

Dated: July 1, 1992

Among: Steven D. Blum and Judith A. Blum ("Grantor"), whose address is 2523 Patterson Street Klamath Falls, Oregon 97603
Klamath County Title Company ("Trustee"), whose address is 422 Main Street/P.O. Box 151 Klamath Falls, OR 97601
The CIT Group/Sales Financing, Inc. ("Beneficiary"), whose address is P.O. Box 24610 Oklahoma City, OK 73124

Grant of Lien and Security Interest

For value, the current receipt and reasonable equivalence of which is hereby acknowledged, Grantor hereby:

(1) conveys to Trustee in trust, WITH POWER OF SALE, for the benefit of Beneficiary the real property (land, buildings, improvements, minerals, hydrocarbons, easements, access and similar rights, appurtenances, tenements and hereditaments) located at 2523 Patterson St. Klamath Falls, OR 97603 "See Attached Legal" which is legally described on exhibit A, which is attached hereto and by this reference incorporated herein, licenses, rents, royalties, products and proceeds thereof (the "real property").

(2) grants to Beneficiary a security interest pursuant to Article 9 of the Uniform Commercial Code in all present and after-acquired tangible personal property (specifically including any trailer, mobile home or manufactured housing now on or to be brought onto the real property and generally described as 1992 42X56 Redmond Ridgedale), fixtures, accessions, parts, contract rights, accounts, and general intangibles (including leases, rents, insurance and condemnation proceeds and awards) (the "personal property"). and

(3) assigns and conveys to Beneficiary all present and future leases, rental agreements and executory contracts and all rents, profits, rights and entitlements arising from or related thereto (the "leases and contracts") subject to Grantor's limited right to collect rents, profits and proceeds prior to Grantor's default hereunder to secure prompt and complete performance of the obligations hereby secured.

Obligations Secured

The lien and security interest granted in this trust deed secure prompt and complete (a) payment by Grantor of a note of even date in the face amount of \$46033.75, including interest at the rate of 9.75% per annum, and costs on or before the maturity date of , (b) performance of Grantor's obligations under this trust deed and (c) reimbursement by Grantor upon Beneficiary's demand of any and all amounts advanced by Beneficiary to protect the validity of this trust deed, the priority or value of the lien of this trust deed or the condition or value of the real property, including principal, interest, penalties, fees and costs related to prior liens or encumbrances, insurance premiums, taxes and assessments and repair and maintenance costs and expenses paid by Beneficiary.

Grantor Covenants

Grantor promises (covenants) that Grantor will do the following things for Beneficiary's benefit:

1. Grantor will pay the financial obligations secured by this trust deed when due.
2. Grantor will pay all taxes, assessments and similar governmental impositions levied and assessed against the real property when due; provided, however, that Grantors may pay taxes and assessments in accordance with any available installment method as long as Grantor makes the installment payments when due. Grantor will annually provide proof to Beneficiary that Grantor has paid taxes, assessments and similar charges when due.

In the event Grantors fail to make all such payments when due, Beneficiary may, in addition to requiring Grantors to cure such default, require that Grantors thereafter pay to Beneficiary on a monthly basis 1/12th of the amount of such taxes and assessments which Beneficiary reasonably estimates will be due and payable on the next following annual payment date which Beneficiary will hold in a regular interest-bearing savings account at a federally-insured financial institution and deliver to the tax collector within a reasonable time after those taxes or assessments become due. In the event that the estimates, plus the interest earned thereon, are not sufficient to pay the taxes or assessments, Grantors will immediately pay to Beneficiary the amount of the deficiency so that taxes and assessments can be paid when due. The failure to pay taxes or assessments or to pay the estimates or the deficiency is a material default regardless of any other event of default.

3. Grantor will obtain from one or more responsible, licensed insurance companies and pay the premiums for and thereafter keep in full force and effect policies of (a) fire insurance, with extended coverage endorsement, in a coverage amount equal to the full replacement value of the residence, exclusive of foundations and (b) public liability and property damage insurance with reasonable deductible and coverage provisions. The fire insurance policy shall have such other terms, conditions and endorsements reasonably acceptable to Beneficiary, including a provision which requires at least 30 days advance written notice to Beneficiary before cancellation or material change, and shall name Beneficiary as an additional insured. Grantor will give Beneficiary written notice of the occurrence of any event covered by insurance promptly after such occurrence. Grantor authorizes Beneficiary to participate with Grantor in any discussions with the fire insurance company as to payment of claims. It is agreed that all money received from claims on fire insurance will be used only for repair or replacement of damaged buildings and improvements or for prepayment of the financial obligations secured by this trust deed.

4. Grantor will keep the residence, landscaping and driveway in reasonably good and functional condition and repair and free of debris. Grantor will perform all such work in a good and workmanlike manner using first class materials and will ensure that all lienable charges relating thereto are promptly paid. Grantor will not remove buildings or improvements now located on the real property or engage in substantial improvements or remodeling without Beneficiary's prior written consent; provided, however, that Grantors may make substantial improvements or remodel without any additional consent as long as (a) Grantor have on deposit funds sufficient to pay for such work when payment is due and (b) the value and utility of the real property following completion of the work will equal or exceed its value and utility prior to such work.

5. Grantor will comply with all laws, regulations and orders applicable to the real property and its use and occupancy. Without limiting the foregoing, Grantor will not allow the real property to become a public or private nuisance or allow it to be used for any illegal activities or purpose whatsoever including, but not limited to, production, storage or disposal of controlled substances or hazardous wastes.

6. Grantor will pay when due all charges for all utilities services provided to the real property including sewer, garbage disposal, water, gas and electrical service.

7. Grantor will allow Beneficiary to enter the real property and all buildings included therein at all reasonable times to inspect the property to verify compliance with the terms and conditions of this trust deed.

8. Grantor will indemnify, defend and hold Beneficiary harmless from and against all claims, loss, liability and expense, including reasonable attorney fees and costs, in any way arising from or related to Grantor's failure to comply with the foregoing covenants or Grantor's ownership, improvement or use of the real property. This indemnity will survive any conveyance of the real property to Beneficiary or any reconveyance of the real property by Trustee. In the event Grantor fails to pay taxes and assessments, insurance premiums and utilities costs or fails to comply with governmental regulations or to properly maintain the real property, Beneficiary may do so upon 30 days' advance written notice to Grantor and any amount paid, plus interest thereon at the interest rate disclosed above from the date of disbursement, shall be part of the obligations secured by this trust deed.

(continued on other side)

72-3812 (1-91) Oregon & Washington Land/Home

AFTER RECORDING RETURN TO:
CIT Group/Sales Financing
P.O. Box 24610
OKLAHOMA CITY, OK 73124

Default; Remedies

TIME IS OF THE ESSENCE. Grantor shall be in default without notice or demand under any one or more of the following circumstances:

1. Grantor fails to make any installment payment on the financial obligations secured by this trust deed when due.
2. Grantor fails to obtain and maintain insurance coverage as required above or fails to pay when due taxes and assessments or any other charges which could result in a lien against the real property.
3. Grantor fails to comply with any non-financial covenant within 20 days following receipt of Beneficiary's written demand to cure such default; provided, however, that if the default is of such a nature that cure cannot be completed within the 20-day period, then the 20-day period shall be extended as long as reasonably necessary as long as Grantors have substantially commenced the curative action within that period and are proceeding diligently and steadily toward completion of such action.
4. Grantor conveys by sale, lease, mortgage, assignment or other direct or indirect conveyance or encumbrance the real property or any significant part thereof or interest therein to any other person (including individuals and organizations) without Beneficiary's prior written consent.
5. Grantor becomes the subject of insolvency proceedings.

In the event of Grantor's default, Beneficiary may, but shall not be obligated to, accelerate (i.e., make immediately due and payable) all financial obligations secured by this trust deed and foreclose this trust deed by advertisement and sale or by judicial proceedings as a mortgage and may repossess and dispose of personal property as a part of that proceeding.

In the event the real property is in the possession of a third person under a lease or rental agreement at the time of a default, Beneficiary shall be entitled to collect all rents and other income payable with respect to the real property from the third person following Grantor's default and all such income, net of collection costs, shall be applied against the obligations secured. Grantor hereby irrevocably authorizes and instructs the third person to make payment to Beneficiary whether or not Grantor then disputes Beneficiary's right to receive such payments. All amounts so paid shall be credited against the third person's obligations to Grantor as though paid directly to Grantor. Beneficiary may cause a receiver to be appointed for the real property and the rents and other income upon Grantor's default whether or not the value of the real property exceeds the obligations secured and whether or not a receiver could be appointed under the rules of civil procedure.

Grantor promises to pay all reasonable costs and expenses, including the trustee, attorney fees, foreclosure report (trustee sale guaranty) and environmental audit report costs, incurred by Beneficiary in enforcing the obligations secured by this trust deed whether or not a civil action (or similar proceeding including claims and proceeding in bankruptcy) is commenced, prosecuted or appealed and in enforcing, interpreting and protecting this trust deed and in foreclosing this trust deed by advertisement and sale or by judicial means.

Miscellaneous

The obligations of each person herein called Grantor shall be joint and several. The terms of this trust deed shall bind and inure to the benefit of the respective successors and assigns of Grantor, Trustee and Beneficiary; provided, however, that the foregoing does not grant to Grantor the right of conveyance or assignment without the prior written consent of Beneficiary in each instance.

The original or a photocopy of this trust deed may be filed and/or recorded as a financing statement in state and county UCC records. Grantor covenants to execute any application for certificate of title or similar document which may be necessary in connection with perfection of the security interest in personal property. The parties intend that all of the tangible personal property be treated as real property to the maximum extent allowed by law.

No term or condition of this trust deed shall be deemed waived unless it is expressly waived in a writing signed by Beneficiary. Forbearance will not constitute a waiver or the grounds for the claim of estoppel under any circumstances. If a notice or demand is required, it shall be given by certified mail, return receipt requested, with a copy by regular first class mail to the last address of Grantor known to Beneficiary by reason of this trust deed or a notice received from Grantor. If Grantor refuses to accept certified mail, then notice shall be deemed to have been given by regular first class mail.

State of Oregon
County of Klamath

Steven D. Blum

Judith A. Blum

The foregoing instrument was acknowledged before me this 23 day of July, 1992, by Steven D. Blum and Judith A. Blum

Notary Public for
My commission expires 12-19-92

State of Washington)
County of) SS.

On this day personally appeared before me _____ known to me to be the individual or individuals described in and who executed the within and foregoing instrument, and acknowledged that he (she or they) signed the same as his (her or their) free and voluntary act and deed, for the uses and purposes therein mentioned. Given under my hand and official seal this _____ day of _____, 199 _____.

Notary Public in and for the state of Washington, residing at _____

DESCRIPTION

The following described real property situate in Klamath County, Oregon:

Beginning at an iron pin which lies N. 0°51' W. along the West line of the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 1, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, a distance of 217.5 feet and N. 89°09' E. a distance of 30 feet from the iron axle which marks the Southwest corner of said NE $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 1 and running thence N. 0°51' W. a distance of 244.8 feet to an iron pin; thence N. 89°09' E. 232.2 feet to an iron pin; thence S. 46°09' E. a distance of 348 feet to the North line, if extended of the tract of real property described in the deed from F. C. Adams and Gladys T. Adams, husband and wife, to Arthur G. Seeley and C. Ernestine Seeley, husband and wife dated December 8, 1947, recorded March 25, 1954, in Book 266 page 146, Deed records of Klamath County, Oregon; thence S. 89°09' W. along said North line of said Seeley Tract 479.72 feet more or less to the place of beginning.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Co. the 17th day
of Aug. A.D., 19 92 at 2:59 o'clock P M., and duly recorded in Vol. M92
of Mortgages on Page 18335

FEE \$20.00

Evelyn Biehn - County Clerk

By Pauline M. Miller