

(a) Declare the unpaid portion of the Note to be immediately due and payable, without further notice or demand (each of which hereby is expressly waived by Grantor), whereupon the same shall become immediately due and payable.

(b) Commence a court action for breach of or to enforce the Note, this Trust Deed or any of the other agreements securing the Note.

(c) Exercise any one or more of the rights granted Beneficiary under Article VI of this Trust Deed.

(d) Enter upon the Property and take possession of all books, records and accounts relating thereto.

(e) Either in person, by agent or court appointed receiver, enter upon and take possession and control of the Property, or any part thereof, and collect the income, rents, issues and profits thereof, without regard to the sufficiency of the Property or any other security, and without the showing of insolvency on the part of Grantor, or fraud or mismanagement by Grantor, and without the necessity of filing any judicial or other proceeding for appointment of a receiver.

(f) Hold, lease, operate or otherwise use or permit the use of the Property, or any portion thereof, in such manner, for such time and upon such terms as Beneficiary may deem to be in its best interest (making such repairs, alterations, additions and improvements thereto, from time to time, as Beneficiary shall deem necessary or desirable) and collect and retain all earnings, rentals, profits or other amounts payable in connection therewith.

(g) Foreclose this Trust Deed by judicial action and have the Property, in whole or in part, sold under the judgement or decree of the court.

(h) Cause the Trustee to issue and deliver a written notice of default and election to sell the Property, and proceed with the foreclosure of this Trust Deed by the advertisement and sale procedure established or permitted by the Oregon statutes.

(i) Exercise any other remedy now or hereafter existing in equity, at law, by virtue of statute, the common law, or otherwise.

7.03 In case Beneficiary shall have proceeded to enforce any right under the Note, this Trust Deed or any other agreement or instrument evidencing, securing or relating to the Note or Indebtedness and such proceedings shall have been discontinued or abandoned for any reason, then in every such case Grantor and Beneficiary shall be restored to their former positions and the right, remedies and powers of Beneficiary shall continue as if no such proceedings had been taken.

7.04 In the event Beneficiary (a) grants an extension of time on any payments of the Note or in the Indebtedness, (b) takes other or additional security for the payment thereof, or (c) waives or fails to exercise any right granted herein, said act or omission shall not release Grantor, subsequent purchasers of the Property covered by this Trust Deed or any part thereof, or any Guarantors.

#### ARTICLE VIII

#### FORECLOSURE

8.01 In any judicial action or nonjudicial advertisement and sale proceedings to foreclose this Trust Deed, there shall be allowed and included as additional indebtedness in the decree of sale all expenditures and expenses which may be paid or incurred by or on behalf of Beneficiary, or holders of the Note, for reasonable trustee's fees and attorneys' fees at the trial and on any appeal (including an estimated amount for enforcement of the foreclosure decree), court costs, appraiser's fees, outlays for documentary and expert evidence, stenographer's charges, publication costs and costs of procuring title reports and title insurance policies and searches of the UCC financing statement records (which fees, charges and costs may be estimated as to items to be expended after entry of the foreclosure decree), and all other expenses as Beneficiary or holders of the Note may deem reasonably necessary to prosecute such suit or nonjudicial proceeding or to evidence to bidders at any sale which may be had pursuant thereto the true condition of the title to or the value of the Property. All expenditures and expenses of the nature in this section mentioned shall become so much additional indebtedness secured hereby and shall be immediately due and payable with interest thereon at the rate in effect under the Note when paid or incurred by Beneficiary or holders of the Note. In addition to foreclosure proceedings, the above provisions of this paragraph shall apply to (a) any proceeding to which Beneficiary or the holders of the Note shall be

a party, either as plaintiff, claimant or defendant, by reason of this Trust Deed or any indebtedness or obligation hereby secured; (b) preparations for the commencement of any nonjudicial proceedings or suit for foreclosure hereof after accrual of such right to foreclosure whether or not actually commenced; or (c) preparation for the defense of or investigation of any threatened suit, claim or proceeding which might affect the Property or the security hereof, whether or not actually commenced.

8.02 Upon or at any time after the filing of a judicial action to foreclose this Trust Deed or the filing of a notice of default and election to sell pursuant to a nonjudicial foreclosure of this Trust Deed by advertisement and sale, any court having jurisdiction over the Property may appoint a receiver of the Property. Such appointment may be made without notice, without regard to the solvency or insolvency at the time of application for such receiver of the person or persons, if any, liable for the payment of the Note and other sums secured hereby and without regard to the then value of the Property, and the Beneficiary hereunder may be placed in possession of the Property. The receiver shall have power to collect the rents, issues and profits of the Property during the pendency of such foreclosure suit, as well as during any further times when Beneficiary, its successors or assigns, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits, and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Property during the whole of said period. The court from time to time may authorize the receiver to apply the net income in his hands in payment in whole or in part of the Note and other sums secured hereby, or in payment of any tax, special assessment or other lien which may be or become superior to the lien hereof or superior to a decree foreclosing this Trust Deed, provided such application is made prior to foreclosure sale.

8.03 In the event that this Trust Deed is foreclosed as a mortgage or in any other manner permitted by law, and the property sold at a foreclosure sale, the purchaser may, during any redemption period allowed, make such repairs or alterations on said property as may be reasonably necessary for the proper operation, care, preservation, protection and insuring thereof. Any sums so paid together with interest thereon from the time of such expenditure at the highest lawful rate shall be added to and become a part of the amount required to be paid for redemption from such sale.

8.04 The proceeds of any sale of all or any portion of the Property and the earnings of any holding, leasing, operating or other use of the Property shall be applied by Beneficiary in the following order:

- (a) first, to the payment of unpaid taxes and insurance premiums, and the costs and expenses of taking possession of the Property and of holding, operating, managing, using, leasing, repairing, improving and selling the same;
- (b) second, to the payment of Beneficiary's attorneys' fees and other foreclosure expenses allowed Beneficiary under this Trust Deed;
- (c) third, to the payment of accrued and unpaid interest on the Note;
- (d) fourth, to the payment of the balance of the Note and any other indebtedness;
- (e) any surplus shall be paid to the parties entitled to receive it.

#### ARTICLE IX

##### INSPECTION

9.01 Grantor covenants and agrees that Beneficiary, and its agents, and representatives, and persons authorized by Beneficiary shall have the right at any time, upon reasonable notice to Grantor, to enter upon the Property and may make such inspections and take such photographs of the Property as Beneficiary may deem necessary or desirable, at a reasonable hour, and that any such inspections and photographing shall be solely for the benefit of Beneficiary and shall not be relied upon by Grantor for any purpose.

#### ARTICLE X

##### CONTESTING LIENS AND IMPOSITIONS

10.1 Grantor, at its expense, may contest, after prior written notice to Beneficiary, by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity or application in whole or in part, of any Impositions described in Section 3.02, any license fees or similar charges, or any

construction lien filed against the Property provided that (a) Grantor shall first make all contested payments, under protest if it desires, unless such proceedings shall suspend the collection thereof, (b) neither the Property nor any part thereof or interest therein are at any time in any danger of being sold, forfeited, lost or interfered with; and (c) Grantor shall have furnished such security, if any, as may be required in the proceedings or reasonably requested by Beneficiary. Provided, however, Beneficiary may, at its sole discretion, require Grantor to bond against the construction lien under ORS §§87.076-.088.

# ARTICLE XI

## ASSIGNMENT BY BENEFICIARY

11.01 Beneficiary may assign all or any portion of its interest hereunder and its rights granted herein and in the Note and other security agreements to any person, trust, financial institution or corporation as Beneficiary may determine and upon such assignment, such assignee shall thereupon succeed to all the rights, interests, and options of Beneficiary herein and in the Note and other security agreements contained, and Beneficiary shall thereupon have no further obligations or liabilities hereunder.

# ARTICLE XII

## INSURANCE

12.01 (a) Grantor will procure, deliver to and maintain for the benefit of Beneficiary during the continuance of this Trust Deed and until the same is fully satisfied and released, a policy or policies of insurance insuring the buildings, structures and improvements now existing or hereafter created on the Property against loss or damage by fire, lightning, windstorm, hail, explosion, riot, civil commotion, aircraft, vehicles, smoke, and such other hazards, casualties, and contingencies as Beneficiary may designate, including but not limited to broad form boiler and machinery insurance on all equipment and objects customarily covered by such insurance and providing for full repair and replacement cost coverage, if applicable. All policies of insurance required hereunder shall be in an amount equal to one hundred percent (100%) of the replacement value of the improvements, and in such form and companies as may be acceptable to Beneficiary, and shall contain a clause or endorsement acceptable to Beneficiary, providing the payment of the proceeds of any loss first to Beneficiary. Such insurance shall provide that it may not be cancelled or materially modified except after thirty (30) days prior written notice to Beneficiary. Grantor will promptly pay when due, any premiums on any policy or policies of insurance required hereunder, and will deliver to Beneficiary renewals of such policy or policies at least fifteen (15) days prior to the expiration dates thereof; the said policies and renewals to be marked "paid" by the issuing company or agent. Upon Grantor's failure to comply with the requirements of this paragraph, Beneficiary may, in its discretion, effect any insurance required hereunder and pay the premiums due therefore, and any amounts so paid by Beneficiary shall become immediately due and payable by Grantor with interest thereon at the rate then in effect under the Note from the dates paid, and the amounts shall be secured by this Trust Deed. The delivery to Beneficiary of any policy or policies of insurance hereunder, or renewals thereof, shall constitute an assignment to Beneficiary of all unearned premiums thereon as further security for the payment of the indebtedness secured hereby. In the event any foreclosure action or other proceeding hereunder is instituted by Beneficiary, all right, title and interest of Grantor in any or to any policy or policies of insurance then in force shall vest in Beneficiary.

(b) Grantor shall obtain and keep in force during the term of this Trust Deed public liability insurance against claims for bodily injury, death or property damage occurring in, on or about the demised premise; such insurance to afford protection to the limit of not less than the following: \$100,000 in respect to the injury or death of a single person, and to the limit of not less than \$500,000 in respect to any one occurrence, and to the limit of not less than \$100,000 with respect to property damage per occurrence; flood insurance, if applicable; and such other types of insurance in such amounts and in such form as Beneficiary shall require. Such insurance shall name beneficiary as a co-insured and shall provide that it may not be cancelled or materially modified except after thirty (30) days prior written notice to Beneficiary. Grantor shall deliver evidence of such insurance to Beneficiary in such form and at such times as Beneficiary may reasonably require.

12.02 In the event of an insured loss, Beneficiary shall have the option to declare the unpaid balance owing under the Note to be immediately due and payable and to settle all claims with insurers, collect all insurance proceeds, and apply the proceeds, after deducting the costs of collection, to payment of the Note. If

Beneficiary elects to make the insurance proceeds available to Grantor to repair and restore the damaged Property rather than applying the proceeds to payment of the Note, such proceeds will be deposited with Beneficiary, together with any additional funds of Grantor which Beneficiary determines are necessary to complete the repairs and restoration, and such funds will be disbursed by Beneficiary as Beneficiary may deem prudent. In such event, Grantor agrees to promptly and diligently repair and restore the Property.

ARTICLE XIII

MISCELLANEOUS

13.01 Each separate right and remedy granted to Beneficiary under the provisions and covenants in this Trust Deed, the Note and other agreements and instruments securing the Note, or any part thereof, shall be separate, distinct and cumulative and none of them shall be in exclusion of the others. No act of Beneficiary to exercise any one or more of the rights or remedies shall be construed as an election to proceed to the exclusion of the later exercise of any other right or remedy, anything herein or otherwise to the contrary notwithstanding.

13.02 Time is of the essence with respect to all the obligations of the Grantor under this Trust Deed, Note and any other Loan Instruments.

13.03 Any part of the Property may be released by the Beneficiary without affecting the lien, security interest and assignment hereof against the remainder. The lien, security interest and other rights granted hereby shall not affect or be affected by any other security taken for the same indebtedness or any part thereof. The taking of additional security, or the extension or renewal of the Note or other indebtedness secured hereby or any part thereof, shall not release or impair the lien, security interest and other rights granted hereby, or affect the liability of any endorser, guarantor or surety, or improve the right of any permitted junior lienholder.

13.04 A waiver in one or more instances of any of the terms, covenants, conditions or provisions hereof, of the Note or any other documents given by Grantor to secure the Note, or any part thereof, shall apply to the particular instance or instances and at the particular time or times only, and no such waiver shall be deemed a continuing waiver but all of the terms, covenants, conditions and other provisions of this Trust Deed and of such other documents shall survive and continue to remain in full force and effect. No waiver shall be asserted against Beneficiary unless in writing and signed by Beneficiary.

13.05 No change, amendment, modification, cancellation or discharge hereof, or any part hereof, shall be valid unless in writing and signed by the parties hereto or their respective successors and assigns.

13.06 All notices, demands and requests given or required to be given by either party hereto to the other party shall be in writing. All notices, demands and requests shall be deemed to have been properly given if sent by U.S. registered or certified mail, return receipt requested, postage prepaid, addressed to the party at the address set forth on page one (1) of this Trust Deed, or to such other address as the party shall have designated by written notice to the other parties given as herein required.

13.07 If any action or proceeding shall be instituted to evict Grantor or recover possession of the Property or any part thereof, or for any other purpose affecting the Property or this Trust Deed, or if any notice relating to a proceeding or a default is served on Grantor, Grantor will immediately, upon service thereof on or by Grantor, deliver to Beneficiary a true copy of each notice, petition, or other paper or pleading, however designated.

13.08 In the event a portion of the Property is released from the lien of this Trust Deed by Beneficiary, or added to this Trust Deed by Grantor, the "Property" as herein defined shall refer only to that portion from time to time subject to the lien of this Trust Deed.

13.09 Each and all of the covenants and obligations of this Trust Deed shall be binding upon and inure to the benefit of the parties hereto, and except as herein otherwise specifically provided, their respective successors and assigns, subject at all times nevertheless to all agreements and restrictions herein contained with respect to the transfer of Grantor's interest in the Property covered by this Trust Deed.

13.10 If one or more of the provisions of this Trust Deed shall be invalid, illegal or unenforceable in any respect, such provision shall be deemed to be severed from this Trust Deed and the validity, legality and enforceability of the remaining provisions contained herein, shall not in any way be affected or impaired thereby. Without limiting the generality of the foregoing, any provision herein, or in the Note or other agreement or instrument securing the Note to the contrary notwithstanding, Beneficiary shall in no event be entitled to receive or collect, nor shall or may amounts received hereunder be credited, so that Beneficiary shall be paid, as interest, a sum greater than the maximum amount permitted by law. If any construction of this Trust Deed or the Note or other agreement or instrument securing the Note indicates a different right given to Beneficiary to ask for, demand or receive any larger sum as interest this clause shall override and control, and proper adjustment shall automatically be made accordingly.

13.11 Beneficiary may from time to time appoint a successor or successors to any Trustee named herein or to any successor Trustee appointed hereunder. Upon such appointment, and without conveyance to the successor Trustee, the latter shall be vested with all title, powers and duties conferred upon any Trustee herein named or appointed hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Trust Deed and its place of record, and when recorded in the office of the County Clerk or Recorder of the county or counties in which the Property is situated, shall be conclusive proof of proper appointment of the Successor Trustee.

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

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.

IN WITNESS WHEREOF, Grantor has executed this Trust Deed on the day and year first above written.

Corporate or Partnership Grantors:

Individual Grantors:

By: \_\_\_\_\_  
Title

X Roger W. Schooler  
Roger W. Schooler

By: \_\_\_\_\_  
Title

X Cheryl Ann Schooler  
Cheryl Ann Schooler

By: \_\_\_\_\_  
Title

By: \_\_\_\_\_  
Title

STATE OF OREGON )  
(SOLVING DEED) ) ss.  
County of \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this 11<sup>th</sup> day of June, 19 87 by Roger W. Schooler and Cheryl Ann Schooler.

(NOTARIAL SEAL)

Notary Public for Oregon  
My Commission Expires: 7/13/89

STATE OF OREGON

County of Klamath

ss.

The foregoing instrument was acknowledged before me this June day of 1987 by Roger W. Scholer and Cheryl Ann Scholer, a(n) corporation, on behalf of the corporation.

(NOTARIAL SEAL)

STATE OF OREGON

Notary Public for Oregon

My Commission Expires: 7/13/87

STATE OF OREGON

County of \_\_\_\_\_

ss.

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_ by \_\_\_\_\_, partner (or agent), on behalf of the partnership.

(NOTARIAL SEAL)

Notary Public for Oregon

My Commission Expires: \_\_\_\_\_

STATE OF OREGON

County of \_\_\_\_\_

ss.

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_ by \_\_\_\_\_, as attorney-in-fact on behalf of \_\_\_\_\_.

(NOTARIAL SEAL)

Notary Public for Oregon

My Commission Expires: \_\_\_\_\_

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Company the 23rd day of June A.D., 19 87 at 2:43 o'clock P.M., and duly recorded in Vol. M87 of Mortgages on Page 10876.

FEE \$57.00

INDEXED

Evelyn Biehn, County Clerk

By Smith

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co. the 28th day of Oct. A.D., 19 88 at 12:23 o'clock P.M., and duly recorded in Vol. M88 of Mortgages on Page 18283.

FEE \$73.00

Evelyn Biehn, County Clerk

By Debra Mullenshare