

MTC-21799

DEED OF TRUST
SECOND

THIS DEED OF TRUST is made this 24th day of July 1989,
among the Grantors, Fred W. Veiga and Mary L. Parker
each as to an undivided one-half interest as tenants in common

Mountain Title Company of Klamath County (herein "Borrower")
Beneficiary, VANCOUVER FEDERAL SAVINGS BANK, a corporation
organized and existing under the laws of the United States of
America, whose address is 1205 Broadway, Vancouver, Washington,
(herein "Lender").

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.

Lots 69 through 74, inclusive, of BALSIGER TRACTS, according to the official
plat thereof on file in the office of the County Clerk of Klamath County,
Oregon.

TOGETHER WITH all the improvements now or hereafter erected on
the property, and all easements, rights, appurtenances, rents,
(subject however to the rights and authorities given herein to
Lender to collect and apply such rents), royalties, mineral, oil
and gas rights and profits, water, water rights, and water stock,
and all fixtures and articles of property now or hereafter
attached to, or used or adapted for use in the operation of, the
said premises, 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, cooking, ventilating,
sprinkling and vacuum cleaning systems, fire extinguishing
apparatus, gas and electric fixtures, carpeting, underpadding,
partitions, mantels, built-in mirrors, window shades, blinds,
screens, storm sash, awning, furnishings of public spaces, halls,
offices and lobbies, and shrubbery and plants; and including also
all interest of any owner of the said 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, 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 (or the leasehold estate if this Deed of Trust
is on a leasehold) are herein referred to as the "Property."

TO SECURE to Lender (a) the repayment of the indebtedness
evidenced by Borrower's note dated July 24, 1989 (herein "Note"),
in the principal sum of **Ninety Thousand Dollars and no/100**

DOLLARS, with interest
thereon, providing for monthly installments of principal and
interest, with the balance of the indebtedness, if not sooner
paid, due and payable on October 7, 1989, the payment of all
other sums, with interest thereon, advanced in accordance
herewith to protect the security of this Deed of Trust; and the
performance of the covenants and agreements of Borrower herein
contained; and (b) the repayment of any future advances, with
interest thereon, made to Borrower by Lender pursuant to para-
graph 23 hereof (herein "Future Advances").

BORROWER covenants that Borrower is lawfully seized of the estate
hereby conveyed and has the right to grant and convey the
Property, that the Property is unencumbered and that the Borrower
will warrant and defend generally the title to the Property
against all claims and demands, subject to any declarations,
easements or restrictions listed in any schedule of exceptions,
permitted by Lender, to coverage in any title insurance policy
insuring Lender's interest in the Property.

Borrower and Lender covenant and agree as follows:

1. **PAYMENT OF PRINCIPAL AND INTEREST.** Borrower shall promptly pay when due the principal of and interest on the indebtedness evidenced by the Note, prepayment and late charges as provided in the Note, and the principal of and interest on any Future Advances secured by the Deed of Trust.

2. **TAXES AND ASSESSMENTS.** To pay before delinquent all lawful taxes and assessments upon the Property; to keep the property free and clear of all other charges, liens or encumbrances impairing the security of this Deed of Trust.

3. **REIMBURSEMENT FOR ADVANCES.** Should Borrower fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the Property hereinabove described, Lender, at its election, may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby shall be repaid to Lender by Borrower or shall be added to and become a part of the debt secured by this Deed of Trust, whichever Lender shall elect.

4. **APPLICATION OF PAYMENTS.** Unless applicable law provides otherwise, all payments received by Lender under the Note and Paragraph 1 and 3 hereof shall be applied by Lender first in payment of amounts payable to Lender by Borrower under paragraph 3 hereof, then to interest payable on the Note, then to the principal of the Note, and then to interest and principal on any Future Advances.

5. **CHARGES: LIENS.** Borrower shall pay all taxes, assessments and other charges, fines and impositions attributable to the Property which may attain a priority over this Deed of Trust, required payments on underlying indebtednesses, and leasehold payments or ground rents, if any, when due, directly to the payee thereof. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and in the event Borrower shall make payment directly, Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower shall promptly discharge any lien which has priority over this Deed of Trust; provided, that Borrower shall not be required to discharge any such lien so long as Borrower shall agree in writing to the payment of the obligation secured by such lien in a manner acceptable to Lender, or shall in good faith contest such lien by, or defend enforcement of such lien in, legal proceedings which operate to prevent the enforcement of the lien or forfeiture of the Property or any part thereof.

6. **HAZARD INSURANCE.** To keep all improvements now or hereafter erected on the Property described herein continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust and any other security instruments given to any other party. All policies shall be in such companies as the Lender may approve and have loss payable first to the Lender as its interest may appear and then to the Borrower. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Lender shall determine. Such application by the Lender shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Borrower in insurance policies then in force shall pass to the purchaser at the foreclosure sale.

7. **MAINTENANCE AND UPKEEP.** To keep the Property in good condition and repair; to permit no waste thereof; to restore promptly any building, structure or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property.

8. **PROTECTION OF LENDER'S SECURITY.** If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, eminent domain, insolvency, code enforcement,


Initials

or arrangements or proceedings involving a bankrupt or decedent, then Lender at Lender's option, upon notice to Borrower, may make such appearances, disburse such sums and take such action as is necessary to protect Lender's interest, including but not limited to, disbursement of reasonable attorney's fees and entry upon the Property to make repairs. Any amounts disbursed by Lender pursuant to this paragraph with interest thereon, shall become additional indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof, and shall bear interest from the date of disbursement at the rate payable from time to time on outstanding principal under the Note unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible under applicable law. Nothing contained in this paragraph shall require Lender to incur any expense or take any action hereunder.

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

10. **CONDEMNATION.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender and applied on the sums secured by this Deed of Trust and if any excess remain after payment in full, the excess shall be paid to Borrower.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date such notice is mailed, Lender is authorized to collect and apply the proceeds, at Lender's option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of the monthly installments referred to in paragraph 1 hereof or change the amount of such installments.

11. **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.

12. **FORBEARANCE BY LENDER NOT A WAIVER.** Any forbearance by Lender in exercising any right or remedy hereunder or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Deed of Trust.

13. **REMEDIES CUMULATIVE.** The beneficiary may also elect to sue on the Promissory Note described above. This remedy and all remedies provided in this Deed of Trust are distinct and cumulative to any other right or remedy under this Deed of Trust or afforded by law or equity, and may be exercised concurrently, independently or successively.

14. **THE POWER OF SALE** conferred by this Deed of Trust and by statute of the State in which property is located is not an exclusive remedy; Lender may cause this Deed of Trust to be foreclosed as to a mortgage.

15. **SUCCESSORS AND ASSIGNS BOUND: JOINT AND SEVERAL LIABILITY: CAPTIONS.** The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower subject to the provisions of paragraph 19 hereof. All covenants and agreements of Borrower shall be joint and several. The captions and headings of the paragraphs of this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.

16. **NOTICE.** Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Deed of Trust shall be given by mailing such notice by certified mail addressed to Borrower at the following address 640 N. Tustin Ave. Suite 105 Santa Ana, California 92705

or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be given by certified mail, return receipt requested to Lender's address stated herein or to such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in the Deed of Trust shall be deemed to have been given to Borrower or Lender when given in the manner designated herein.

17. **GOVERNING LAW: SEVERABILITY.** This Deed of Trust shall be governed by the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision, and to this end the provisions of the Deed of Trust and the Note are declared to be severable.

18. **BORROWER'S COPY:** Borrower shall be furnished a conformed copy of the Note and of this Deed of Trust at the time of execution or after recordation hereof.

19. **TRANSFER OF THE PROPERTY: ASSUMPTION.** If all or any part of the Property or an interest therein is sold or transferred by Borrower without Lender's prior written consent, Lender may, at Lender's option, declare all the sums secured by this Deed of Trust to be immediately due and payable.

If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration in accordance with paragraph 16 hereof. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by paragraph 20 hereof.

20. **ACCELERATION: REMEDIES.** Except as provided in paragraph 19 hereof, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, including the covenants to pay when due any sums secured by this Deed of Trust, Lender prior to acceleration shall mail notice to Borrower as provided in paragraph 16 hereof specifying (1) the breach; (2) the action required to cure such breach; (3) a date, not less than 30 days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph including, but not limited to, reasonable attorney's fees.

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold, and shall cause such notice to be recorded in each county in which the Property or some part thereof is located. Lender or Trustee shall give notice of sale in the manner prescribed by applicable law to Borrower and to other persons prescribed by applicable law. After the lapse of such time as may be required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or Lender's designee may purchase the property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property so sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all reasonable Trustee's and attorney's fees and costs of title evidence; (b) to all sums secured by this Deed of Trust; and (c) the excess, if any, to the person or persons legally entitled thereto.

21. BORROWER'S RIGHT TO REINSTATE. Notwithstanding Lender's acceleration of the sums secured by this Deed of Trust, Borrower shall have the right to have any proceedings begun by Lender to enforce this Deed of Trust discontinued at any time prior to the earlier to occur of (i) the Eleventh (11) day before sale of the Property pursuant to the power of sale contained in the Deed of Trust or (ii) entry of a judgment enforcing this Deed of Trust if (a) Borrower pays Lender all sums which would be then due under this Deed of Trust, the Note and notes securing Future Advances, if any, had no acceleration occurred; (b) Borrower cures all breaches of any other covenants or agreements of Borrower contained in this Deed of Trust; (c) Borrower pays all reasonable expenses incurred by Lender and Trustee in enforcing the covenants and agreements of Borrower contained in this Deed of Trust and in enforcing Lender's and Trustee's remedies as provided in paragraph 20 hereof, including, but not limited to, reasonable attorney's fee; and (c) Borrower takes such action as Lender may reasonably require to assure that the lien of this Deed of Trust, Lender's interest in the Property and Borrower's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Borrower, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

22. ASSIGNMENT OF RENTS: APPOINTMENT OF RECEIVER: LENDER IN POSSESSION. As additional security hereunder, Borrower hereby assigns to Lender the rents of the Property provided that Borrower shall, prior to acceleration under paragraph 20 hereof or abandonment of the Property, have the right to collect and retain such rents as they become due and payable.

Upon acceleration under paragraph 20 hereof or abandonment of the Property, Lender, in person, by agent or by judicially appointed receiver, shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property, including those past due. All rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receivers bonds and reasonable attorney's fees, and then to the sums secured by this Deed of Trust. Lender and the receiver shall be liable to account only for those rents actually received.

23. FUTURE ADVANCES. Upon request of Borrower, Lender, at Lender's option prior to full reconveyance of the Property by Trustee to Borrower, may make Future Advances to Borrower. Such Future Advances, with interest thereon, shall be secured by this Deed of Trust when evidenced by promissory notes stating that said notes are secured hereby.

24. RECONVEYANCE. Upon payment of all sums secured by this Deed of Trust, Lender shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

25. SUBSTITUTE TRUSTEE. In accordance with applicable law, Lender may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed, to all the title, power and duties conferred upon the Trustee herein and by applicable law.

26. BOOKS AND RECORDS. Upon Lender's request, Borrower shall furnish to Lender, within sixty (60) days after the end of each fiscal year of Borrower, a balance sheet, a statement of income and expenses of the Property and a statement of changes in financial position, each in reasonable detail and certified by Borrower and, if Lender shall require, by an independent certified public accountant.

27. USE OF PROPERTY. The Property is not currently used for agricultural, farming, timber, or grazing purposes.

28. SECONDARY FINANCING. There will be no secondary financing on this Property without prior written consent of Lender.

29. ATTORNEY'S FEES. As used in this Deed of Trust and in the Note, "attorney's fees" shall also include attorney's fees, if any, which shall be awarded by any trial or appellate court.

IN WITNESS WHEREOF, Borrower has executed this Deed of Trust.

Fred W. Veiga
Fred W. Veiga

Mary L. Parker
Mary L. Parker

STATE OF CALIFORNIA } SS.
COUNTY OF Orange

On July 21, 1989 before me, the undersigned, a Notary Public in and for said State, personally appeared Fred W. Veiga

_____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.

WITNESS my hand and official seal.

Carol Sinsley
Signature of Notary



(This area for official notarial seal)

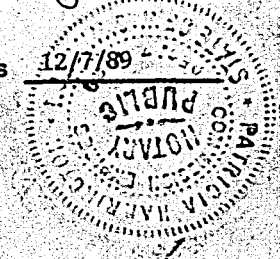
State of Washington)
) ss.
County of Clark)

I certify that I know or have satisfactory evidence that Mary L. Parker signed this instrument and acknowledged it to be (his/her) free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: July 24, 1989

Notary Public for the State of Washington

My appointment expires 12/7/89



State of Washington)
) ss.
County of _____)

I certify that I know or have satisfactory evidence that _____ signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as the _____ of _____ to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

**Notary Public for the State of
Washington**

My appointment expires _____

RETURN: VANCOUVER FEDERAL
1205 BROADWAY
VANCOUVER, WA 98660

STATE OF OREGON: COUNTY OF KLAMATH: SS.

Filed for record at request of Mountain Title Co. the 28th day
of July A.D., 19 89 at 12:16 o'clock PM., and duly recorded in Vol. M89,
of Mortgages on Page 13865.

FEE \$38.00

Evelyn Biehn County Clerk

By Pauline Mullendore