTY THOUSAND AND NO/100ths DOLLARS (\$180,000.00) evidenced by that certain Promissory Note of even date herewith made by Grantor, delivered to Beneficiary and payable to its order, with final payment due on November 1, 1990, which is the maturity date of this Trust Deed, and any and all modifications, extensions, renewals, amendments and replacements thereof, and the repayment of any other loans, sums or advances, with interest thereon, hereafter made to Grantor (or any successor in interest to Grantor as the owner of the property described on Schedule "A" or any part thereof) by Beneficiary, whether hereafter evidenced by said Note or otherwise; (b) interest on said indebtedness according to the terms of said Promissory Note; (c) all other sums, with interest as herein provided, becoming due and payable under the provisions hereof to Grantor or Beneficiary; (d) performance of each and every condition, obligation, covenant, promise or agreement contained herein, or in said Promissory Note, or in any loan agreement relative to any indebtedness evidenced by said Promissory Note, or in any security agreement or assignment of rents and appointment of receiver at any time given to secure any indebtedness hereby secured or any part thereof; (e) such additional sums with interest thereon as may be hereafter borrowed from the Beneficiary, its successors or assigns, by the then record owner or owners of the real property described on Schedule "A", when evidenced by another Promissory Note or Notes which are by the terms thereof secured by this Trust Deed.

To protect the security of this Trust Deed Grantor agrees:

1. PRESERVATION AND MAINTENANCE OF PROPERTY: To keep said property in good condition and repair, not to permit or suffer any extraordinary repairs or removal or demolition of, or a structural change in any building, fixture, equipment, or other improvement on said property; to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting said property or requiring any alteration or improvements

2 - TRUST DEED

to be made thereon; not to commit or permit waste thereon; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumeration herein not excluding the general. Notwithstanding the above provisions, Grantor and Beneficiary acknowledge that Grantor may demolish certain buildings situated on the real property described on Schedule "A" for purposes of adding improvements to said real property; Beneficiary agrees to consent to the demolition of existing structures on the condition that the additional improvements or structures placed on the real property shall be greater to or of equal value to the buildings removed or demolished, which determination shall be in the sole discretion of Beneficiary.

To complete or restore promptly and in good and workmanlike manner any buildings or improvements which may be constructed, damaged, or destroyed thereon, and pay when due all costs incurred therefor, and, if the loan secured hereby or any part thereof is being obtained for the purpose of financing construction of improvements on said property, Grantor further agrees to complete same in accordance with plans and specification satisfactory to Beneficiary, to allow Beneficiary to inspect said property at all times during construction, to replace any work or materials unsatisfactory to Beneficiary within fifteen (15) calendar days after written notice from Beneficiary of such fact, which notice may be given to the Grantor by registered or certified mail, sent to the address herein specified, or by personal service of the same. If said work upon the construction or restoration of the building or buildings shall be discontinued for a period of fifteen (15) days, the Beneficiary may, at its option, also enter into and upon said premises and complete the construction or restoration of said building or buildings. The Grantor hereby gives to the Beneficiary full authority and power to make such entry and to enter into such contracts or arrangements as may be necessary to complete or restore said building or buildings and all monies expended by the Beneficiary in connection with such completion or restoration shall be added to the principal theretofore advanced under said Note and secured by this Trust Deed and shall be payable by the Grantor on demand with interest as provided in said Note.

2. USE OF PROPERTY: Unless required by applicable law or unless Beneficiary has otherwise agreed in writing, Grantor shall not allow

3 - TRUST DEED

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changes in the nature of the occupancy for which the property was intended at the time this Trust Deed was executed. Grantor shall not initiate or acquiesce any change in the zoning classification of the property without Beneficiary's written consent.

3. HAZARD INSURANCE: To keep the buildings and improvements now and/or hereafter placed upon the said premises unceasingly insured against loss by fire and other hazards in such amount and form as may be required by the Beneficiary, the policy to contain waiver of the fallen building clause, the insurance to be payable in case of loss to the Beneficiary as its interest may appear and all renewal policies to be delivered to the Beneficiary at least ten (10) days prior to the expiration of the policy or policies renewed. All insurance policies covering any structure upon said premises, regardless of amount, shall be payable as aforesaid, shall be carried in companies approved by Beneficiary, and delivered to the Beneficiary. Beneficiary, in case of loss, may make proof of claim. The amount collected under any fire or other insurance policy may be applied by the Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, without regard to whether or not its security is impaired, or at the sole and absolute option of Beneficiary the entire amount so collected or any part thereof may be released to Grantor, but in any event Beneficiary may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with any such settlement. Such application or release shall not cure or waive any default or notice of default hereunder or validate any act done pursuant to such notice.

4. LITIGATION: To appear in and defend any action or proceeding purporting to affect the security hereof or the rights of powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding, or appeal therefrom, in which Beneficiary or Trustee may appear.

5. TAXES: FUNDS FOR TAXES AND INSURANCE: To pay, at least ten (10) days before the due date (and in the case of annual property taxes, before the first installment thereof becomes due), all taxes and assessments affecting said property or this Trust Deed or the debt secured thereby, or against the Beneficiary by reason of the ownership of said

4 - TRUST DEED

Trust Deed and Note, or either of them, including assessments on appurtenant water stock, when due; all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto and to deliver to Beneficiary upon request the official receipt or receipts showing payment thereof, all costs, fees and expenses of this trust.

Unless this covenant is prohibited by law or waived in writing by Beneficiary, Grantor shall pay each year to Beneficiary, together with and in addition to the monthly payments of interest payable under the terms of the Note secured hereby, until said Note is fully paid, in equal monthly installments, the estimated amount of the annual property taxes, assessments, insurance premiums and similar charges next payable, as estimated by Beneficiary. If at any time Beneficiary determines that such payments will not be sufficient to account for each charge on its due date (and in the case of annual property taxes, on the due date of the first installment thereof), Grantor will pay to Beneficiary upon demand additional sums as necessary to account for such deficiency.

At its election:

(a) Beneficiary may apply the sums hereunder as received (without prepayment charge and without limiting the privilege, if any, to prepay any amounts secured hereby) first to accrued interest and then to the principal balance secured hereby. Beneficiary is authorized to pay each such charge when it (and in the case of annual property taxes, the first installment thereof) is due. The amounts so paid will be added to the principal balance secured hereby and bear interest at the Note rate; or

(b) Beneficiary may retain the payments hereunder and apply them to such charges when they (and in the case of annual property taxes, the first installment thereof) become due. Sums received shall not earn interest and may be commingled with other funds of Beneficiary. If Beneficiary is required by law to pay interest on these sums Beneficiary may, to the extent permitted by law, impose a charge for holding and disbursing such funds.

As an additional covenant hereof, and in any event if the foregoing provision for prepayment is at any time prohibited by law, or waived in writing by Beneficiary, or Grantor fails to make prepayments in the full amount required hereunder, Grantor shall pay such charges when they (and in the case of annual property taxes, the first installment thereof) are due and, upon demand, provide Beneficiary with satisfactory evidence of payment and coverage.

5 - TRUST DEED

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248-6030

6. PROTECTION OF SECURITY: Should Grantor fail to make any payment or to do any act as provided for in this Trust Deed, then Beneficiary or Trustee, without obligation so to do and without notice to or demand upon Grantor and without releasing Grantor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purpose. The Beneficiary and/or Trustee may at any time, prior to full payment of all sums secured by this Trust Deed, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any power conferred by this Trust Deed, pay necessary expenses, employ counsel and pay reasonable fees. Grantor agrees to repay immediately and without demand all sums so expended by Beneficiary or Trustee with interest from the date of expenditure at the rate provided in the Promissory Note.

7. LEASES: To fully perform all the terms and conditions on the part of Grantor to be performed in any or future lease with respect to which Grantor is lessor covering all or a portion of the above described real property, and that Grantor will not, without the prior written consent of Beneficiary, terminate, cancel or accept the surrender of, or suffer or permit the termination, cancellation or surrender of such lease, except upon the expiration of the term thereof, or materially modify or alter, or suffer or permit the material modification or alteration of such lease. Grantor further covenants and agrees not to enter into any lease for a term in excess of five years of all or any portion of the said above-described real property without the prior written consent of Beneficiary.

8. LIFE INSURANCE: To pay all premiums upon any life insurance policy which may be held by the Beneficiary as addition of security for the debt herein referred to.

The Trustee, upon presentation to it of an affidavit signed by Beneficiary setting forth facts showing a default by Grantor under the above-numbered paragraphs, or under any other provision of this Trust Deed, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

6 - TRUST DEED

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248-6030

It is mutually agreed that:

1. CONDEMNATION: The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of or damage or injury to said property, or any part thereof, or for conveyance in lieu of condemnation thereof, are hereby assigned to and shall be paid to Beneficiary. In addition, all causes of action, whether accrued before or after the date of this Trust Deed, of all claims for damages or injury to said property or any part thereof, including without limitation causes of action arising in tort or contract and causes of action for fraud or concealment of a material fact, are hereby assigned to Beneficiary and the proceeds shall be paid to Beneficiary. Beneficiary may elect, in its sole and absolute discretion, without regard to whether or not its security is impaired, to apply any and all such sums on any portion of the indebtedness selected by it, whether then matured or subsequently to mature, or to release the entire amount so received by it or any part thereof.

2. FORBEARANCE: By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

3. GRANTOR AND LIEN NOT RELEASED: At any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Trust Deed and said 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 said property, consent to the making of any map or plat thereof, join in granting any easement thereon, or join in any extension agreement or in any agreement subordinating the lien or charge hereof.

4. RECONVEYANCE: Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Trust Deed and 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 such reconveyance of any matter 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".

7 - TRUST DEED

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248-6030

5. SUCCESSOR TRUSTEE: The Beneficiary may from time to time appoint another Trustee or Trustees to execute the trusts hereby created, such appointment to be written and acknowledged and filed in the office of the County Recorder where this Trust Deed is filed or recorded. Any Trustee or Trustees so appointed shall be vested with all the title and powers and subject to all the trusts conferred hereby.

6. ASSIGNMENT OF RENTS: Grantor hereby assigns the rents, issues and profits of the trust property and hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these trusts, to collect the rents, issues and profits of said property, reserving to 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, or the solvency of Grantor, or the presence of waste or danger of loss or destruction of the security, enter upon and take possession of said property or any part thereof, and any personal property in which Beneficiary has a security interest as additional security for the indebtedness secured by this Trust Deed, 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 attorney's 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.

7. ACCELERATION; REMEDIES:

(a) Time is material and of the essence hereof. If Grantor does not pay the secured indebtedness as provided, or if Grantor does not comply with the terms and conditions of this Trust Deed, or if a proceeding under any bankruptcy, receivership or insolvency laws be instituted by or against Grantor, or if the Grantor makes an assignment for the benefit of creditors, or if state laws are changed hereafter to impose what Beneficiary may deem to be a substantial tax upon Beneficiary by reason of its interest in this Trust Deed unless Grantor may lawfully pay such tax and does so, this Trust Deed shall be in default. Any default under this Trust Deed shall constitute a

8 - TRUST DEED

default under the Note which it secures and under all other security instruments securing the Note. Any default under such other security instruments shall constitute a default under this Trust Deed. Upon default, the Beneficiary may declare all sums secured hereby immediately due and payable, and either Beneficiary or Trustee may execute a written declaration of default and demand for sale and of written notice of sale and of election to cause to be sold said property, which notice of sale Beneficiary or Trustee shall cause to be recorded, filed for record, mailed and published as may be required by law. Beneficiary also shall deposit with Trustee this Trust Deed, said Note and all documents evidencing expenditures secured hereby.

(b) After the lapse of the period required by law following the recordation of said notice of default, and notice of sale having been given as required by law, Trustee, without demand on Grantor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole in separate parcels, and in such order as it may determine, or otherwise in the manner prescribed by law, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its Deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such Deed of any matters of fact shall be conclusive proof of the truthfulness thereof. Any person, including Grantor or Beneficiary as hereinafter defined may purchase at such sale. All unexpired hazard insurance on the properties so sold shall pass to and inure to the benefit of the purchaser of such property at such sale and Beneficiary is hereby irrevocably authorized to assign in Grantor's name to such person all such policies which may be amended or rewritten to show the interests of such purchaser.

(c) After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof, not then repaid, with accrued interest at the rate provided by the Promissory Note, all other sums then secured hereby, and the remainder, if any, to the person or persons legally entitled thereto.

(d) If Beneficiary elects to commence suit for the foreclosure of this Trust Deed, Grantor agrees to pay Beneficiary or Trustee (whichever may be the plaintiff in said foreclosure suit) the costs of such suit and the reasonable attorney's fees of Beneficiary or Trustee to be fixed by the trial court and if any appeal is taken from any decision of the trial court, such further sum as may be fixed by the appellate court as the reasonable attorney's fees in the appellate court, and also such further sums, if any, as Beneficiary or Trustee shall have paid for procuring abstract of, or search of, the title to said premises subject to the execution of this Trust Deed, and also a reasonable fee for Trustee. All monies herein agreed to be paid shall be secured hereby. Grantor consents to a personal deficiency judgment for any part of the debt hereby secured which shall not be paid by the sale of trust property, unless such judgment is prohibited by law, and expressly waives (1) any claim of homestead and (2) all rights to redemption.

(e) Upon default by Grantor and following the acceleration of

9 - TRUST DEED

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248-6030

maturity as herein provided, a tender of payment of the amount necessary to satisfy the entire indebtedness secured hereby made at any time prior to foreclosure sale (including sale under power of sale) by Grantor, its successors or assigns or by anyone in behalf of the Grantor, its successors and assigns, shall constitute the evasion of the prepayment terms of said Note and be deemed to be a voluntary prepayment thereunder and any such payment to the extent permitted by law, will, therefore, include the additional payment required under the prepayment privilege, if any, contained in said Note.

8. TRUSTEE: Trustee accepts this trust when this Deed, duly accepted and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Trust Deed or of any action or proceeding in which the Grantor, Beneficiary or Trustee shall be a party unless brought by Trustee.

9. BINDING EFFECT: This Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The right to plead any statute of limitations in any suit brought upon said Promissory Note or the indebtedness thereby evidenced or to foreclose or enforce this Trust Deed or arising therefrom or by reason of any default of the Grantor, is hereby waived to the full extent permissible by law. The term Beneficiary shall mean the owner and holder, including pledgee, of the Note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

10. TRANSFER OF PROPERTY:

(a) This loan is personal to Grantor and not assignable. In making it, the Beneficiary has relied on Grantor's credit, Grantor's interest in the trust property, and financial market conditions at the time this loan is made. During the term of this Trust Deed, if the Grantor sells, transfers, attempts to assign part or any interest in the Promissory Note which evidences the indebtedness owed by Grantor to Beneficiary, or the real or personal property which are the security for the Promissory Note, or contracts to transfer title to or possession of all or a part of the real or personal property which are the security for the Promissory Note by deed, contract of sale, assignment, lease, mortgage, bill of sale or similar agreement, whether voluntarily or by operation of law or otherwise, without the prior written consent of Beneficiary, the entire principal balance plus accrued interest shall, at the option of Beneficiary, become immediately due and payable without notice.

(b) Beneficiary will waive its right under subparagraph 10(a) if the following conditions are met: (1) the credit of the third party is satisfactory to Beneficiary; and (2) the third party shall assume full personal liability for payment and performance of the

10 - TRUST DEED

Note, Trust Deed and other security instruments; and (3) a charge for administrative costs (not to exceed the sum of \$2,000) is paid to Beneficiary, and (4) if required by Beneficiary, either the interest rate on the secured loan is increased or Beneficiary is paid a lump sum compensation, in an amount determined solely by Beneficiary, at the time of the assumption; (5) if the third party has the qualified management ability to operate the property in Beneficiary's sole judgment; (6) if the Promissory Note and any real and personal property security documents executed by the undersigned are not in default; (7) if Grantor pays to Beneficiary, as a principal reduction payment of the Promissory Note, the entire amount of any down payment (without deduction of sales costs or sales commissions) resulting from a sale or transfer of the real or personal property described on Schedules "A" and "B".

(c) Any increase in the interest rates shall entitle Beneficiary to increase the monthly payments so the secured debt will be paid in full by the maturity date of this Trust Deed.

(d) Assumption does NOT release Grantor or any successor in interest from personal liability for payment and performance of the terms and conditions of this Trust Deed.

11. LATE CHARGE: If any payment is not paid on the due date thereof, Beneficiary, at its option, may require Grantor to pay a "late charge" not exceeding ten percent (10%) of any installment to cover the extra expense involved in handling delinquent payments.

12. PROCEEDS: Grantor, for themselves, and for all persons hereafter claiming through or under them or who may at any time hereafter become holders of liens junior to the lien of this Trust Deed, hereby expressly waives and releases all rights to direct the order in which any of the property shall be sold in the event of any sale or sales pursuant hereto and to have any of said property and/or other property now or hereafter constituting security for any of the indebtedness secured hereby marshalled upon any foreclosure of this Trust Deed or of any other security for any of said indebtedness.

13. SEVERABILITY: In the event any one or more of the provisions contained in this Trust Deed shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Deed, but this Trust Deed shall be construed as if such invalid, illegal or unenforceable provision has never been contained herein.

14. OREGON LAW: This Trust Deed has been executed and delivered in the State of Oregon and is to be construed and enforced according to and governed by the laws of the State of Oregon.

11 - TRUST DEED

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248-6030

15. INSPECTION: BOOKS AND RECORDS; NON-AGRICULTURAL, TIMBER OR GRAZING USE: Beneficiary may make or cause to be made reasonable entries upon and inspections of the property during normal business hours. Grantor shall keep and maintain at all times at Grantor's address stated below, or such other place as Beneficiary may approve in writing, complete and accurate books of accounts and records adequate to reflect correctly the results of the operation of the property and copies of all written contracts, leases and other instruments which affect the property. Such books, records, contracts, leases and other instruments shall be subject to examination and inspection at any reasonable time by Beneficiary. Upon Beneficiary's request, Grantor shall furnish to Beneficiary, within sixty (60) days after the end of each calendar year, a balance sheet and a statement of income and expenses of the property, each in reasonable detail and certified by Grantor and, if Beneficiary shall require, by an independent certified public accountant. Grantor shall furnish at the same time a rent schedule for the property, certified by Grantor, showing the name of each tenant, and for each tenant, the space occupied, the lease expiration date, the rent payable, and the rent paid. The property is not currently used for agricultural, timber or grazing purposes.

Charles J. Burns
 CHARLES J. BURNS
Judith M. Burns
 JUDITH M. BURNS

STATE OF OHIO)
) ss.
 County of _____)

On this day personally appeared before me, CHARLES J. BURNS and JUDITH M. BURNS, husband and wife, to me known to be the individuals described in and who executed the the within and foregoing instrument, and acknowledged they they sign the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 12th day of November, 1985.

John E. French
 NOTARY PUBLIC IN and for the State of
 OHIO, residing at 285 E. 1st St. JOHN E. FRENCH
 My Commission Expires: May 9, 1988 Notary Public, State of Ohio
 My Commission Expires May 9, 1988



12 - TRUST DEED

LAW OFFICES OF
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 248-6030

SCHEDULE "A"

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PARCEL I

Lots 1, 2, 3, 4, 5, and 6 in Block 25 of ORIGINAL TOWN OF KLAMATH FALLS, (formerly Linkville), Oregon, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon. Also that part of vacated Maple Alley adjoining Lot 6 in Block 25 of said Original Town of Klamath Falls (formerly Linkville), Oregon, and all that portion of Lot 1 of Block 26, said Original Town of Klamath Falls, (formerly Linkville), lying Easterly of Conger Avenue. EXCEPTING from the above described property that portion thereof conveyed by Edward A. Dunham, et ux, to the City of Klamath Falls, Oregon, by deed recorded on page 107 of Volume 123 of Deeds, Records of Klamath County, Oregon.

Lot 7 in Block 25 of Original Town of Linkville (now Klamath Falls), and that portion of vacated Maple Alley adjacent to said Lot 7 on the West and that portion of Lot 4, Block 26, Original Town of Linkville (now Klamath Falls) lying between said portion of vacated Maple Alley and the Easterly line of Conger Street, according to the duly recorded plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

SAVING AND EXCEPTING from the above described property all that portion thereof conveyed to the State of Oregon by Deed recorded on page 193 of Volume 283 of Deeds, Records of Klamath County, Oregon,

ALSO all that portion of South one-half of vacated Pine Street adjoining the above described property.

PARCEL II

Lots 8 and 9 in Block 25 of the Original Town of Linkville (now Klamath Falls, Oregon), according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.
EXCEPTING that part in Deed Book 283, page 193.

SCHEDULE "B"

18676

1. All buildings, structures, improvements, fixtures and articles of property now or hereafter attached to, or used or adopted for use in the operation of, the real estate (herein the "premises") described in Schedule "A", attached to the financing statement or security agreement with respect to which this Schedule "B" is attached, including but without being limited to, all heating and incinerating apparatus and equipment whatsoever, all boilers, engines, motors, dynamos, generating equipment, piping and plumbing fixtures, ranges, cooking apparatus and mechanical kitchen equipment, refrigerators, cooling, ventilating, sprinkling and vacuum cleaning systems, fire extinguishing apparatus, gas and electric fixtures, carpeting, underpadding, elevators, escalators, partitions, mantels, build-in mirrors, window shades, blinds, screens, storm sash, awnings, furnishings of public spaces, halls and lobbies, and shrubbery and plants; and including also all interest of any owner of the premises in any of such items hereafter at any time acquired under conditional sale contract, chattel mortgage or other title retaining or security instrument, all of which property mentioned in this paragraph 1 shall be deemed part of the realty and not severable wholly or in part without material injury to the free hold;

2. All compensation, awards, damages, rights of action and proceeds, including the proceeds of any policies of insurance therefor, arising out of or relating to a taking or damaging of the premises by reason of any public or private improvement, condemnation proceeding (including change of grade), or fire, earthquake or other casualty;

3. Return premiums or other payments upon any insurance at any time provided for the benefit of the secured party, and refunds or rebates of taxes or assessments on the premises;

4. The right, title and interest of the debtor in and under all leases or rental agreements now or hereafter affecting the premises including, without limitation, all rents, issues and profits therefrom;

5. All furniture, furnishings, fixtures, appliances, machinery, inventory contracts and contract rights, leases, vehicles, accounts, equipment, general intangibles and rents, and

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246-6669

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all other personal property of every kind and description now located or to be located in or upon the improvements now on or hereafter constructed on the premises and with any and all additions, accessions, replacements, substitutions, proceeds and products thereto, thereof or thereafter and together with all rights of debtor as lessee of any furniture or equipment used on the premises;

6. All proceeds and products of the foregoing.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ the 18th day
of November A.D., 19 85 at 3:21 o'clock PM., and duly recorded in Vol. M85
of _____ Mortgages on Page 18663

FEE \$61.00

Evelyn Biehn, County Clerk
By _____

[Signature]

Ret: MTC

LAW OFFICES OF
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Yakima, Washington 98901
340-0220