

THIS INDENTURE between TERRY L. WILLIAMS AND MARILYN K. WILLIAMS as tenants by the entirety hereinafter called the first party, and KLAMATH VENTURE CAPITAL, INC., an Oregon Corporation hereinafter called the second party; WITNESSETH:

Whereas, the title to the real property hereinafter described is vested in fee simple in the first party, subject to the lien of a mortgage or trust deed recorded in the mortgage records of the county hereinafter named, in book/reel/volume No. M85, at page 17191 thereof, reference to said records hereby being made, and the notes and indebtedness secured by said mortgage or trust deed are now owned by the second party, on which notes and indebtedness there is now owing and unpaid the sum of \$16,000, the same being now in default and said mortgage or trust deed being now subject to immediate foreclosure, and whereas the first party, being unable to pay the same, has requested the second party to accept an absolute deed of conveyance of said property in satisfaction of the indebtedness secured by said mortgage and the second party does now accede to said request.

NOW, THEREFORE, for the consideration hereinafter stated (which includes the cancellation of the notes and indebtedness secured by the mortgage or trust deed and the surrender thereof marked "Paid in Full" to the first party), the first party does hereby grant, bargain, sell and convey unto the second party, his heirs, successors and assigns, all of the following described real property situate in Klamath County, State of Oregon, to-wit:

Lot 12 of Pleasant Home Tracts, according to the official plat thereof on file in the office of the county clerk of Klamath County, Oregon.

together with all of the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining;

TO HAVE AND TO HOLD the same unto said second party, his heirs, successors and assigns forever. And the first party, for himself and his heirs and legal representatives, does covenant to and with the second party, his heirs, successors and assigns, that the first party is lawfully seized in fee simple of said property, free and clear of incumbrances except said mortgage or trust deed; that the first party will warrant and forever defend the above granted premises, and every part and parcel thereof against the lawful claims and demands of all persons whomsoever, other than the liens above expressly excepted; that this deed is intended as a conveyance, absolute in legal effect as well as in form, of the title to said premises to the second party and all redemption rights which the first party may have therein, and not as a mortgage, trust deed or security of any kind; that possession of said premises hereby is surrendered and delivered to said second party; that in executing this deed the first party is not acting under any misapprehension as to the effect thereof or under any duress, undue influence, or misrepresentation by the second party, or second party's representatives, agents or attorneys; that this deed is not given as a preference over other creditors of the first party and that at the time there is no person, co-partnership or corporation, other than the second party, interested in said premises directly or indirectly, in any manner whatsoever, except as aforesaid.

The true and actual consideration paid for this transfer, stated in terms of dollars, is \$16,000.

In construing this instrument, it is understood and agreed that the first party as well as the second party may be more than one person; that if the context so required, the singular shall be taken to mean and include the plural; that the singular pronoun means and includes the plural, the masculine, the feminine and the neuter and that, generally, all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and individuals.

IN WITNESS WHEREOF, the first party above named has executed this instrument; if first party is corporation, it has caused its corporate name to be signed hereto and its corporate seal affixed by its officers duly authorized thereunto by order of its Board of Directors.

THIS INSTRUMENT DOES NOT GUARANTEE THAT ANY PARTICULAR USE MAY BE MADE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT. A BUYER SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.

Terry L. Williams  
TERRY L. WILLIAMS

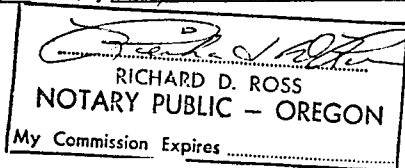
Marilyn K. Williams  
MARILYN K. WILLIAMS

STATE OF OREGON, County of Klamath)ss.

The foregoing instrument was acknowledged before me this 1 day of August, 1991, by Terry L. & Marilyn K. Williams

(S E A L)

Before me: Richard Ross  
Notary Public for Oregon  
My Commission Expires: 6/6/93



STATE OF OREGON, County of Klamath)ss.

Grantor

Klamath Venture Capital, Inc.  
3038 Cannon Street  
Klamath Falls, OR 97601  
Grantee

STATE OF OREGON,  
County of Klamath ss.

Filed for record at request of:

After recording return to:  
Klamath Venture Capital Inc

Until a change is  
requested, all tax statements  
shall be sent to the following address:  
Same

Aspen Title Co.  
on this 6th day of Nov. A.D., 19 91  
at 10:59 o'clock A M. and duly recorded  
in Vol. M91 of Deeds Page 23284.  
Evelyn Biehn County Clerk  
By Douline Muckelbauer  
Deputy.

Fee, \$28.00



DEED OF TRUST  
LINE OF CREDIT MORTGAGE

23283

8.6 All of my representations, warranties, covenants and agreements contained in this Deed of Trust regarding any hazardous substance, including but not limited to my agreement to accept conveyance of the Property from you and to resume ownership, shall survive foreclosure of this Deed of Trust or acceptance by you of a deed in lieu of foreclosure.

8.7 For purposes of this Deed of Trust, the term "hazardous substance" means any substance or material defined or designated as hazardous or toxic waste, hazardous or toxic material or hazardous, toxic or radioactive substance (or designated by any other similar term) by any applicable federal, state or local statute, regulation or ordinance now in effect or in effect at any time during either the term of this Deed of Trust or the period of time I remain in possession, custody, or control of the Property following either foreclosure of this Deed of Trust or acceptance by you of a deed in lieu of foreclosure.

9. SATISFACTION OF DEED OF TRUST. When the Note or Credit Agreement or both, as applicable, are completely paid off and the Credit Agreement, as applicable, is cancelled and terminated as to any future loans, I understand that you will request Trustee to reconvey, without warranty, the property to the person legally entitled thereto. I will pay Trustee a reasonable fee for preparation and execution of the reconveyance instrument and I will record the reconveyance at my expense.

10. CHANGE OF ADDRESS. I will give you my new address in writing whenever I move. You may give me any notices by regular mail at the last address I have given you.

11. OREGON LAW APPLIES. This Deed of Trust will be governed by Oregon law. Even though the words "LINE OF CREDIT MORTGAGE" appear on this Deed of Trust, this instrument is a Deed of Trust and is subject to Oregon law respecting Deeds of Trust.

12. NAMES OF PARTIES. In this Deed of Trust "I", "me" and "my" mean Grantor(s), and "you" and "your" mean Beneficiary/Lender.

I agree to all the terms of this Deed of Trust.

Velma B. Dewey 11/4/91  
Grantor Date

\_\_\_\_\_  
Grantor Date

\_\_\_\_\_  
Grantor Date

INDIVIDUAL ACKNOWLEDGMENT

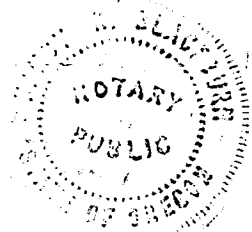
STATE OF OREGON )

County of Deschutes )

) ss.

Nov 4, 1991  
Date

Personally appeared the above named Velma B. Dewey  
and acknowledged the foregoing Deed of Trust to be her voluntary act.



Before me:

Nancy K. Blackburn  
Notary Public for Oregon

My commission expires: 5-17-93

REQUEST FOR RECONVEYANCE

TO TRUSTEE:

The undersigned is the holder of the Note or Credit Agreement or both, as applicable, secured by this Deed of Trust. The entire obligation evidenced by the Note or Credit Agreement or both, as applicable, together with all other indebtedness secured by this Deed of Trust, have been paid in full. You are hereby directed to cancel the Note or Credit Agreement or both, as applicable, and this Deed of Trust, which are delivered herewith, and to reconvey, without warranty, all the estate now held by you under the Deed of Trust to the person or persons legally entitled thereto.

Date: \_\_\_\_\_ Signature: \_\_\_\_\_

After recording, return to:

ATC

STATE OF OREGON, ss.  
THI County of Klamath

Filed for record at request of:

Aspen Title Co.

on this 6th day of Nov. A.D. 19 91  
at 10:59 o'clock A.M. and duly recorded  
in Vol. M91 of Mortgages Page 23281.

Evelyn Biehn County Clerk

By Douglas M. Nielsen

Deputy.

Fee, \$18.00



# DEED OF TRUST LINE OF CREDIT MORTGAGE

23282

## 3. INSURANCE, LIENS, AND UPKEEP.

3.1 I will keep the property insured by companies acceptable to you with fire and theft insurance, flood insurance if the property is located in any area which is, or hereafter will be designated as a special flood hazard area, and extended coverage insurance, if any, as follows:

### CALIFORNIA CASUALTY

The policy amount will be enough to pay the entire amount owing on the debt secured by this Deed of Trust or the insurable value of the Property, whichever is less, despite any "co-insurance" or similar provision in the policy. The insurance policies will have your standard loss payable endorsement. No one but you has a mortgage or lien on the property, except the following Permitted Lien(s):

3.2 I will pay taxes and any debts that might become a lien on the Property, and will keep it free of trust deeds, mortgages and liens, other than yours and the Permitted Liens just described.

3.3 I will also keep the Property in good condition and repair and will prevent the removal of any of the improvements.

3.4 If I do not do any of these things, you may do them and add the cost to the Note or Credit Agreement as applicable. I will pay the cost of your doing these whenever you ask, with interest at the fixed or floating rate charged under the Note or Credit Agreement, whichever is higher. Even if you do these things, my failure to do them will be a default under Section 6, and you may still use other rights you have for the default.

4. DUE ON SALE. I agree that you may, at your option, declare due and payable all sums secured by this Deed of Trust if all or any part of the property, or an interest in the Property, is sold or transferred. If you exercise the option to accelerate, I know that you may use any default remedies permitted under this Deed of Trust and applicable law. I know that you may exercise your rights under this due on sale provision each time all or any part of the Property, or an interest in the Property, is sold or transferred, whether or not you exercised your rights on any previous sales or transfers.

5. PROTECTING YOUR INTEREST. I will do anything that may now or later be necessary to perfect and preserve this Deed of Trust and I will pay all recording fees and other fees and costs involved.

## 6. DEFAULT. It will be a default:

6.1 If you do not receive any payment on the debt secured by this Deed of Trust when it is due;

6.2 If I commit fraud or make any material misrepresentation in connection with my loan application, the Note or Credit Agreement, this Deed of Trust, or any aspect of my line of credit. For example, it will be a default if I give you a false financial statement, or if I do not tell you the truth about my financial situation, about the property that is subject to this Deed of Trust, or about my use of the money I obtained from you through the Note or line of credit;

6.3 If any action or inaction by me adversely affects your security for the Note or Credit Agreement, including, but not limited to, the following:

- If all or any part of the Property, or an interest in the Property, is sold or transferred;
- If I fail to maintain required insurance on the Property;
- If I commit waste on the Property or otherwise destructively use or fail to maintain the Property;
- If I die;
- If I fail to pay taxes or any debts that might become a lien on the Property;
- If I do not keep the Property free of deeds of trust, mortgages and liens, other than this Deed of Trust and other Permitted Liens I have already told you about;
- If I become insolvent or bankrupt;
- If any person forecloses or declares a forfeiture on the Property under any land sale contract, or forecloses any Permitted Lien or other lien on the Property; or
- If I fail to keep any agreement or breach the warranties, representations or covenants I am making to you in this Deed of Trust about hazardous substances on the Property.

7. YOUR RIGHTS AFTER DEFAULT. After a default, you will have the following rights and may use any one, or any combination of them, at any time.

7.1 You may declare the entire secured debt immediately due and payable all at once without notice.

7.2 Subject to any limitations imposed by applicable law, either before or after a sale of the Property under a judicial foreclosure, or before a sale of the Property by advertisement and sale, you may sue for and recover from Borrower all amounts remaining under the Credit Agreement, under the Note, and under this Deed of Trust.

7.3 You may foreclose this Deed of Trust under applicable law either judicially by suit in equity or nonjudicially by advertisement and sale.

7.4 You may have any rents from the Property collected and pay the amount received, over and above costs of collection and other lawful expenses, on the debt secured by this Deed of Trust.

7.5 I will be liable for all reasonable collection costs you incur, to the full extent allowed by law. If you foreclose this Deed of Trust either judicially by suit in equity or nonjudicially by advertisement and sale, I will also be liable for your reasonable attorney fees including any on appeal or review.

7.6 You may use any other rights you have under the law, this Deed of Trust, or other agreements, including but not limited to any Note or Credit Agreement.

## 8. HAZARDOUS SUBSTANCES.

8.1 Except as previously disclosed to you in writing, I represent and warrant to you that no hazardous substance is stored, located, used or produced on the property, and that to the best of my knowledge, after due and diligent inquiry, no hazardous substance is stored, located, used or produced on any adjacent property, nor has any hazardous substance been stored, located, used, produced, or released on the property or any adjacent property prior to my ownership, possession or control of the property.

8.2 I will not cause or permit any activity on the Property that directly or indirectly could result in the release of any hazardous substance onto or under the Property or any other property. I agree to provide written notice to you immediately when I become aware that the Property or any adjacent property is being or has been subjected to a release of any hazardous substance.

8.3 You and your representatives may enter the property at any time for the purpose of conducting an environmental audit, committing only such injury to the property as may be necessary to conduct the audit. You shall not be required to remedy any such injury or compensate me therefor. I shall cooperate in all respects in the performance of the audit. I shall pay the costs of the audit if either a default exists under this Deed of Trust at the time you arrange to have the audit performed or if the audit reveals a default pertaining to hazardous substances. If I refuse to permit you or your representatives to conduct an environmental audit on the property, you may specifically enforce performance of this provision.

8.4 I will indemnify and hold you harmless from and against any and all claims, demands, liabilities, lawsuits and other proceedings, damages, losses, liens, penalties, fines, clean-up and other costs, expenses, and attorney fees (including any on appeal or review) arising directly or indirectly from or out of, or in any way connected with (i) the breach of any representation, warranty, covenant, or agreement concerning hazardous substances contained in this Deed of Trust or in any other document executed by me in connection with the debt secured by this Deed of Trust; (ii) any release onto or under the Property or other property of any hazardous substance that occurs as a direct or indirect result of acts or omissions by me or my agents or independent contractors; and (iii) any release onto or under the property of any hazardous substance that occurs during my ownership, possession, or control of the Property.

8.5 If you shall at any time, through the exercise of any of your remedies under this Deed of Trust, or by taking a deed in lieu of foreclosure, hold title to or own the Property in your own right, you may, at your option, convey the Property to me. I covenant and agree that I shall accept delivery of any instrument of conveyance and resume ownership of the Property in the event you exercise your option hereunder to convey the Property to me. You, at your sole discretion, shall have the right to record any instrument conveying the property to me and such recordation shall be deemed acceptance by me of the instrument and the conveyance.