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DEED OF TRUST OREGON

Vol. 590 Page 21003

October 11, 1990

PHILLIP LEE THOMPSON AND KAREN SUE THOMPSON
6875 Old Alturas Road, Redding, California 96003
UNITED STATES NATIONAL BANK OF OREGON
P. O. Box 3347, Portland, Oregon 97208
U. S. BANK OF WASHINGTON, National Association
P. O. Box 3347, Portland, Oregon 97208

Grantor
Address
Beneficiary ("Lender")
Address
Trustee
Address
(Borrower)

The Lender has loaned money or extended credit to Phillip Lee Thompson and Karen Sue Thompson which is repayable with interest according to the terms of the following described promissory note(s):

Date

Principal Balance

Date Final Payment is Due

October 11, 1990

\$82,800.00

November 1, 1995

The term "indebtedness" as used in this Deed of Trust shall mean (a) the principal and interest payable under the note(s) and under any number of extensions and renewals of the note(s); (b) any future amounts, together with interest, that the Lender may in its discretion loan to Borrower or Grantor under this Deed of Trust and any number of extensions and renewals; and (c) any sums paid or advanced by the Lender to discharge obligations of Grantor as permitted under this Deed of Trust, with interest. The interest rate, payment terms and balance due under the note(s) may be indexed, adjusted, renewed or renegotiated in accordance with the terms of the note(s) and on account of any extensions and renewals of the note(s).

To secure payment of the indebtedness and performance of all obligations of Grantor under this Deed of Trust, Grantor irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property, located in Klamath County, State of Oregon:

Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon:
Section 34: E1/2; E1/2 W1/2

which currently has the address of W. Lingell Valley Road, Bonanza, Oregon 97623 and Tax Account No. 311 0100 09301

Together with all appurtenances, all existing or subsequently erected or affixed improvements (if any), and, unless this Deed of Trust is being given to secure an extension of the same credit requiring disclosures under the Federal Truth-in-Lending Act, Grantor hereby grants to Lender a Uniform Commercial Code security interest in all fixtures, equipment, furnishings and other articles of personal property now or subsequently located on or used in connection with the property; all of the foregoing is collectively referred to as the Property. Grantor hereby assigns to Lender as additional security for the indebtedness all present and future rents, issues, and profits from the Property.

1. Maintenance of the Property.

1.1 The Property shall be maintained in good condition at all times. Grantor shall promptly make all necessary repairs, replacements and renewals so that the value of the Property shall be maintained, and Grantor shall not commit or permit any waste on the Property. Grantor shall comply with all laws, ordinances, regulations and private restrictions affecting the Property.

1.2 To the extent that the Property constitutes commercial property, Grantor shall operate the Property in such manner as to prevent deterioration of the land and improvements including fences, except for reasonable wear and tear from proper use.

1.3 Grantor shall not demolish or remove any improvements from the Property without the written consent of Lender.

2. Completion of Construction.

If some or all of the proceeds of the loan creating the indebtedness are to be used to construct or complete construction of any improvement on the Property, Grantor agrees:

2.1 To commence construction promptly and in any event within 30 days from the date of this instrument, and complete the same in accordance with any agreements relating to construction and plans and specifications satisfactory to Lender within 8 months of the date of this instrument;

2.2 To allow Lender to inspect the Property at all times during construction;

2.3 To replace any work or materials unsatisfactory to Lender within 15 calendar days after written notice to the Grantor of such fact;

2.4 That work shall not cease on the construction of such improvements for any reason whatsoever for a period of 15 consecutive days.

3. Taxes and Liens.

3.1 Grantor shall pay before they become delinquent all taxes and assessments levied against or on account of the Property, and shall pay as due all claims for work done on or for services rendered or material furnished to the Property. Special assessments shall be paid currently, without deferral, unless the lien for deferred assessments is subordinate to the interest of Lender under this Deed of Trust, or Lender gives its prior written consent to the deferral. Grantor shall maintain the Property free of any liens having priority over or equal to the interest of the Lender under this Deed of Trust except for "Permitted Encumbrances" as defined in 3.1, the lien of taxes and assessments not delinquent, and except as otherwise provided in 3.2.

3.2 Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as the Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within 15 days after the lien arises or, if a lien is filed, within 15 days after Grantor has notice of the filing, secure the discharge of the lien or deposit with the Lender cash or a sufficient corporate surety bond or other security satisfactory to the Lender in an amount sufficient to discharge the lien plus any costs, attorney's fees or other charges that could accrue as a result of a foreclosure or sale under the lien.

"Grantor" or the name of the Borrower if different from the Grantor.

3.3 The assessor or tax collector of the county in which the Property is located is authorized to deliver to the Lender a written statement of the property taxes assessed or owing at any time.

4. Insurance.

4.1 Grantor shall carry such insurance as the Lender may reasonably require.

This shall include insurance on the Property against fire, additional risks covered by a standard endorsement for extended coverage, and such other risks as may be specified by the Lender, including without limitation flood and war risks. Insurance on the Property shall be carried in companies and under policies approved by the Lender and shall be for an amount equal to the remaining unpaid portion of the indebtedness or the full insurable value of the Property, whichever is less, and an amount sufficient to comply with any co-insurance provision in any policy.

4.2 All policies of insurance on the Property shall bear an endorsement in a form satisfactory to the Lender making loss payable to the Lender and shall be deposited with the Lender. In the event of loss, Grantor shall immediately notify the Lender, who may make proof of loss if it is not made promptly by Grantor. Proceeds shall be paid directly to the Lender who may compromise with any insurance company and make a final settlement which shall be binding upon Grantor. The Lender may, at its election, apply the proceeds to the reduction of the indebtedness or the restoration or repair of the Property.

4.3 At least 30 days prior to the expiration of any policy, a satisfactory renewal or substitute policy shall be secured by Grantor.

5. Reserves; Mortgage Insurance Premiums.

5.1 If allowed by law, and if Grantor and Lender do not otherwise expressly agree in writing, Lender may require Grantor to maintain reserves for payment of taxes (including special assessments and other charges against the Property by governmental or quasi-governmental bodies) or premiums on property insurance or both. The reserves shall be created by payment each month to the Lender of an amount determined by the Lender to be sufficient to produce by the date they are due amounts equal to the estimated taxes and insurance premiums to be paid. If at the time that payments are to be made the reserve for either taxes or insurance premiums is insufficient, Grantor shall upon demand pay such additional sum as the Lender shall determine to be necessary to cover the required payment.

5.2 If the Lender carries mortgage (default) insurance covering the repayment of all or any part of the indebtedness, the premiums for such insurance shall be paid by the Grantor, and if allowed by law, the Lender may require Grantor to maintain a reserve for such purposes in the same manner as for taxes and property insurance, and subject to the same agreements.

5.3 If Grantor desires to carry a package plan of insurance that includes coverage in addition to that required under this Deed of Trust, the Lender, if allowed by law, may at its option establish and administer a reserve for that purpose. In such event the premium attributable to the required insurance coverage shall be quoted separately, and the Lender may permit Grantor to furnish a certificate of insurance rather than deposit the policy as required in 4.2. If at any time the Lender holds an insufficient amount in the insurance reserve to cover the premium for the entire package policy, the Lender may, at its discretion, pay only that portion of the premium attributable to the required insurance coverage. If the blanket policy does not permit such partial payment, the Lender may use the reserve funds for the premium on a new, separate policy providing the required insurance coverage and allow the package policy to lapse.

5.4 Lender shall not charge a service charge for collecting reserves and paying taxes and insurance premiums. The reserves shall not constitute a trust. Grantor agrees that Lender may commingle reserve funds with other funds of Lender, and need not

(d) With respect to all or any part of the Property that constitutes personally, the rights and remedies of a secured party under the Uniform Commercial Code.

(e) The right, without notice to Grantor, to take possession of the Property and collect all rents and profits, including those past due and unpaid, and apply the net proceeds, over and above the Lender's costs, against the indebtedness. In furtherance of this right the Lender may require any tenant or other user to make payments of rent or use fees directly to the Lender, and payments by such tenant or user to the Lender in response to its demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed.

(f) The right to have a receiver appointed to take possession of any or all of the Property, with the power to protect and preserve the Property and to operate the Property pending foreclosure or sale and apply the proceeds, over and above cost of the receivership, against the indebtedness. The receiver may serve without bond if permitted by law. The Lender's right to the appointment of a receiver shall exist whether or not apparent value of the Property exceeds the indebtedness by a substantial amount.

(g) Subject to any limitations imposed by law, the right to obtain a deficiency judgment in the event the net sale proceeds of any foreclosure sale are insufficient to pay the entire unpaid indebtedness.

(h) Any other right or remedy provided in this Deed of Trust, the promissory notes evidencing the indebtedness, any construction loan agreement, any other security document, or under law.

16.2 In exercising its rights and remedies, the Lender and Trustee shall be free to sell all or any part of the Property together or separately or to sell certain portions of the Property and refrain from selling other portions. The Lender shall be entitled to bid at any public sale on all or any portion of the Property.

16.3 The Lender shall give Grantor reasonable notice of the time and place of any public sale of any personal property or of the time at which any private sale or other intended disposition of the Property is to be made. Reasonable notice shall mean notice given at least ten days before the time of the sale or disposition.

16.4 A waiver by either party of a breach of a provision of this agreement shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. Election by the Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or take action to perform an obligation of Grantor under this Deed of Trust (other than failure of Grantor to perform) shall not affect the Lender's right to declare in default and exercise its remedies under this paragraph 16.

16.5 In the event suit or action is instituted to enforce any of the terms of this Deed of Trust the Lender shall be entitled to recover from Grantor such sum as the court may adjudge reasonable as attorney's fees at trial and on any appeal. All reasonable expenses incurred by the Lender that are necessary at any time in the Lender's opinion for the protection of its interest or the enforcement of its rights, including without limitation, the cost of searching records, obtaining title reports, surveyors' reports, attorneys' opinions or title insurance, whether or not any court action is involved, shall become a part of the indebtedness payable on demand and shall bear interest at the same rate as provided in the note from the date of expenditure until paid.

17. Notice.

Any notice under this Deed of Trust shall be in writing and shall be effective when actually delivered or, if mailed, when deposited as registered or certified mail directed to the address stated in this Deed of Trust. Either party may change the address for notices by written notice to the other party.

18. Succession; Terms.

18.1 Subject to the limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns.

18.2 In construing this Deed of Trust the term Deed of Trust or Trust Deed shall encompass the term security agreement when the instrument is being construed with respect to any personal property or fixtures.

18.3 Attorneys' fees. "Attorneys' fees," as that term is used in the note and in this Deed of Trust, shall include attorneys' fees, if any, which may be awarded by an appellate court.

Phillip Lee Thompson
Phillip Lee Thompson

Karen Sue Thompson
Karen Sue Thompson

INDIVIDUAL ACKNOWLEDGEMENT

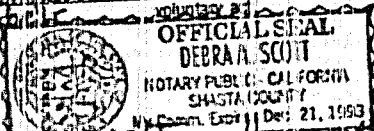
(CALIFORNIA)

STATE OF OREGON

County of SHASTA

ss. 10-11 1990

Personally appeared the above-named Phillip Lee Thompson and acknowledged the foregoing instrument to be his voluntary act and deed.



Subscribed at: Debra A. Scott
Notary Public for Oregon (California)
My commission expires:

CORPORATE ACKNOWLEDGEMENT

STATE OF OREGON

County of _____ } ss. _____, 19____

Personally appeared _____, who, being sworn, is a
stated that _____, he, the said _____ and _____, the said _____

is a _____ of Grantor corporation and that the seal affixed hereto is its seal and that this Deed of Trust was voluntarily signed and sealed on behalf of the corporation by Authority of its Board of Directors.

Before me:

Notary Public for Oregon (California)
My commission expires:

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co. the 18th day
of Oct. A.D. 1990 at 9:12 o'clock A.M., and duly recorded in Vol. M90
of _____ of _____ Mortgage _____ on Page 21003

FILE \$18.00

Evelyn Biehn County Clerk
By Quinn Mulendore

REQUIREMENT FOR RECONVEYANCE

To the lender:
This document is the holder of the note or notes secured by this Deed of Trust. Said note or notes, together with all other indebtedness secured by this Deed of Trust, have been paid in full. You are hereby directed to cancel said note or notes and this Deed of Trust, which are delivered hereby, and to reconvey without warranty, all the estate now held by you under this Deed of Trust to the person or persons legally entitled thereto.

Return:

U.S. National Bank of Oregon
P.O. Box 4113, Pl-5
Portland, Or. 97208
Attn: Kirby Childers