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1396-1145
DEED OF TRUST

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THIS DEED OF TRUST is made this 13 day of July, 19 87, among the Grantor,

Marvin W. Edwards and Linda D. Edwards (herein "Borrower").

Mt. Title Co. (herein "Trustee").

and the Beneficiary, First Interstate Bank of Oregon N.A. (herein "Lender").

a corporation organized and existing under the laws of The United States of America whose address is 601 Main St., Klamath Falls, OR 97601.

BORROWER, in consideration of the indebtedness herein recited and the trust herein created, 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:

Moyina 3rd addition lot 21 block 5 to the City of Klamath Falls according to the Klamath County Clerk.

which has the address of 6708 Eberlein, Klamath Falls,
(Street) (City)
Oregon 97603 (herein "Property Address");
(Zip Code)

TOGETHER with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances and rents and all fixtures now or hereafter attached to the property (subject however to the rights and authorities given herein to Lender to collect and apply such rents), all of which including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Deed of Trust; and all of the foregoing, together with said property are hereinafter referred to as the "Property";

FOR THE PURPOSE OF SECURING: (i) payment of a revolving line of credit indebtedness in the principal sum of \$5,000.00 (or so much of that sum as may be advanced and outstanding), evidenced by an AdvanceLine Agreement (the "Agreement"), entered into by Borrower and Lender on the date first appearing above, and also evidenced by AdvanceLine Drafts, AdvanceLine Requests, AdvanceLine Checking Account Advances (Custom Credit) and AdvanceLine Telephone Requests as well as any extensions, renewals and/or modifications of that indebtedness; (ii) performance of each of Borrower's agreements under the Agreement; (iii) performance of each of Borrower's agreements in this Deed.

The indebtedness secured by this Deed is a revolving line of credit. Funds may be advanced by Lender, repaid by Borrower and subsequently readvanced by Lender. Without regard to the amount outstanding in any particular time, this Deed secures a total indebtedness of \$5,000.00. All amounts secured by this Deed are subject to a variable rate of interest, which may change from time to time as recited in the Agreement and which is not subject to any ceiling. According to the Agreement, any amendment to it, including a change in interest rate, may, at Lender's option, affect the outstanding principal balance on the effective date of any such amendment. The Agreement is incorporated in its entirety into this Deed by this reference.

Borrower covenants that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that the Property is unencumbered except for encumbrances of record. Borrower covenants that Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record. Borrower and Lender covenant and agree as follows:

1. **PAYMENT OF PRINCIPAL, INTEREST AND OTHER CHARGES.** Borrower shall promptly pay when due the principal of indebtedness evidenced by the Agreement and by AdvanceLine Drafts, AdvanceLine Requests, AdvanceLine Checking Account Advances, and AdvanceLine Telephone Requests, interest thereon, any insurance premiums, and late charges and other charges, all in accordance with the Agreement.
2. **APPLICATION OF PAYMENT.** Payment will be applied as follows: First to interest accrued to the date of receipt of payment; then to insurance premiums, if any, accrued to the date of receipt of payment; then to principal owing on any Amounts Past Due; then to the principal portion of any Regular Payment; then to Fees and Charges; and the remainder to unpaid principal.
3. **TAXES AND LIENS.**

3.1 **Payment.** Borrower shall pay when due all taxes and assessments levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Borrower shall maintain the Property free of any liens except for the Prior Lien (as defined in Paragraph 5 below), and except as otherwise provided in Section 3.2.

3.2 **Right to Contest.** Borrower may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If the Property is subjected to a lien which is not discharged within 15 days, Borrower shall deposit with Lender cash, a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any interest, costs, attorneys' fees or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest proceedings, Borrower will defend itself and Lender and will name Lender as an additional obligee under any surety bond, and Borrower shall satisfy any final adverse judgment before enforcement against the Property.

3.3 **Evidence of Payment.** Borrower shall promptly furnish evidence of payment of taxes and assessments to Lender on its demand and shall authorize the appropriate county official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

*Return to: First Interstate
601 main
K. Falls, OR 97601*

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4. **BORROWER NOT RELEASED.** Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Lender 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. Lender 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.

Without affecting the liability of any person (including, but not limited to Borrower) for the payment of any indebtedness secured by this Deed, or the lien of this Deed on the remainder of the Property for the full amount of any indebtedness owing, (a) Lender may, from time to time without notice: (i) release any person liable for the payment of any of the indebtedness, (ii) accept additional security of any kind, including deeds of trust or mortgages, (iii) alter, substitute or release any property securing the indebtedness; and (b) Trustee may, at any time and from time to time, upon payment of Lender's then current fees and upon Lender's written request: (i) consent to the making of any map or plat of the Property, (ii) join in granting any easement or creating any restriction on the Property, (iii) join in any subordination or other agreement affecting this Deed or its lien and/or (iv) reconvey all or any part of the Property, without any warranty.

5. PRIOR INDEBTEDNESS.

5.1 **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 note and mortgage or trust deed in favor of Veteran's Affairs State of Oregon Department of securing the principal amount of \$ 45,062.40 (the "Prior Lien"). Borrower expressly covenants and agrees to pay or see to the payment of the indebtedness secured by the Prior Lien and to prevent any default thereunder. Borrower will immediately forward to Lender a copy of any notice of default under the Prior Lien which Borrower may receive at any time.

5.2 **Default by Borrower.** If the payment of principal or interest is not made within the time required under the Prior Lien, or if an event of default occurs and is not cured during any applicable grace period under the Prior Lien, then the indebtedness secured by this Deed of Trust shall, at the option of the Lender, become immediately due and payable.

6. PROPERTY DAMAGE INSURANCE.

6.1 **Maintenance of Insurance.** Borrower shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement cost basis covering all improvements on the Property, in an amount sufficient to avoid application of any co-insurance clause and with loss payable to Lender. Policies shall be written in amounts, in form, on terms and with companies reasonably acceptable to Lender. Borrower shall deliver to Lender certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of ten-days' written notice to Lender.

6.2 **Application of Proceeds.** Borrower shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Borrower fails to do so within 15 days of the casualty. Lender may, at its election, apply the proceeds to the reduction of the indebtedness hereby secured or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Borrower shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Upon satisfactory proof of such expenditure, Borrower shall pay or reimburse Lender from the proceeds for the reasonable costs of repair or restoration. Any proceeds which have not been paid out within 180 days after their receipt and which Borrower has not committed to the repair or restoration of the Property, shall be applied to the indebtedness secured hereby in accordance with Paragraph 2 hereof. If Lender holds any proceeds after payment in full of the indebtedness secured hereby, such proceeds shall be paid to Borrower. Any unexpired insurance shall inure to the benefit of, and pass to, the Purchaser of the Property covered by this Deed of Trust at any Trustee sale of the Property.

6.3 **Compliance with Prior Lien.** During the period in which the Prior Lien described in Paragraph 5 is in effect, Borrower shall also comply with the insurance provisions contained in the Prior Lien. If any proceeds from the insurance become payable on loss, the provisions in this Deed of Trust for division of proceeds shall apply only to that portion of the proceeds not payable to the holder of the Prior Lien.

7. **PRESERVATION AND MAINTENANCE OF PROPERTY.** Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property. If this Deed of Trust is on a unit in a condominium or a planned unit development, Borrower shall perform all of the Borrower's obligations under the declarations or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constituent documents. If a condominium or planned unit development rider is executed by Borrower and recorded together with this Deed of Trust, the covenants and agreements of such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Deed of Trust as if the rider were a part hereof.

8. **PROTECTION OF LENDER'S SECURITY.** Should Borrower fail to make any payment or do any act provided for in this Deed, Lender or Trustee (but without obligation to do so and without notice to or demand upon Borrower and without releasing Borrower from any obligation under this Deed) may: (i) make any such payment or do any such act in whatever manner and to whatever extent either may deem necessary to protect the security of this Deed (Lender or Trustee are authorized to enter the Property for such purposes); (ii) commence, appear in and defend any action or proceeding purporting to affect the security of this Deed or the rights or powers of Lender or Trustee; (iii) pay, purchase, contest or compromise any encumbrance, charge or lien which, in the judgment of either, appears to be prior or superior to the lien or charge of this Deed; and (iv) in exercising any such powers, incur any liability, expend whatever amounts in the Lender's or Trustee's absolute discretion may be deemed necessary, including, without limitation, costs of evidence of title and employment of counsel and payment of counsel's reasonable attorney's fees. All sums so incurred or expended by Lender or Trustee shall be secured by this Deed and, without demand, shall be immediately due and payable by Borrower and shall bear interest at the rate of interest then applicable to the principal balance under the Agreement; provided, however, that at Lender's or Trustee's option, such sums may be added to the principal balance then due under the Agreement and be payable under the terms of the Agreement. The procurement of insurance or the payment of taxes or other liens or charges by Lender or Lender's taking any action permitted hereunder shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Deed of Trust.

9. **INSPECTION.** Lender may make or cause to be made reasonable entries upon and inspection of the Property, provided that Lender shall give Borrower notice prior to any such inspection specifying reasonable cause therefore related to Lender's interest in the Property.

10. **CONDEMNATION.** If all or any part of the Property is condemned, Lender may elect to require that all or any portion of the net proceeds of the condemnation be applied on the indebtedness secured hereby. The "net proceeds" shall mean the total amount available after payment of all reasonable costs, expenses and attorneys' fees necessarily paid or incurred by Borrower, Lender, and Trustee in connection with the taking by condemnation. Sale of all or any part of the Property to a purchaser with the power of eminent domain in the face of a threat or the probability of the exercise of the power shall be treated as a taking by condemnation to which this paragraph shall apply. If any proceedings in condemnation are filed, Borrower shall promptly take such steps as may be necessary to defend the action and obtain the award.