

MTC-20604

TRUST DEED

GRANTOR: CURTIS L. WICKS and PAMELA L. WICKS,
Husband and Wife

Star Route 1, Box 1060
LaPine, Oregon 97739

TRUSTEE: KEY TITLE COMPANY
162 NW Greenwood Avenue
Bend, Oregon 97701

BENEFICIARY: GARY POOLE and KATHY POOLE,
as tenants by the entirety

7106 168th Street, NE
Arlington, Washington 98223

RECITALS.

Grantor is the owner of real property described as follows:

Northeast one-quarter (NE1/4) of the Northwest one-quarter (NW1/4) of Section 10, Township 23 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, excepting therefrom the South one-half of the South one-half; ALSO beginning at the South quarter corner common to Sections 3 and 10, Township 23 South, Range 10 East of the Willamette Meridian; thence North 264.00 feet to the Southeast corner of Lot 1, Block 1 of OLD HOWARD RANCH ESTATES; thence West 1,300.5 feet to a point; thence South 264 feet to the South line of said Section 3; thence East 1,298.62 feet, more or less to the point of beginning, all being in Klamath County, Oregon and together with irrigation water adjudicated thereto.

Together with 10.35 acres of LaPine Water District water.

Tax Map Numbers: 2310-00300-01400 and 2310-01000-00200

SUBJECT TO:

1. Rights of the public in and to any portion of the herein described premises lying within the limits of streets, roads or highways.

2. Reservations and restrictions as contained in Patent from the United States of America, recorded in Volume 21, Page 606, Records of Klamath County, Oregon, including but not limited to, the following:

"Subject to any vested and accrued water rights for mining, agricultural, manufacturing or other purposes, and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws and decisions of courts, and also subject to the right of the proprietor

RETURN: Key Title & Escrow
P.O. Box 6178
Bend, OR 97708
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'89 FEB 2 PM 3 35

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of a vein or lode to extract and remove his ore therefrom should the same be found to penetrate or intersect the premises hereby granted, as provided by law; and there is reserved from the lands hereby granted, a right of way thereon for ditches or canals constructed by the authority of the United States."

3. Right of Way as disclosed by plat of Old Howard Ranch Estates filed November 27, 1971.

including all appurtenances, buildings and future improvements. All of the property is referred to as "the Trust Property".

Beneficiary has agreed to lend to Grantor, and Grantor has agreed to borrow from Beneficiary, the sum of SIXTY THOUSAND DOLLARS (\$60,000.00) upon the terms and conditions set out in a Promissory Note (the Note) dated January 14, 1989, the same day as this Trust Deed. Final payment on the Note is due on the 1st day of March, 2004, which is the maturity date of this Trust Deed. Grantor has agreed to deed to Trustee the Trust Property to secure punctual performance of all of Grantor's obligations under the Note, under this Trust Deed, and under any other indebtedness owing by Grantor to Beneficiary, and any future amounts which Beneficiary may loan to Grantor, together with interest.

To secure payment of the above described indebtedness, in strict accordance with its terms, Grantor grants, bargains, sells and conveys to the Trustee, in trust, with power of sale, the Trust Property and presently assigns the rents, revenues, income, issues and profits to the Trustee, its successors and its assigns, upon the terms set forth in this deed. However, until the occurrence of an event of default, Grantor may remain in control, manage the Trust Property, and collect and enjoy the rents, revenues, income, issues and profits.

If Grantor makes all payments for which provision is made in the Note in strict accordance with its terms, performs all of the obligations of this Trust Deed, and makes all payments due on any other indebtedness, then Trustee shall execute and deliver to Grantor, without warranty, a reconveyance of the Trust Property.

1. GRANTOR'S COVENANTS AND WARRANTIES

1.1 Payment of the Note. Grantor shall make all payments of interest and principal for which provision is made in the Note, and in any note or notes given in renewal or replacement, promptly as such payments become due and payable and will pay the unpaid balance of the Note upon maturity.

1.2 Warranty of Title. Grantor warrants that it holds good and merchantable title to the Trust Property subject to no liens or encumbrances other than those set out above. Grantor covenants with Beneficiary that it will defend Beneficiary's and Trustee's rights against the claims and demands of all persons.

1.3 Use of Trust Property. Grantor covenants and warrants that the current use of the property is in compliance with all laws, ordinances, and regulations of all government authorities.

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1.4 Taxes, Assessments, Liens & Claims.

1.4.1 Payment of Taxes and Assessments. Grantor shall pay when due all tax assessments and liens imposed against the Trust Property.

1.4.2 Protection of the Trust Property from Liens. Grantor shall not permit any lien prior or equal to the Trustee's title to be imposed upon the Trust Property, except liens for taxes or assessments assessed but not yet due.

1.4.3 Grantor's Right to Contest. As long as the Trustee's interest in the Trust Property is not jeopardized, Grantor may withhold payment of any taxes, assessments, claims or demands or may elect to contest liens if Grantor is, in good faith, conducting appropriate proceedings to contest its obligation to pay. If the Trust Property is subject to a lien which is not discharged within 30 days from the date the notice of claim of lien is filed, Grantor shall deposit with Beneficiary cash, a sufficient surety bond or security reasonably satisfactory to Beneficiary in an amount adequate to provide for discharge of the lien plus any interest, costs, attorney fees or other charges that could accrue as a result of foreclosure or sale. In any contest, Grantor shall, at Grantor's expense, defend itself, Trustee and Beneficiary and shall satisfy any adverse judgment before enforcement against the Trust Property.

1.4.4 Evidence of Payment of Taxes or Assessments. Upon payment of real property taxes and assessments Grantor shall furnish to Beneficiary evidence of payment of the taxes and assessments. Grantor authorizes the appropriate official to deliver to Trustee and Beneficiary at any time a written statement of the taxes and assessments against the Trust Property.

1.5 Insurance.

1.5.1 Property Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements covering all buildings and improvements, with loss payable to Beneficiary. The amount of insurance shall be the replacement cost or the amount of principal and interest owed on the Note, whichever is greater.

1.5.2 Insurance Companies, Policies and Certificates. Both the insurance company providing the policy and the form of the policy must be acceptable to Beneficiary. Grantor shall deliver to Beneficiary a certificate of coverage from the insurer issuing the policy containing a stipulation that coverage will not be canceled or diminished without a minimum of 10 days advance written notice to Beneficiary. Grantor shall deliver to Beneficiary at least 10 days prior to the expiration of any insurance policy required by this paragraph a certificate showing the placement of a renewal or substitute policy of insurance.

1.5.3 Notice of Loss. In the event of loss, Grantor shall immediately notify Beneficiary, which may make proof of loss if it is not made promptly by Grantor.

1.5.4 Insurance Proceeds. Insurance proceeds shall be paid directly to Beneficiary which may deal directly with any insurance company. If Beneficiary, by reason of such insurance, receives any amount for loss or damage, if payment is sufficient for repair the payment shall be used for that purpose. If the amount is insufficient to repair or replace, and Grantor is

unable to make up the difference to satisfactorily accomplish the repairs, then the insurance payment shall be retained by beneficiary and shall relieve indebtedness of the Grantor in the amount paid. If the payment is greater than the indebtedness owing, the overage shall be paid to the Grantor.

1.6 Use, Maintenance and Alterations.

1.6.1 Duty to Maintain. Grantor shall maintain the Trust Property in good condition and repair and promptly perform all repairs and maintenance necessary to preserve its value.

1.6.2 Waste, Nuisance. Grantor shall not conduct or permit any nuisance on the Trust Property nor commit or suffer any strip or waste. Grantor shall keep the property free of all hazardous substances.

1.6.3 Removal of Improvements. Grantor shall not demolish or remove any improvements on the Trust Property without the prior written consent of Beneficiary, however, such consent shall not be unreasonably withheld. Grantor may make alterations.

1.6.4 Beneficiaries' Right to Enter and Inspect. Grantor shall permit Beneficiary and its agents to enter upon the Trust Property at all reasonable times to inspect the Trust Property.

1.6.5 Compliance with Government Regulations. Grantor shall comply with all laws, ordinances, and regulations of all governmental authorities applicable to the property or the use or occupancy of the property.

1.7 Eminent Domain. If any part of the Trust Property is condemned, Beneficiary shall be entitled to its pro rata share.

2. EVENTS OF DEFAULT.

The following shall constitute events of default:

2.1 Nonpayment. Failure of Grantor to make any payment required by the Note when due. Failure to make any payment for taxes, insurance premiums or for reserves for such payments, or any other payment necessary to prevent filing of or discharge of any lien within three (3) days after written notice by Beneficiary (or Beneficiary's agents) of any such nonpayment.

2.2 Breach of Other Covenant. Failure of Grantor to perform any obligation contained in this Trust Deed within 15 days after notice from Beneficiary (or Beneficiary's representative) specifying the nature of the default or, if the default cannot be cured within 15 days, failure within such time to commence and pursue with reasonable diligence curative action. No notice of default and opportunity to cure shall be required if during the preceding 12 calendar months Beneficiary has already sent a notice to Grantor concerning default in performance of the same obligation.

2.3 Sale or Transfer of Possession. The sale of the Trust Property or transfer of possession in any manner by Grantor, whether by deed, contract of sale, lease or similar agreement, without the prior written consent of Beneficiary, which shall not be unreasonably withheld. Prior to requesting consent,

Grantor shall provide a credit report and financial information on any proposed transferee.

2.4 Misinformation. Falsity in any material respect of any representations or warranty made by Grantor to Beneficiary.

3. REMEDIES IN CASE OF DEFAULT

If an event of default shall occur, Beneficiary or Trustee, as the case may be, may exercise any of the following rights and remedies, in addition to any other remedies which may be available under the laws of the State of Oregon:

3.1 Acceleration. Beneficiary may declare all sums secured by this Trust Deed, including all interest and prepayment penalties, to be immediately due and payable.

3.2 Receiver. Beneficiary may have a receiver of the Trust Property appointed. Beneficiary shall be entitled to the appointment of a receiver as a matter of right whether or not the apparent value of the Trust Property exceeds the amount of the indebtedness secured by this Trust Deed. Employment by Trustee or Beneficiary shall not disqualify a person from serving as receiver. Grantor waives all defenses and consents to the appointment of a receiver at Beneficiary's option.

3.3 Possession. Either through a receiver or in person take possession of all or any part of the Trust Property, and Grantor shall peaceably surrender the same.

3.4 Foreclosure. Beneficiary may obtain a decree foreclosing Grantor's interest in all or any part of the Trust Property.

3.5 Fixtures and Personal Property. With respect to any fixtures or personal property subject to a security interest in favor of Beneficiary, Beneficiary may exercise any and all of the rights and remedies of a secured party under the Uniform Commercial Code.

3.6 Abandon Security. Beneficiary may abandon any security described in this Trust Deed or any other security instrument.

3.7 Power of Sale. Beneficiary may direct Trustee, and Trustee shall be empowered, to foreclose the Trust Property by advertisement and exercise of the power of sale under applicable law.

3.8 Expenditures by Beneficiary. If Grantor shall fail to comply with any provision of this deed, Beneficiary may at its option on Grantor's behalf take the required action, and any amount that it expends in so doing shall be added to the indebtedness. Amounts so added shall be payable on demand with interest at the rate of the Note from the date of expenditure. Beneficiary shall not, by taking the required action, cure the default so as to bar it from any remedy that it otherwise would have had.

3.9 Additional Remedies. Beneficiary may exercise any other remedy provided by law.

3.10 Cumulative Remedies. Election to pursue one remedy shall not exclude resort to any other remedy, and, unless the context otherwise requires, all remedies under this Trust Deed

are cumulative and not exclusive. An election to cure shall neither prejudice the right to declare a default nor constitute a waiver of the breached term or any available remedies. No delay or omission in exercising any right or remedy shall impair any other right to remedy or shall be construed to be a waiver of the default.

4. APPLICATION OF PROCEEDS

All proceeds realized from the exercise of the rights and remedies under this Trust Deed shall be applied as follows:

4.1 Costs and Expenses. To pay all costs of exercising such rights and remedies including, but not limited to, the costs of any sale, the costs and expenses of any receiver, the cost of a policy of title insurance and the cost of any survey.

4.2 Indebtedness. To pay all other amounts owed by Grantor, payment of which is secured by this Trust Deed.

4.3 Surplus. The surplus, if any, shall be paid to the person or persons legally entitled.

5. GENERAL PROVISIONS

5.1 Reconveyance Upon Payment. Upon written request of Beneficiary stating that all sums secured by this Deed have been paid, surrender of this Trust Deed and the Note to Trustee for cancellation and retention and payment of its fees, Trustee shall reconvey, without warranty, the Trust Property.

5.2 Trust Deed Binding On Successors and Assigns. This Trust Deed shall be binding on and inure to the benefit of the successors and assigns of Grantor, Trustee and Beneficiary.

5.3 Indemnity. Grantor shall hold Beneficiary and Trustee harmless from any and all loss and expense, including but not limited to attorney fees and court costs, in any suit, action, proceeding, or appeal brought against Trustee or Beneficiary by a third party resulting from or attributable to Beneficiary's ownership of the Note or Trustee's interest under this Trust Deed.

5.4 Notice. Any notice under this Trust Deed shall be in writing. Any notice to be given or document to be delivered under this Trust Deed shall be effective when either delivered in person or deposited as registered or certified mail, postage prepaid, addressed to the party at the address stated in this Trust Deed. However, any notice pursuant to exercise of the Trustee's power of sale in the event of default shall be sufficient if such notice complies with all provisions of Oregon law applicable to exercise of such powers of sale. Any party may by notice to the others designate a different address.

5.5 Preservation of Water and Grazing Rights.

5.5.1 Buyer agrees to do all things necessary to preserve and maintain any water rights appurtenant to the property described in this Trust Deed and to do nothing that would jeopardize those water rights.

5.5.2 Buyer agrees to cultivate and maintain the property according to the best generally observed agricultural

practices in the area. Buyer agrees to maintain all fences in good working order. Buyer agrees to do all things necessary to preserve and maintain any grazing privileges appurtenant to the described property and to do nothing which will jeopardize grazing privileges.

5.6 Farm Use and Taxes. The property has been specially assessed by the County Assessor for farm use. If there is a change in use of the land from an agricultural to a nonagricultural use, taxes may become due and payable. Buyer agrees to take whatever steps are necessary to maintain the special assessment. Buyer shall not allow the special assessment to be changed unless Buyer receives prior written consent from Seller. In the event, for any reason, the agricultural taxes become payable, such taxes shall be paid by Buyer.

5.7 Attorneys Representations of Beneficiary. This document has been prepared by Francis & Martin on behalf of Beneficiary, Grantor should obtain independent legal advice before signing this document.

5.8 Expenses and Attorney Fees. In the event that Beneficiary or Trustee shall take any action, judicial or otherwise, to enforce the Note or any provision of this Trust Deed or if Beneficiary or Trustee shall be required to appear in any proceedings to protect and maintain the priority of Trustee's title to the Trust Property, Trustee or Beneficiary (or both) shall be entitled to recover from Grantor all expenses which it may reasonably incur in taking such action, including but not limited to costs incurred in searching records, the cost of title reports and surveyor's reports, and its attorney fees, whether incurred in a suit, action, appeal from a judgment, or in connection with nonjudicial action. Grantor shall reimburse Beneficiary or Trustee (or both) for expenses so incurred on demand with interest from the date of expenditure until repaid at a rate equal to the Note.

5.9 Collection Escrow. At closing, Seller shall deliver to Key Title Company, as escrow agent, a request for reconveyance. The parties shall execute suitable escrow instructions authorizing delivery after all payments have been made and all other contract obligations of the Buyer to Seller have been fulfilled. The cost of setup and collection of the escrow shall be equally shared.

5.10 Beneficiary's Right to Cure. If Grantor fails to perform any obligation required of it under this Trust Deed, Beneficiary may, without notice, take any steps necessary to remedy such failure. Grantor shall reimburse Beneficiary for all amounts expended in so doing on demand with interest at a rate equal to the Note from the date of expenditure until repaid. Such action by Beneficiary shall not constitute a waiver of the default or any other right or remedy which Beneficiary may have on account of Grantor's default.

5.11 Applicable Law. This Trust Deed shall be governed by the laws of the State of Oregon.

5.12 Time of Essence. Time is of the essence of this Trust Deed.

5.13 Land Use Laws and Regulations. 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.

5.14 Headings. The headings to the sections and paragraphs of this Trust Deed are included only for the convenience of the parties and shall not have the effect of defining, diminishing or enlarging the rights of the parties or affecting the construction or interpretation of any portion of this Trust Deed.

5.15 Severability. If any provision of this Trust Deed shall be held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provisions of this Trust Deed. This Trust Deed shall be construed as if such invalid, illegal or unenforceable provision had never been contained in this Trust Deed.

5.16 Entire Agreement. This Trust Deed and the Note contain the entire agreement of the parties with respect to the matters covered, and no other previous agreement, statement or promise made by any party to this Trust Deed which is not contained in its terms or in the terms of the Note shall be binding or valid.

IN WITNESS WHEREOF, Grantor has caused this Trust Deed to be executed.

DATED this 23 day of January, 1989.

Curtis L. Wicks
CURTIS L. WICKS

Pamela L. Wicks
PAMELA L. WICKS

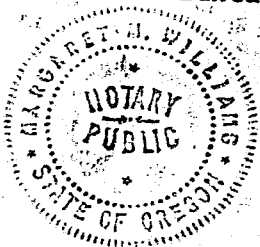
STATE OF OREGON)

County of Deschutes)

ss.

1/23/89, 1989.

The foregoing instrument was acknowledged before me by CURTIS L. WICKS and PAMELA L. WICKS, husband and wife, to be their voluntary act and deed. Before me:



Margaret Williams
Notary Public for Oregon
My commission expires: 1/26/89

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co. the 2nd day of Feb. A.D. 19 89 at 3:35 o'clock P.M., and duly recorded in Vol. M89 of Mortgages on Page 2139.

FEE \$43.00

Evelyn Biehn County Clerk
By Dorlene Mulendare