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Vol. 94 Page 532

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Date Printed: 1/4/1994

WHEN RECORDED MAIL TO:

BANK OF AMERICA OREGON

Regional Loan Service Center

P.O. Box 3828

Seattle, WA 98124-3828

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DEED OF TRUST

THIS DEED OF TRUST is granted this 4th day of January, 1994, by John W. Sills, Jr. And Janie P. Sills, As Tenants By The Entirety

(Grantor) to ASPEN TITLE AND ESCROW INC
(Beneficiary). Grantor agrees as follows:

1. CONVEYANCE. Grantor hereby bargains, sells and conveys to Trustee in trust, with power of sale, all of Grantor's right, title and interest in the following described real property ("Property"), whether now owned or later acquired, located at 537 Upham St. (NUMBER) (STREET) Klamath Falls OR 97601 (CITY) (ZIP CODE), in Klamath County, Oregon and legally described as: The E 1/2 Of Lot 6, Block 16, Fairview Addition No. 2, In The County Of Klamath, State Of Oregon.

Property Tax ID # 3809-29CA

together with all equipment and fixtures, now or later attached to the Property; all tenements, hereditaments and appurtenances, now or later in any way appertaining to the Property; and all leasehold interests, rents, payments, issues and profits derived from or in any way connected with the Property.

2. ASSIGNMENT OF RENTS.

2.1 ASSIGNMENT. Grantor further assigns to Beneficiary all of Grantor's interest in all existing and future leases, licenses and other agreements for the use or occupancy of the Property ("Contracts"), including the immediate and continuing right to collect, in either Grantor's or Beneficiary's name, all rents, receipts, income and other payments due or to become due under the Contracts ("Payments"). As long as there is no default under this Deed of Trust, Grantor is granted a license to collect the Payments, but such license shall not constitute Beneficiary's consent to Grantor's use of the Payments in any bankruptcy proceeding.

2.2 DISCLAIMER. Nothing contained in this Deed of Trust shall be construed as obligating Beneficiary or any receiver to take any action to enforce any provision of the Contracts, expend any money, incur any expense or perform any obligation under the Contracts. Beneficiary's duties are expressly limited to giving of proper credit for all Payments received by it.

3. SECURED OBLIGATIONS. This Deed of Trust secures performance of each agreement of Grantor contained in this Deed of Trust and the payment of the sum of thirty two thousand ninety six dollars and eleven cents (\$ 32,096.11) with interest thereon as evidenced by a promissory note(s) dated January 4, 1994, payable to Beneficiary or order and made by Grantor, including all renewals, modifications and extensions thereof and any future advances hereunder ("Secured Obligation"). Nothing contained in this Deed of Trust shall be construed as obligating Beneficiary to make any future advance to Grantor.

4. MATURITY DATE. The term of the Secured Obligation commences on the date this Deed of Trust is executed and shall end, if not paid sooner, on 1/10/2014.

5. AFFIRMATIVE COVENANTS. Grantor shall:

5.1 MAINTENANCE OF PROPERTY. Maintain and preserve the Property in good condition and repair, ordinary wear and tear excepted; complete any improvement which may be constructed on the Property; and restore any improvement which may be damaged or destroyed;

5.2 COMPLIANCE WITH LAWS. Comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property;

5.3 REAL ESTATE INTERESTS. Perform all obligations to be performed by Grantor under the Contracts;

5.4 PAYMENT OF DEBTS AND TAXES. Pay promptly all obligations secured by the Property; all taxes, assessments and governmental liens or charges levied against the Property; and all claims for labor, materials, supplies or otherwise which, if unpaid, might become a lien or charge upon the Property;

5.5 INSURANCE. Insure continuously, with financially sound and reputable insurers acceptable to Beneficiary, all improvements on the Property against all risks, casualties and losses through standard fire and extended coverage insurance or otherwise, including, without limitation, insurance against fire, theft, casualty, vandalism and any other risk Beneficiary may reasonably request. The insurance policies shall be in an aggregate amount of not less than the full replacement cost of all improvements on the Property, including the cost of demolition and removal of debris, and shall name Beneficiary as loss payee, as its interest may appear. The amounts collected under the insurance policies may be applied to the Secured Obligation in any manner as Beneficiary determines, and such application shall not cause discontinuance of any proceeding to foreclose upon this Deed of Trust. In the event of foreclosure, all of Grantor's rights in the insurance policies shall pass to purchaser at the foreclosure sale;

5.6 HAZARDOUS WASTE. Notify Beneficiary within twenty-four (24) hours of any release of a reportable quantity of any hazardous or regulated substance, or of the receipt by Grantor of any notice, order or communication from any governmental authority which relates to the existence of or potential for environmental pollution of any kind existing on the Property, or results from the use of the Property or any surrounding property; and

5.7 COSTS AND EXPENSES. Pay, reimburse and indemnify Beneficiary for all of Beneficiary's reasonable costs and expenses incurred in connection with foreclosing upon this Deed of Trust, defending any action or proceeding purporting to affect the rights or duties of Beneficiary or Trustee under this Deed of Trust, or managing the Property and collecting the Payments, including, without limitation, all reasonable attorneys' fees and value of the services of staff counsel, legal expenses, collection costs, costs of title search, and trustee's and receiver's fees at trial or on appeal.

6. NEGATIVE COVENANTS. Grantor shall not without Beneficiary's prior written consent:

6.1 PAYMENTS. Accept or collect Payments more than one (1) month in advance of the due date;

6.2 MODIFY CONTRACTS. Terminate, modify or amend any provision of the Contracts; or

6.3 RESTRICTIONS ON CONVEYANCES. Should the Grantor or the Grantor's successors in interest without the consent in writing of Beneficiary sell, transfer, or convey, or permit to be sold, transferred or conveyed, by agreement for sale or in any other manner, Grantor's interest in the property (or any part thereof), then Beneficiary may declare all sums secured hereby immediately due and payable. This provision shall apply to each and every sale, transfer or conveyance, regardless whether or not Beneficiary has consented to, or waived, Beneficiary's right hereunder, whether by action or non-action, in connection with any previous sale, transfer, or conveyance, whether one or more.

7. EMINENT DOMAIN. In the event any portion of the Property is taken through eminent domain, the amount of the award to which Grantor is entitled shall be applied to the Secured Obligation.

8. RECONVEYANCE. Trustee shall reconvey such portion of the Property to the person entitled thereto upon written request of Beneficiary, or upon satisfaction of the Secured Obligation and written request for reconveyance made by Beneficiary or any person interested in the Property.

9. SUCCESSOR TRUSTEE. In the event of death, incapacity, disability or resignation of the Trustee, Beneficiary may appoint a successor trustee and, upon the recording of such appointment in the records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original Trustee.

10. EVENTS OF DEFAULT. The occurrence of any of the following events shall, at Beneficiary's option, and at any time without regard to any previous knowledge on Beneficiary's part, constitute a default under the terms of this Deed of Trust, the Secured Obligation and all related loan documents:

10.1 NON-PAYMENT OF PRINCIPAL OR INTEREST. Any payment of principal or interest on the Secured Obligation is not made when due; or

10.2 FAILURE TO PERFORM. Any tax, assessment, insurance premium, lien, encumbrance or other charge against the Property, or any payment under a real estate contract covering the Property is not paid when due; or any other term, covenant or agreement of Grantor contained in this Deed of Trust or in any other document with Beneficiary, or in which Grantor grants a security interest in the Property, is not promptly performed or satisfied.

11. REMEDIES UPON DEFAULT. If any default occurs and is continuing, Beneficiary may, at its option:

11.1 TERMINATE COMMITMENT. Terminate any outstanding and unfulfilled commitment to Grantor;

11.2 ACCELERATE. Declare any or all of the Secured Obligation, together with all accrued interest, to be immediately due and payable without presentment, demand, protest or notice of any kind, all of which are expressly waived by Grantor;

11.3 PAYMENTS. Pay such sums as may be necessary to pay any tax, assessment, insurance premium, lien, encumbrance or other charge against the Property, or any payment under a real estate contract covering the Property, without prejudice to Beneficiary's right to accelerate the Secured Obligation and foreclose upon this Deed of Trust. Grantor shall reimburse Beneficiary, upon demand, for all such amounts paid by Beneficiary, with interest thereon from the date of such payment at the highest rate that is, from time to time, applicable on any of the Secured Obligation. All unreimbursed amounts shall be added to and become a part of the Secured Obligation;

11.4 REINSTATEMENT. The Grantor shall have the right to reinstate this Deed of Trust and have any proceedings begun by the Beneficiary to enforce this Deed of Trust discontinued at any time prior to the earlier to occur (1) the fifth day before the date of sale by the Trustee, or (2) the entry of a judgment foreclosing this Deed of Trust. The conditions for reinstatement are that: (a) the Grantor pays off sums, other obligations or agreements in this Deed of Trust; (b) pay all costs and expenses actually incurred by Beneficiary in enforcing this Deed of Trust, including, but not limited to reasonable trustee's fees and attorney's fees, to the extent permitted by applicable law. Upon reinstatement this Deed of Trust and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, the reinstatement right shall not apply in the case of acceleration resulting from the sale or transfer of Grantor's property.

11.5 COLLECTION OF PAYMENTS. Terminate the license granted to Grantor to collect the Payments; take possession of, manage and operate the Property under the terms of the Contract; and demand and collect all Payments, including endorsing any check, draft or other instrument given as payment, either by itself or through an agent or judicially-appointed receiver. The Payments shall be applied first to payment of the costs of managing the Property and collecting the Payments, and then to the Secured Obligations;

11.6 TRUSTEE'S SALE. Direct the Trustee, upon written request, to sell the Property and apply the sale proceeds in accordance with the laws of the State of Oregon.

11.7 OTHER REMEDIES. Pursue all other available legal and equitable remedies, including, without limitation, foreclosing upon this Deed of Trust as a mortgage.

Grantor expressly waives any defense or right, in any action or proceeding in connection with the Secured Obligation, that Beneficiary must first resort to any other security or person.

12. WAIVER. No waiver by Beneficiary of any deviation by Grantor from full performance of this Deed of Trust or the Secured Obligation, as the case may be, shall constitute a waiver of Beneficiary's right to require prompt payment or to assert any other right or remedy provided for in this Deed of Trust or the Secured Obligation on the basis of the same or similar failure to perform.

13. SUCCESSORS AND ASSIGNS. This Deed of Trust inures to the benefit of and is binding upon the respective heirs, devisees, legatees, administrators, executors, successors and assigns of the parties hereto.

14. APPLICABLE LAW. This Deed of Trust has been delivered to Beneficiary and accepted by Beneficiary in the State of Oregon. This Deed of Trust shall be governed by and in accordance with the laws of the State of Oregon.

15. PLEDGE. Any Grantor who is not a borrower under the Secured Obligation shall not be personally liable for the obligations therein and is only signing this Deed of Trust to grant and convey Grantor's interest in the real property identified herein and agrees that Beneficiary and any borrower under the Secured Obligation may extend, modify, forebear, or make any other arrangements relating to the Secured Obligation or Deed of Trust without Grantor's consent and without releasing Grantor from this Deed of Trust, its extension or modification.

16. HOMESTEAD. To the fullest extent permitted by law Grantor waives any right to plead any statute of limitations as a defense to any obligation secured hereby, and Grantor releases and waives all rights and benefits of the homestead exemption laws of the State where the property is located.

THIS INSTRUMENT WILL NOT ALLOW FOR THE USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.

John W. Sills, Jr.
John W. Sills, Jr.

Janie P. Sills
Janie P. Sills

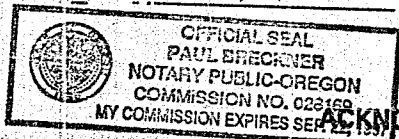
ACKNOWLEDGMENT BY INDIVIDUAL

STATE OF OREGON)
County of KLAMATH) ss.

I certify that I know or have satisfactory evidence that John W. Sills, Jr. and Janie P. Sills

presence and acknowledged it to be (his/her/their) free and voluntary act for the uses and purposes mentioned in the instrument. Is/are the individual(s) who signed this instrument in my

Dated: 1-4-94



Paul Breckner
(NOTARY PUBLIC FOR THE STATE OF OREGON)

My appointment expires _____

ACKNOWLEDGMENT IN A REPRESENTATIVE CAPACITY

STATE OF OREGON)

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title Co the 5th day of Jan A.D. 19 94 at 3:26 o'clock P.M., and duly recorded in Vol. M94 of Mortgages on Page 532

FEE \$15.00

Evelyn Biehn - County Clerk
By Pauline Mullens

(NOTARY PUBLIC FOR THE STATE OF OREGON)

My appointment expires _____

REQUEST FOR RECONVEYANCE

To Trustee:

The undersigned 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.

Dated: _____

Send Reconveyance To: _____