

Vol. m92 Page. 4605

as Grantor, WILLIAM E. SCARBOROUGH, JR., as Trustee, and  
FIRST INTERSTATE BANK OF OREGON, N.A., Trustee under Amended and Restated  
 Trust Agreement dated 12/13/73, as presently stated or hereafter amended, with  
 John Richard Gray as Trustor,  
 as Beneficiary, WITNESSETH.

Grantor irrevocably grants, bargains, sells and conveys to trustee in trust, with power of sale, the property in Klamath County, Oregon, described as:

together with all and singular the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in anywise now or hereafter appertaining, and the rents, issues and profits thereof and all fixtures now or hereafter attached to or used in connection with said real estate.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of Five Hundred Fifteen Thousand and No/100 (\$515,000) Dollars, with interest thereon according to the terms of a promissory

sum of Five Hundred Fifteen Thousand and no/100 (150,000.00) Dollars, with interest thereon according to the terms of a promissory note of even date herewith, payable to beneficiary or order and made by grantor, the final payment of principal and interest hereof, if not sooner paid, to be due and payable May 20, 1992.  
The principal of the debt secured by this instrument is the date, stated above, on which the final installment of said note is due, and if any interest therein is sold, agreed to be

note of even date herewith, payable to order of \_\_\_\_\_, \_\_\_\_\_, 19\_\_\_\_.

not sooner paid, to be due and payable \_\_\_\_\_ May 20 \_\_\_\_\_, 19\_\_\_\_.

The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of said note becomes due and payable. In the event the within described property, or any part thereof, or any interest therein is sold, agreed to be sold, conveyed, assigned or alienated by the grantor without first having obtained the written consent or approval of the beneficiary, then, at the beneficiary's option, all obligations secured by this instrument, irrespective of the maturity dates expressed therein, or herein, shall become immediately due and payable.

1. To protect, preserve and maintain said property in good condition and repair; not to remove or demolish any building or improvement thereon; and not to permit any waste of said property.

2. To complete or restore promptly and in good and workmanlike manner any building or improvement which may be constructed, damaged or

3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property; if the beneficiary so requests, to join in executing and signing statements pursuant to the Uniform Commercial Code which the beneficiary may require and to pay for filing same in the public office or offices, as well as the cost of all lien searches made by filing officers, or searching agencies as may be deemed desirable by the beneficiary;

by filing officers, sealings, and recordings. 4. To provide and continuously maintain insurance on the buildings now or hereafter erected on the said premises against loss or damage by fire and against other hazards as the beneficiary may from time to time require, in an amount not less than ~~the full replacement value~~ written in an amount not less than \$100,000, the loss payable to the latter; all companies acceptable to the beneficiary. 5. The loss payable to the latter; all policies of insurance shall for any reason to the beneficiary, as soon as insured; to if the grantor shall fail for any reason to procure any such insurance and to deliver said policies to the beneficiary at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on said buildings. 6. The beneficiary may procure the same at grantor's expense. The amount collected under any fire or other insurance policy may be applied to the beneficiary's debt and indebtedness secured hereby; and in such order as the beneficiary may determine, or at option of beneficiary the entire amount so collected, or any part thereof, may be released to grantor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. 7. The beneficiary shall be bound to pay all taxes and to pay all

5. To keep said premises free from construction liens and to pay all taxes, assessments and other charges that may be levied or assessed upon or against said real property before any part of such taxes, assessments and other charges become past due or delinquent and promptly pay any of any taxes, assessments, insurance premiums, liens or other charges payable by grantor, either by direct payment or, if beneficiary, at its option, make payment thereof, make such payment, if beneficiary, at its option, make payment thereof, and the amount so paid, with interest at the rate set forth in the note secured hereby, together with the obligations described in paragraphs 6 and 7 of this trust deed, shall be added to and become a part of the debt secured by this trust deed, without waiver of any rights arising from breach of any of the covenants hereof and for such payments, with interest as aforesaid, the propert hereinbefore described, as grantor, shall be bound to the payment of the obligation herein same extent that they are bound for the payment of the obligation herein described, and the nonpayment thereof shall, at the option of the beneficiary, not constitute a breach of this trust deed.

6. To pay all costs, fees and expenses of this trust including the cost of title search as well as the other costs and expenses of the trustee incurred in connection with or in enforcing this obligation and trustee's and attorney's fees actually incurred.

7. To appear in and defend any action or proceeding purporting to affect the rights or powers of beneficiary or trustee; and in any such action or proceeding in which the beneficiary or trustee may appear, including any suit for the foreclosure of a mortgage, to pay all costs and expenses, including evidence of the beneficiary's or trustee's attorney's fees; and to acknowledge the beneficiary's or trustee's attorney's fees from any judgment or decree of the trial court and the beneficiary or trustee further agrees to pay such sum as the appellate court may adjudge reasonable as the beneficiary's or trustee's attorney's fees on such appeal.

*It is mutually agreed that:*

[illegible]

9. At any time and from time to time upon written request of beneficiary, payment of its fees and presentation of this deed and the note for endorsement (in case of full reconveyances, for cancellation), without affecting the liability of any person for the payment of the indebtedness, trustee may (a) consent to the making of any map or plat of said property; (b) join in

granting any easement or creating any restriction thereon; (c) join in any mortgage, deed, or other agreement affecting this deed or the lien or charge of subordination; (d) convey, without warranty, all or any part of the property; (e) assume any liability in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof. Trustee's fees for any of the services mentioned in this paragraph shall be not less than \$5.

10. Upon any default by grantor hereunder, beneficiary may at any time without notice, either in person, by a duly authorized agent, or by a sheriff or other officer of the court, enter upon and take possession of said property, real, personal or mixed, whether or not the same is then insured, and may sell, lease, convey, or otherwise dispose of the same, with or without the aid of a court, and apply the same, issues and profits, including those past due and those to become due, to the satisfaction of the obligations of grantor hereunder, and to the payment of the costs and expenses of operation and collection, including reasonable attorney's fees and expenses of indebtedness secured hereby, and in such order as beneficiary may determine.

11. The entering upon and taking possession of said property, the collection of such rents, issues and profits, or the proceeds of tire and other insurance policies or compensation or awards for any taking or damage of the property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done hereunder in such notice.

12. Upon default by grantor in payment of any indebtedness secured hereby or in his performance of any agreement hereunder, the time being of the essence with respect to such payment, the beneficiary may, at his option, either declare all sums secured hereby immediately due and payable. In such an event the beneficiary may, at his election may proceed to foreclose this trust and may, at his election, either (a) direct the trustee to foreclose this trust by advertisement and sale, or may direct the trustee to pursue any other right or remedy, either at law or in equity, which the beneficiary may have. In the event the beneficiary elects to foreclose this trust by advertisement and sale, the beneficiary or his attorney-in-fact shall cause to be recorded his written notice of the obligation and his election to sell the said described real property at a certain time and place of sale, give notice whereupon the trustee shall, at law and proceed to foreclose this trust due security thereof as herein required by ORS 86.735 to 86.795. In the event the beneficiary elects to foreclose this trust by advertisement and sale, the beneficiary or his attorney-in-fact shall cause to be recorded his written notice of the obligation and his election to sell the said described real property at a certain time and place of sale, give notice whereupon the trustee shall, at law and proceed to foreclose this trust due security thereof as herein required by ORS 86.735 to 86.795.

[illegible]

14. Fourthly, the sale shall be held on the date and at the time and place designated in the notice of sale and the trustee may sell said property either in one parcel or in several parcels and shall sell the parcel or parcels at the time and place to the highest bidder for cash, payable at the time of sale. The trustee is authorized to the highest bidder its deed in form as usual by law conveying said deliver to the purchaser its deed in form as usual by law conveying the property so sold, but without any covenants or warranty, express or implied. The recitals in the deed of sale matters of fact shall be conclusive proof of the truth of the same. No person, excluding the trustee, but including

15. When trustee sells pursuant to the powers provided herein, trustee shall apply the proceeds of sale to the following: (1) the expenses of sale, including the commission of the trustee and a reasonable charge by trustee's attorney; (2) the obligation secured by the trust deed; (3) to the trust having recorded liens subsequent to the inception of the trust in the trust deed as their interests may appear in the order of their priority and (4) the balance, if any, to the grantor or to his successor in interest entitled to such surplus.

16. Beneficiary may from time to time appoint a successor or successors to any trustee named herein and without conveyance to the successor or under. Upon such appointment and without conveyance to the successor or trustee, the trust shall be vested with all title, powers and duties of the trust. Any trustee herein named or appointed hereunder may appoint any other person any trustee herein named or appointed hereunder to execute by beneficiary, and substitution shall be made by the mortgage records of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee.

17. Trustee accepts this trust when this deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust 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.

NOTE: The Trust Deed Act provides that the trustee hereunder must be either an attorney, who is an active member of the Oregon State Bar, a bank, trust company or savings and loan association authorized to do business under the laws of Oregon or the United States, a title insurance company authorized to insure title to real property of this state, its subsidiaries, affiliates, agents or branches, the United States or any agency thereof, or an escrow agent licensed under ORS 696.505 to 696.585.

The grantor covenants and agrees to and with the beneficiary and those claiming under him, that he is law-fully seized in fee simple of said described real property and has a valid, unencumbered title thereto

and that he will warrant and forever defend the same against all persons whomsoever.

This Trust Deed is further subject to the provisions of that certain Addendum attached hereto and incorporated herein by reference.

The grantor warrants that the proceeds of the loan represented by the above described note and this trust deed are:  
(a)\* primarily for grantor's personal, family or household purposes (see Important Notice below),  
(b) for an organization, or (even if grantor is a natural person) are for business or commercial purposes.

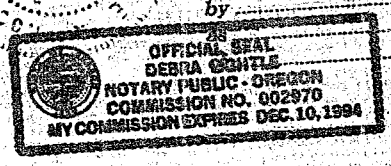
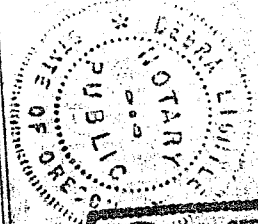
This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors and assigns. The term beneficiary shall mean the holder and owner, including pledgee, of the contract secured hereby, whether or not named as a beneficiary herein. In construing this deed and whenever the context so requires, the masculine gender includes the feminine and the neuter, and the singular number includes the plural.

IN WITNESS WHEREOF, said grantor has hereunto set his hand the day and year first above written.

\* IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is not applicable; if warranty (a) is applicable and the beneficiary is a creditor as such word is defined in the Truth-in-Lending Act and Regulation Z, the beneficiary MUST comply with the Act and Regulation, by making required disclosures; for this purpose use Stevens-Ness Form No. 1319, or equivalent. If compliance with the Act is not required, disregard this notice.

X William Adolph Hanke  
William Adolph Hanke

X Carol Janice Hanke  
Carol Janice Hanke



STATE OF OREGON, County of Lake ss. February 28, 1992.  
This instrument was acknowledged before me on February 28, 1992,  
by WILLIAM ADOLPH HANKE and CAROL JANICE HANKE, husband and wife,  
This instrument was acknowledged before me on \_\_\_\_\_, 19\_\_\_\_,  
by \_\_\_\_\_

Debra Goble  
Notary Public for Oregon  
My commission expires 12-10-94

REQUEST FOR FULL RECONVEYANCE  
To be used only when obligations have been paid.

TO: \_\_\_\_\_, Trustee  
The undersigned is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sums secured by said trust deed have been fully paid and satisfied. You hereby are directed, on payment to you of any sums owing to you under the terms of said trust deed or pursuant to statute, to cancel all evidences of indebtedness secured by said trust deed (which are delivered to you herewith together with said trust deed) and to reconvey, without warranty, to the parties designated by the terms of said trust deed the estate now held by you under the same. Mail reconveyance and documents to \_\_\_\_\_

DATED: \_\_\_\_\_, 19\_\_\_\_  
Beneficiary

Do not lose or destroy this Trust Deed OR THE NOTE which it secures. Both must be delivered to the trustee for cancellation before reconveyance will be made.

### TRUST DEED

(FORM No. 681)  
STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.  
William Adolph Hanke  
Carol Janice Hanke  
P.O. Box 69  
Silver Lake, OR 97638  
First Interstate Bank, Grantor  
of Oregon, N.A., Trustee  
P.O. Box 2971  
Portland, OR 97208-0041  
Beneficiary

AFTER RECORDING RETURN TO  
William E. Scarborough, Jr.  
Attorney at Law  
5410 SW Macadam Ave., Suite 100  
Portland, OR 97201

SPACE RESERVED  
FOR  
RECORDER'S USE

STATE OF OREGON, } ss.  
County of \_\_\_\_\_  
I certify that the within instrument  
was received for record on the \_\_\_\_\_ day  
of \_\_\_\_\_, 19\_\_\_\_,  
at \_\_\_\_\_ o'clock \_\_\_\_\_ M., and recorded  
in book/reel/volume No. \_\_\_\_\_ on  
page \_\_\_\_\_ or as fee/file/instru-  
ment/microfilm/reception No. \_\_\_\_\_  
Record of Mortgages of said County.  
Witness my hand and seal of  
County affixed.

NAME \_\_\_\_\_ TITLE \_\_\_\_\_  
By \_\_\_\_\_ Deputy

ADDENDUM TO TRUST DEEDDate: February 28, 1992

THIS ADDENDUM is incorporated into and made a part of that certain Trust Deed dated February 28, 1992, between WILLIAM ADOLPH HANKE and CAROL JANICE HANKE, husband and wife, referred to herein as Grantor, and FIRST INTERSTATE BANK OF OREGON, N.A., Trustee under Amended and Restated Trust Agreement dated December 13, 1973, as presently stated or hereafter amended, with John Richard Gray as Trustor, Beneficiary. Notwithstanding anything contained in the Trust Deed to the contrary, the following terms shall supersede and control in the event of a conflict:

1. The obligations secured by this Trust Deed, and the security agreement and assignment of leases contained herein, include:

(A) Payment when due of all installments of principal and interest under that certain Promissory Note of even date herewith in the original principal amount of Five Hundred Fifteen Thousand and No/100 Dollars (\$515,000), in accordance with the terms hereof on or before May 20, 1992 (the "maturity date"), and any and all renewals, extensions, modifications and conversions of said Note whether or not evidenced by a new note or additional notes;

(B) The performance of the covenants and agreements made by Grantor in this Trust Deed;

(C) Reimbursement by Grantor upon Beneficiary's demand of all costs, expenses, fees and advances incurred or made by Beneficiary in servicing and enforcing the obligations secured by this Trust Deed, in preserving, handling, protecting, collecting, foreclosing, disposing and otherwise realizing on the collateral and in protecting and preserving the priority of the lien and security interest granted by this Trust Deed, including any payment of interest, all or any installment of principal whether or not then due and payable and/or any penalties on account of any taxes, insurance premiums or obligation secured by lien, encumbrance or security interest which is or may in good faith be claimed to be prior to the lien and security interest granted by this Trust Deed; and

(D) All other present and future debts, liabilities and obligations, direct or indirect, of Grantor to Beneficiary of any kind, nature or class whatsoever.

2. Grantor covenants and warrants to Beneficiary and those claiming under Beneficiary the following:

(A) Grantor is lawfully seized in fee simple of the real property described herein and holds good and merchantable title thereto subject only to encumbrances of record as of the date hereof; and

(B) Grantor shall pay all obligations and perform all terms, covenants and conditions secured by this Trust Deed promptly as such payments or performance become due.

3. If Beneficiary expends any sums pursuant to this Trust Deed, including sums expended for reasonable attorney fees, such amount shall bear interest from the date of expenditure at the rate of nine percent [9.0%] per annum.

4. Modification of any of the terms of the Note secured by this Trust Deed or any other waiver or modification

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granted by Beneficiary to Grantor or any successor in interest of Grantor shall be in writing and shall not operate to release, in any manner, the liability of Grantor or such successor in interest or the security interest represented by this Trust Deed.

5. The security provided by this Trust Deed was a material inducement to Beneficiary to accept the collateral described herein.

6. Grantor will not cause or permit, as the result of its use of the real property subject to this Trust Deed (the Property) or the use of the Property by any tenant of Grantor, or any other persons or entities, to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process "hazardous substances" or other dangerous or toxic substances, including solid waste (as defined below), except in compliance with all applicable federal, state and local laws or regulations, and will not cause or permit the "release" (as defined below) of any hazardous substances on or from the Property, or off-site thereof in any manner which might affect the Property. In addition, Grantor shall not cause or permit any substances or conditions on the Property (or off-site to the extent affecting the Property) which may support a claim or cause of action, whether by a governmental agency or body, private party or individual, under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (the "Superfund Act"), the Carpenter-Presley-Tanner Hazardous Substance Account Act, the Resource Conservation and Recovery Act of 1976, the Toxic Substances Control Act or any other similar statutes, ordinances or regulatory requirements. For purposes of this paragraph, the definition of the terms "hazardous substances" and "release" shall be those used in the above referenced Acts; provided that the definition of the term "hazardous substance" shall also include asbestos, petroleum and related by-products and hydrocarbons.

7. Grantor hereby agrees to indemnify, defend and hold harmless Trustee and Beneficiary from and against any and all losses, fines, costs, liability, damage and expense, including reasonable attorney fees, occasioned by or associated with any claims, suits or governmental remedial enforcement actions asserted, threatened or instituted on account of release, discharge or deposit of any "hazardous substances" or other hazardous materials, including petroleum products, on or from the Property by Grantor or any tenant of Grantor, and from any and all damage to real or personal property, natural resources or injury to persons alleged to have resulted from any such release, discharge or deposit. This obligation shall survive the termination of this Trust Deed.

8. Upon written request of Beneficiary stating that all obligations secured hereby have been paid, and surrender of this Trust Deed to Trustee for cancellation and retention in payment of its fees, Trustee shall reconvey, without warranty, the Property then held under this Trust Deed. Recitals in any reconveyance executed under this Trust Deed of any matters of fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

9. Grantor shall indemnify, defend and hold Beneficiary and Trustee harmless from any and all liability, damages, fines, loss and expense, including but not limited to reasonable attorney fees and court costs, in any suit, action or proceeding or any appeal therefrom brought against Trustee or Beneficiary by a third party resulting from or attributable to Beneficiary's security interest herein or Trustee's interest under this Trust Deed.

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10. If so required by Beneficiary, Grantor shall acquire and maintain at all times during the term of this Trust Deed at Grantor's sole expense bodily injury and third party property damage insurance with minimum combined limits of not less than Five Hundred Thousand Dollars [\$500,000]. Grantor will cause Beneficiary and Trustee to be named as additional insureds under Grantor's liability insurance policies with limits not less than aforesaid for and against liability and loss for injury to or death of any person or persons and for damage to or destruction of property resulting from or arising out of the ownership, use, possession or operation of the Property. Such insurance will be written with insurers and in a form acceptable to Beneficiary. Certificates or other evidence thereof acceptable to Beneficiary shall be delivered to Beneficiary by Grantor on the effective date hereof or upon any renewal or modification of such insurance.

11. In addition to the Property, Grantor has purchased certain personal property more particularly described on Exhibit B hereto from Beneficiary. Such personal property has been purchased by Grantor "AS IS, WHERE IS WITH ALL FAULTS" with no representations or warranties by Beneficiary whatsoever. This Trust Deed shall also constitute a security agreement under the Oregon Uniform Commercial Code and Grantor hereby specifically grants Beneficiary a security interest in such personal property and all attachments, accessories, accessions, substitutions, replacements thereto and all proceeds and products thereof. Grantor shall keep the personal property insured in accordance with the terms stated in paragraph 4 of the attached Trust Deed. Beneficiary shall have all the rights and remedies of a secured party under Oregon law. Grantor shall execute such financing statements as are deemed necessary by Beneficiary to perfect this security interest.

12. If any of the following events shall occur, the entire indebtedness, including the unpaid balance of the principal and accrued interest secured by this Trust Deed, shall become immediately due and payable at the option of the holder of the Note and foreclosure proceedings may be commenced forthwith:

(A) Default in the timely payment of any part of the indebtedness secured by this Trust Deed;

(B) Default or breach in complying with any covenant, condition or provision of this Trust Deed;

(C) Appointment of a receiver or a liquidator, whether voluntary or involuntary, for Grantor or any of Grantor's property;

(D) Filing of a petition by or against Grantor under the provisions of any state insolvency law or under the provisions of the Federal Bankruptcy Act or the making of any assignment for the benefit of creditors of Grantor;

(E) The imposition of any lien whatsoever against the Property except for property taxes which are a lien but not yet due and payable; or

(F) Sale or other transfer of the Property or any part thereof or interest therein without the prior written consent of Beneficiary.

13. Notwithstanding anything herein to the contrary, the following shall apply:

(A) If Grantor fails to perform any obligation under this Trust Deed (except for timely payments under the Note), Beneficiary shall give Grantor ten [10] days written notice specifying the nature of the default. In the event

Grantor cures such default or initiates good faith compliance in the cure of such default within ten [10] days of the notice and completes such performance with all reasonable speed, then such default shall be deemed cured upon completion of performance.

(B) With respect to payments under the Note, Grantor shall be entitled to any grace period provided under the Note.

14. Grantor hereby assigns, sells and transfers to Beneficiary all rents, revenues, income, issues and profits from the Property whether now or hereafter due, together with the full power and authority to demand, sue for and collect the same in the name of Grantor, or in Beneficiary's own name, and to take possession of and manage the Property or to cause a receiver to be appointed for such purpose and to apply the income therefrom, after deducting therefrom the cost of collection and management, to the reduction of the indebtedness secured hereby; provided that the right to collection and management shall not apply as long as this Trust Deed is not in default.

15. Upon default by Grantor, whether or not suit or action is commenced to foreclose this Trust Deed, Beneficiary shall be entitled to the appointment of a receiver as a matter of right, whether or not the apparent value of the Property exceeds the amount of the balance secured hereby, and any receiver appointed may serve without bond. Employment by Beneficiary shall not disqualify a person from serving as receiver. Upon taking possession of all or any part of the Property, the receiver may:

(A) Use, operate, manage, control and conduct business on the Property;

(B) Make expenditure for all maintenance, renewals, replacements, alterations, additions and improvements to the Property as in its judgment are proper;

(C) Insure and reinsure the Property and all risks incidental to its possession, operation and management;

(D) Collect the revenues and income from the Property and apply such sums to the expenses of use, operation and management in such priority as the receiver deems appropriate; provided that Grantor shall promptly turn over to the receiver all documents, books, records, papers and accounts, together with the amount of any deposits, rentals and use fees from any tenant or other user; provided further that the receiver may appear in any proceeding or bring suit on Grantor's behalf as necessary to enforce obligations of any tenant or other user, including actions for the recovery of rent and actions in forcible entry and detainer;

(E) Cancel or terminate any lease or agreement for any cause for which Grantor would be entitled to cancel the same;

(F) Elect to disaffirm any lease or agreement which is then subordinate to this Trust Deed;

(G) Extend or modify any lease and make any new lease on any portion of the Property; provided that any such instruments shall be binding upon Grantor and all persons whose interests in the Property are subordinate to this Trust Deed, and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge or indebtedness, satisfaction of the foreclosure

decree or issuance of any certificate of sale or deed to any purchaser; or

(H) Complete any construction in progress on the Property; and in that connection, pay bills, borrow funds, employ contractors and make any changes in plans or specifications as the receiver deems appropriate.

If the revenues and income are insufficient to pay expenses, the receiver may borrow such sums as the receiver deems necessary for the purposes stated in this paragraph. Notwithstanding anything herein to the contrary, the amounts borrowed or advanced shall bear interest from the date of such borrowing or advancement until repaid at the same rate per annum as the receiver must pay on such borrowing. Such sums shall become a part of the balance secured by this Trust Deed and shall be payable by Grantor on demand.

16. Remedies provided for upon default of Grantor in this Trust Deed shall be nonexclusive and in addition to any other remedies provided at law or in equity. All rights or remedies shall be cumulative and any one or more may be exercised at any time after the occurrence of a default.

17. Grantor agrees that failure by Beneficiary at any time to require performance by Grantor under any provision of this Trust Deed shall in no way affect Beneficiary's rights to enforce the same, nor shall any waiver by Beneficiary of any breach of any provision be held to be a waiver of any succeeding breach of any such provision or waiver of the provision itself. No waiver shall be binding unless executed in writing by the party making the waiver.

18. Grantor shall pay Beneficiary's reasonable collection expenses and attorney fees which may be incurred in the collection of the debt secured hereby or enforcement of this Trust Deed, whether or not suit is instituted. If any action is instituted upon this Trust Deed the prevailing party shall be entitled to recover from the other party, and the other party agrees to pay the prevailing party, in addition to costs and disbursements allowed by law, the costs of evidencing title, including title reports, surveyors reports and foreclosure reports, such sums as the trial court may adjudge reasonable as attorney fees, and in the event of an appeal, such sums as the appellate courts may adjudge reasonable as attorney fees. Reasonable attorney fees shall include a reasonable estimate of time to be expended on behalf of the prevailing party for post judgment attorney services in carrying out and enforcing the judgment rendered. Grantor and Beneficiary agree that they intend by this provision to compensate for attorney fees actually incurred by the prevailing party to the particular attorneys involved at such attorneys' then normal hourly rates and that this provision shall constitute an instruction to the court that such rate or rates shall be deemed reasonable.

19. Any notice required under this Trust Deed shall be in writing and shall be effective when actually delivered in person or when deposited with the U. S. Postal Service, as certified mail, return receipt requested, postage prepaid and addressed to the party at the address below or at such other address as such party may designate from time to time in writing:

GRANTOR:	William Adolph Hanke
	Carol J. Hanke
Mailing:	Post Office Box 69
	Silver Lake, Oregon 97638
with copy to:	365 Weymouth Place
	Laguna Beach, California 92651

**BENEFICIARY:** First Interstate Bank of Oregon, N.A.,  
Trustee of John Richard Gray Trust  
Agribusiness Department  
Post Office Box 2971  
Portland, Oregon 97208-0041

**TRUSTEE:** William E. Scarborough, Jr.  
Attorney at Law  
5410 SW Macadam Avenue  
Suite 100  
Portland, Oregon 97201

20. Without affecting the liability of Grantor or any other person (except any person expressly released in writing) for payment of any indebtedness secured hereby or for performance of any obligation contained herein, and without affecting the rights of Beneficiary with respect to any security not expressly released in writing, Beneficiary may, at any time and from time to time, either before or after the maturity of the Note, and without notice or consent:

(A) Release any person primarily or secondarily liable for payment of all or any part of the indebtedness secured hereby or performance of any obligation hereunder;

(B) Make any agreement extending the time of or otherwise altering the terms of payment of all or any part of the indebtedness secured hereby, modifying or waiving any obligation or charge thereof;

(C) Exercise or refrain from exercising or waive any right Beneficiary may have;

(D) Accept additional security of any kind; and

(E) Release all or any part of any property, real or personal, securing the indebtedness.

21. The covenants and agreements contained herein shall bind and the rights hereunder shall inure to the benefit of the parties hereto, their respective heirs, personal representatives and permitted successors and assigns; provided that nothing contained in this paragraph 21 shall alter the restrictions contained in this Trust Deed relating to assignment or other transfer or alienation of the Property or any interest therein. The following shall apply:

(A) In the event the Property, or any part thereof or any interest therein, is sold, agreed to be sold, conveyed, assigned, leased or otherwise transferred or alienated without the prior written consent of Beneficiary, such transfer shall be null and void and Grantor, at the sole option of Beneficiary, shall be held in default of this Trust Deed and all obligations secured by this Trust Deed shall become immediately due and payable irrespective of the maturity dates expressed herein, and Beneficiary may proceed to enforce Beneficiary's remedies under this Trust Deed.

(B) In the event of any transfer of the Property or any part thereof or any interest therein, whether voluntary or involuntary or by operation of law, Beneficiary may, without notice to Grantor or anyone else, once or often, extend the time of payment, adjust the interest rate, grant renewals or otherwise renegotiate the terms of the indebtedness hereby secured, execute releases or partial releases or in any other aspect modify the terms hereof without thereby affecting the personal primary liability of Grantor for the payment of the indebtedness hereby secured.



(C) Subject to subparagraph (A) above, Grantor shall furnish Beneficiary, upon request, copies of any leases covering any portion of the Property entered into after the date hereof and Grantor shall immediately notify Beneficiary of any default by Grantor under any such lease. Upon request by Beneficiary, and not more often than annually, Grantor shall furnish to Beneficiary a certificate signed by each lessee of the Property stating that the lessor (Grantor) is not in default, that the rent is current and such rent has not been paid more than one month in advance.

22. Modification of any of the terms of this Trust Deed or any waiver or other modification granted by Beneficiary to Grantor or any successor in interest to Grantor shall be in writing signed by the parties hereto and shall not operate to release, in any manner, the liability of Grantor or such successor in interest or the security interest represented by this Trust Deed.

23. This Trust Deed shall be governed by the laws of the State of Oregon. Venue for any suit to enforce the terms hereof shall be in Multnomah County, Oregon.

24. 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, but this Trust Deed shall be construed as if such invalid, illegal or unenforceable provisions had never been contained herein and the remainder hereof shall be reasonably construed to carry out the intent of the parties hereto.

25. This Trust Deed and Addendum have been prepared by the law firm of Gleason, Scarborough, McNeese, O'Brien & Barnes, P.C., 5410 SW Macadam Avenue, Portland, Oregon 97201, as legal counsel solely for Beneficiary. Grantor has been advised and has had an opportunity seek independent legal counsel with respect to Grantor's rights and liabilities hereunder prior to execution of this document.

26. The obligations of each individual Grantor under this Trust Deed and the Promissory Note shall be joint and several.

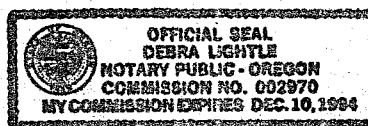
Dated this 28 day of February, 1992.

William Adolph Hanke  
William Adolph Hanke

Carol Janice Hanke  
Carol Janice Hanke

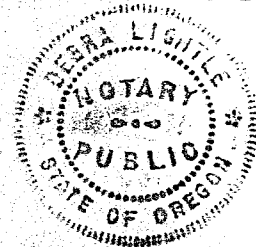
STATE OF OREGON                    )  
  ) ss.  
County of Lake                    )

This instrument was acknowledged before me on February 28, 1992, by WILLIAM ADOLPH HANKE and CAROL JANICE HANKE, husband and wife.



Jg:WES\PitcherTD.Add

Debora Lightle  
Notary Public for OREGON  
My commission expires: 12-10-94



9/24  
2/27  
1/1/94  
AEM

TO

TRUST DEEDI. Lake County, Oregon.Parcel No. 1:

Township 26 South, Range 15 East of the Willamette Meridian,  
Section 33: SE $\frac{1}{4}$ .

Parcel No. 2:

Township 28 South, Range 12 East of the Willamette Meridian,  
Section 32: SE $\frac{1}{4}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ , N $\frac{1}{2}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ .  
Section 33: N $\frac{1}{2}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$ NW $\frac{1}{4}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$ .  
Section 34: SW $\frac{1}{4}$ SW $\frac{1}{4}$ .  
Section 36: All of Section.

Township 28 South, Range 13 East of the Willamette Meridian,  
Section 21: S $\frac{1}{2}$ SE $\frac{1}{4}$ .  
Section 25: S $\frac{1}{2}$ .  
Section 26: E $\frac{1}{2}$ SE $\frac{1}{4}$ .  
Section 28: NE $\frac{1}{4}$ , W $\frac{1}{2}$ .  
Section 29: NE $\frac{1}{4}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ .  
Section 30: SE $\frac{1}{4}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$ .  
Section 31: N $\frac{1}{2}$ NW $\frac{1}{4}$ .  
Section 32: NE $\frac{1}{4}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$ .  
Section 33: NW $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ .  
Section 35: NE $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$ .  
Section 36: N $\frac{1}{2}$ , N $\frac{1}{2}$ S $\frac{1}{2}$ .

Township 28 South, Range 14 East of the Willamette Meridian,  
Section 30: SW $\frac{1}{4}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ , Government Lot 3, NW $\frac{1}{4}$ SE $\frac{1}{4}$ ,  
EXCEPTING therefrom the following: Beginning  
at the Southeast corner of the NW $\frac{1}{4}$ SE $\frac{1}{4}$  of said  
Section 30, running thence West 209 feet;  
thence North 209 feet; thence East 209 feet;  
thence South 209 feet to the place of  
beginning.

Township 28 South, Range 19 East of the Willamette Meridian,  
Section 36: SW $\frac{1}{4}$ .

Township 29 South, Range 12 East of the Willamette Meridian,  
Section 1: Government Lots 1, 2, 3, S $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ ,  
E $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ .  
Section 3: Lot 4.  
Section 4: Lots 1, 2, S $\frac{1}{2}$ NE $\frac{1}{4}$ , Lot 3, SE $\frac{1}{4}$ NW $\frac{1}{4}$ .  
Section 12: NE $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ .

Township 29 South, Range 13 East of the Willamette Meridian,  
Section 5: S $\frac{1}{2}$ S $\frac{1}{2}$ .  
Section 6: Government Lots 4, 5, 6, 7, SE $\frac{1}{4}$ SW $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$ .  
Section 7: NE $\frac{1}{4}$ , Government Lots 1 and 2, SE $\frac{1}{4}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ .  
Section 8: N $\frac{1}{2}$ N $\frac{1}{2}$ .  
Section 18: NW $\frac{1}{4}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$ .

Parcel No. 3:

Township 28 South, Range 12 East of the Willamette Meridian,  
Section 27: An undivided 3/5ths interest in the SW $\frac{1}{4}$ .

SUBJECT TO the following exceptions:

1. Location of power and telephone lines and  
public roads.

2. Rights of way for roads and highways,  
reserved by Lake County, Oregon, a municipal corporation,  
under that certain deed, including the terms and provisions  
thereof, recorded in Book 77 at Page 75, Record of Deeds.

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Covers the SW $\frac{1}{4}$  NE $\frac{1}{4}$ , NE $\frac{1}{4}$  SW $\frac{1}{4}$ , Lot 3, NW $\frac{1}{4}$  SE $\frac{1}{4}$  of Section 30, Township 28 South, Range 14 E.W.M.

3. Rights of way for roads and highways, and all of the coal, oil, gas and minerals on, in or under the land described herein, reserved by Lake County, Oregon, a municipal corporation, under those certain deeds, including the terms and provisions thereof, recorded in Book 97 at Page 321, Book 97 at Page 391, and Book 103 at Page 156, Record of Deeds.

Covers all of Section 36, Township 28 South, Range 12 E.W.M.; SW $\frac{1}{4}$  of Section 36, Township 28 South, Range 19 E.W.M.; NW $\frac{1}{4}$  NE $\frac{1}{4}$  and NE $\frac{1}{4}$  NW $\frac{1}{4}$  of Section 18, Township 29 South, Range 13 E.W.M.

4. Reservations and exceptions contained in the deeds from the State of Oregon.

5. Interest of John E. Ferguson, for one half of the minerals on, in or under the SE $\frac{1}{4}$  of Section 33, Township 26 South, Range 15 E.W.M., reserved under that certain deed, including the terms and provisions thereof, recorded in Book 117 at Page 457, Record of Deeds.

6. Interest of J. A. Dudrey, for one half of the minerals on, in or under the SE $\frac{1}{4}$  of Section 33, Township 26 South, Range 15 E.W.M., reserved under that certain deed, including the terms and provisions thereof, recorded in Book 138 at Page 124, Record of Deeds.

7. As disclosed by the tax roll, the premises herein described have been zoned or classified for farm use. At any time that said land is disqualified for such use, the property will be subject to additional taxes or penalties and interest.

## II. Klamath County, Oregon.

The following property situate in Township 27 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon:

Section 10: SE $\frac{1}{4}$  SE $\frac{1}{4}$   
 Section 11: SW $\frac{1}{4}$  SW $\frac{1}{4}$   
 Section 14: E $\frac{1}{4}$  W $\frac{1}{4}$ , NW $\frac{1}{4}$  NW $\frac{1}{4}$   
 Section 23: NE $\frac{1}{4}$  NW $\frac{1}{4}$

SUBJECT TO the following exceptions:

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. The assessment roll and the tax roll disclose that the premises herein described have been specially assessed as Farm Use Land. If the land becomes disqualified for the special assessment under the statute, an additional tax may be levied; in addition thereto, a penalty may be levied if notice of disqualification is not timely given.

3. An easement created by instrument, subject to the terms and provisions thereof, dated February 1, 1974, recorded February 5, 1974, in Volume M74, page 1247, Microfilm Records of Klamath County, Oregon, from First National Bank of Oregon, Guardian for John R. Gray, a National Banking Association, to United States of America.

4. The public record does not describe a means of ingress and egress to and from a legally dedicated road or highway to the premises.

Covers the SW 1/4, NW 1/4, NE 1/4, NW 1/4 of Section 30, Township 33 South, Range 14 E. N.M.

1. Rights of way for roads and highways, and all oil, gas and minerals on, in or under the land described herein, reserved by Lake County, Oregon, a corporation, under those certain deeds, including the terms and provisions thereof, recorded in Book 97 at page 221, Book 97 at page 221, and Book 103 at page 118.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co. the 6th day of March A.D., 19 92 at 8:38 o'clock A.M., and duly recorded in Vol. M92 of Mortgages on Page 4605.

Evelyn Biehn, County Clerk  
By Julius Muehladore

FEE \$65.00

2. The terms and provisions thereof, recorded in Book 97 at page 221, Book 97 at page 221, and Book 103 at page 118.

3. Interest of J. A. Durey, for one half of the land described herein, reserved under the SW 1/4 of Section 30, Township 33 South, Range 14 E. N.M., reserved under those certain deeds, including the terms and provisions thereof, recorded in Book 97 at page 221, Book 97 at page 221, and Book 103 at page 118.

4. As disclosed by the tax roll, the premises described herein have been zoned or classified for farm use, and the land is designated for such use, the same will be subject to ad valorem taxes or penalties.

5. The following property also in Township 33 South, Range 14 E. N.M., is the William Muehladore, Klamath County, Oregon.

- Section 10: SW 1/4
- Section 11: SW 1/4
- Section 14: E 1/2, NW 1/4
- Section 23: NW 1/4

Subject to the following exceptions:

1. Rights of the public in and to any portion of the land described herein lying within the limits of a road, right of way, or highway.

2. The assessment roll and the tax roll disclosed herein have been specifically designated for farm use land. If the land becomes designated for other use, an additional assessment under the statute on additional taxes, in addition thereto, a penalty may be levied. No other classification is not classed as farm use land.

3. An easement granted by instrument, dated February 1, 1911, and recorded in Book 104, in Volume 104, page 111, of the Public Records of Klamath County, Oregon, from John R. Gray, a citizen of Oregon, husband of John R. Gray, a citizen of Oregon, to United States of America.

4. The public record does not describe a means of access to and from a legally dedicated road to the premises.

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