

WHEN RECORDED, RETURN TO:

First Interstate Bank of Oregon, N.A.  
Klamath Falls Commercial Banking Center  
P. O. Box 608  
Klamath Falls, Oregon 97601

Attention: Noland Alston

mtc 33188-HF  
DEED OF TRUST

THIS DEED OF TRUST (the "Trust Deed") is made this 3rd day of August, 1994 among the Grantor, DONNA SUSAN PENNRICH, whose address is 517 East Main Street, Klamath Falls, Oregon 97601 (the "Borrower"); MOUNTAIN TITLE COMPANY OF KLAMATH COUNTY, whose address is 222 S. Sixth Street Klamath Falls, OR 97601 (the "Trustee"); and the Beneficiary, FIRST INTERSTATE BANK OF OREGON, N.A., whose address is 601 Main Street, Klamath Falls, Oregon 97601 (the "Bank").

Borrower, in consideration of the Indebtedness recited in this Trust Deed, for other valuable consideration, and in consideration of the trust created by this Trust Deed, irrevocably grants, conveys and assigns to Trustee, in trust, with power of sale, the property located in the County of Klamath, State of Oregon described as follows:

Lots 322 and 323, Block 111, MILLS ADDITION to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon;

together with all buildings, improvements and tenements now or in the future erected on the property, and all previously or in the future acquired additional title, estates, interests or rights, and all previously or in the future vacated alleys and streets abutting the property, and all easements, rights, appurtenances, leases, including, without limitation, the leases or agreements now or hereafter existing, however evidenced, covering all or any portion of the property, together with all rents or monies due or to become due thereunder; and together with all now existing or in the future arising or acquired: (a) revenues, royalties, mineral, oil and gas rights and profits, water, water rights, and water stock appurtenant to the property; (b) all equipment and fixtures located or to be located on the property; all of which, including replacements, substitutions and additions thereto, shall be deemed to be and remain a part of the property covered by this Trust Deed and all the estate, interest or other claim or demand which Borrower now has or may in the future acquire in and to the property described above; the specific enumerations herein not excluding the general. All of the foregoing, together with said property and together with the proceeds of the foregoing are referred to in this Trust Deed as the "Property."

This Trust Deed is given as security for the following (collectively the "Indebtedness"): (a) the payment of the indebtedness evidenced by Borrower's promissory note in favor of Bank dated August 3, 1994, 1994 (the "Note") in the principal sum of Fifty Thousand and no/100 Dollars (\$50,000.00), with interest thereon, the balance of which, if not sooner paid, is due and payable on July 27, 1999, and all amendments, renewals, extensions and modifications of the Note; (b) the payment of any future advances, with interest thereon, made by Bank to Borrower pursuant to this Trust Deed ("Future Advances"); (c) the payment of all other sums, with interest thereon, advanced in accordance with this Trust Deed to protect the security of this Trust Deed; (d) the performance of the covenants and agreements of Borrower contained in this Trust Deed. The terms of the Note secured by this Trust Deed may provide that the interest rate or payment terms or balance due may be indexed, adjusted, renewed, or renegotiated from time to time. Capitalized terms which are not defined in this Trust Deed and are defined in the Note shall have the meaning given them in the Note. The Note, Trust Deed and all other documents entered into in connection with the Indebtedness may sometimes collectively be referred to as the "Loan Documents."

Nothing in this Trust Deed is intended to limit the amount of Indebtedness, nor to limit the ability of the Bank to enforce all available remedies, whether under this Trust Deed, under other Loan documents, at law or in equity against the Borrower.

Borrower and Bank covenant and agree as follows:

1. COVENANT OF TITLE. Borrower covenants that Borrower is lawfully seized of the estate conveyed by this Trust Deed and has the right to grant, convey and assign the Property. Borrower further covenants that the Property is unencumbered, except as disclosed in writing to and approved by Bank prior to the date of this Trust Deed, and that Borrower will warrant and defend generally the title to the Property against all claims and demands, subject to any easements and restrictions acceptable to Bank and listed in a schedule of exceptions to coverage in any title insurance policy insuring Bank's interest in the Property.

2. PROMISE TO PAY. Borrower shall pay promptly when due the principal of and interest on the Indebtedness and any other charges provided in the Note, this Trust Deed, and other Loan Documents.

3. LATE PAYMENT CHARGES. Bank may charge a late charge on any scheduled payment which Bank fails to receive within 15 days after the due date, or by the next business day, if the 15-day period ends on a Saturday, Sunday, or legal holiday. The amount of the late charge shall be as specified in the Note, or if the Note specifies no late charge, then the late charge shall be two percent of the amount of the payment of principal and interest not paid

when due. Such late charge shall in no event exceed the maximum charge, if any, specified under applicable law. Collection of a late charge shall not constitute a waiver of or prejudice the Bank's right to pursue any other right or remedy available on account of the delinquency, including, without limitation, charging the default rate of interest under the Note.

4. APPLICATION OF PAYMENTS. Unless applicable law provides otherwise, or unless specified to the contrary in the other Loan Documents, each complete installment payment received by Bank under the Note or this Trust Deed or other Loan Documents shall be applied by Bank first to interest due and payable on the Indebtedness, then to principal due and payable on the Indebtedness and then to any other charges due and payable pursuant to the terms of the Note, this Trust Deed, and any other Loan Documents. Upon a breach of any covenant or agreement of Borrower in the Note, this Trust Deed or other Loan Document, Bank may apply, in any amount and in any order as Bank shall determine in Bank's sole discretion, any payments received by Bank under the Note, this Trust Deed or under the other Loan Documents. Bank, at Bank's option, may reject any partial payment. Any partial payment which Bank accepts may be held in a non-interest bearing account until Bank receives funds sufficient to equal a complete installment payment, or, may be applied to the Indebtedness in any amount and in any order as Bank may determine in Bank's sole discretion.

5. TAXES AND LIENS

5.1 Payment. Borrower shall pay when due all taxes and assessments levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Borrower shall maintain the Property free of any liens except for Permitted Encumbrances.

5.2 Evidence of Payment. On Bank's demand, Borrower promptly shall furnish evidence acceptable to Bank of payment of taxes and assessments and shall authorize the appropriate county official to deliver to Bank at any time a written statement of the taxes and assessments against the Property.

5.3 Permitted Encumbrances. Attachments, judgments and other similar liens arising in connection with court proceedings, construction liens and liens for taxes, assessments or other governmental charges may remain against the Property under the following circumstances only: (a) there is no Event of Default or no event which with notice or passage of time or both would become an Event of Default under the Loan Documents; (b) the Borrower is actively contesting in good faith and by appropriate proceedings the claims secured by such liens; and (c) the Borrower shall have provided to Bank a surety bond acceptable to (or other security

acceptable to) Bank in an amount acceptable to Bank as security for the payment of the claims secured by such liens.

6. HAZARD INSURANCE.

6.1 Policies. Borrower shall keep any improvements now existing or in the future erected on the Property insured by carriers who are at all times satisfactory to Bank against loss by fire, hazards included within the term "extended coverage," flood insurance, if and when from time to time required by Bank, and such other hazards, casualties, liabilities and contingencies as Bank shall require from time to time or at any time during the term of this Trust Deed and in such amounts, on a 100% replacement cost basis without coinsurance clause, and for such periods as Bank shall require. On Bank's request, Borrower, at Borrower's expense, shall have an independent appraiser satisfactory to Bank determine the current replacement cost of the Property. All insurance policies and renewals thereof shall be in a form and substance acceptable to Bank and shall include a loss payable endorsement in favor of and in form and substance acceptable to Bank and a provision that coverage will not be cancelled, altered or diminished without a minimum of 30 days' prior written notice to Bank. Bank shall have the right to hold the policies, and Borrower promptly shall furnish to Bank all renewal notices.

6.2 Payment. All premiums on insurance policies shall be paid by Borrower making payment, when due, directly to the carrier, or in such other manner as Bank may designate in writing. Prior to the expiration date of any policy, Borrower shall deliver to Bank a renewal policy in form and substance satisfactory to Bank and receipts for paid premiums.

6.3 Loss. In the event of loss, Borrower shall give immediate written notice to the insurance carrier and to the Bank. Bank may give written notice to the insurance carrier if Borrower fails to do so within 20 days of the casualty. Borrower hereby authorizes and empowers Bank as attorney-in-fact for Borrower to make proof of loss, to adjust and compromise any claim under insurance policies, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom Bank's expenses incurred in the collection of such proceeds; provided, however, that nothing contained in this Section 6 shall require Bank to incur any expense or take any action hereunder.

6.4 Application of Proceeds. To the extent permitted by law, Borrower authorizes Bank, at Bank's option, (a) to apply the balance of such proceeds to the payment of the Indebtedness, whether or not then due, or (b) after deducting Bank's costs and expenses described above, to hold the balance of such proceeds to be disbursed to Borrower for the cost of reconstruction or repair

of the Property. If the insurance proceeds are held by Bank to disburse to Borrower for the cost of restoration and repair of the Property, the Property shall be restored to the equivalent of its original condition or such other condition as Bank may approve in writing.

7. PRESERVATION AND MAINTENANCE OF PROPERTY. Borrower:

(a) shall not commit waste or permit impairment or deterioration of the Property;

(b) unless Bank directs Borrower in writing to the contrary, shall restore or repair promptly and in a good and workmanlike manner all or any part of the Property to the equivalent of its original condition, or such other condition as Bank may approve in writing, in the event of any damage, injury or loss to the Property, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair;

(c) shall strictly comply with all applicable laws and regulations, including, but not limited to, those relating to the environment and the Americans with Disabilities Act and shall comply with her obligations as landlord under any and all leases of the Property.

8. USE OF PROPERTY. Unless required by applicable law or unless Bank has otherwise agreed in writing, Borrower shall not allow changes in the use for which all or any part of the Property was intended at the time this Trust Deed was executed. Borrower shall not initiate or acquiesce in a change in the zoning classification or comprehensive plan governing the Property without Bank's prior written consent.

9. PROTECTION OF BANK'S SECURITY. If Borrower fails to perform the covenants and agreements contained in this Trust Deed, or if any action or proceeding is commenced which affects the Property or title to the Property or the interest of Bank in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, violation of any law concerning environmental protection and pollution control, or arrangements or proceedings involving a bankrupt or decedent, then Bank at Bank's option may make such appearances, disburse such sums and take such action as Bank deems necessary or advisable, in its sole discretion, to protect Bank's interest, including, but not limited to, (a) employment of attorneys or other advisors, (b) entry upon the Property to investigate and make repairs, (c) procurement of satisfactory insurance, and (d) payment of any sum due under any tax or liens. Any amounts disbursed by Bank pursuant to this Section 9, with interest thereon, shall become additional indebtedness of Borrower secured by this Trust Deed. Unless Borrower and Bank agree in writing to other terms of payment, such amounts shall be immediate-



ly due and payable and shall bear interest from the date of disbursement until paid at the default rate stated in the Note or the Loan Documents, or if no default rate is stated in the Note or Loan Documents, then at the interest rate(s) stated in the Note. Borrower hereby covenants and agrees that Bank shall be subrogated to the lien of any mortgage or other lien discharged, in whole or in part, by Bank. Nothing contained in this Section 9 shall require Bank to incur any expense or take any action.

10. CONDEMNATION. Borrower shall promptly notify Bank of any action or proceeding relating to any condemnation or other taking, whether direct or indirect, of the Property, or part of the Property, and Borrower shall appear in and prosecute any such action or proceeding unless otherwise directed by Bank in writing. Borrower authorizes Bank, at Bank's option, as attorney-in-fact for Borrower, to commence, appear in and prosecute, in Bank's or Borrower's name, any action or proceeding relating to any condemnation or other taking of the Property, whether direct or indirect, and to settle or compromise any claim in connection with any such condemnation or other taking. All of Borrower's interest in the proceeds of any award, payment or claim for damages, direct or consequential, in connection with any condemnation or other taking, whether direct or indirect, of the Property, or part of the Property, or for conveyances in lieu of condemnation, are hereby assigned to and shall be paid to Bank.

To the extent permitted by law, Borrower authorizes Bank to apply such awards, payments, proceeds or damages, after the deduction of Bank's expenses incurred in the collection of such amounts, at Bank's option, to restoration or repair of the Property or to payment of the Indebtedness, whether or not then due, with the balance, if any, to Borrower. Unless Borrower and Bank otherwise agree in writing, any application of proceeds to principal shall be applied to the most remote unpaid installment of principal and shall not extend or postpone the due date of any payments required under this Trust Deed or change the amount of any such payments. Borrower agrees to execute such further evidence or assignment of any awards, proceeds, damages or claims arising in connection with such condemnation or taking as Bank may require.

11. BORROWER AND LIEN NOT RELEASED. From time to time, at Bank's option, upon notice to Borrower but without any need to give notice to or obtain the consent, of Borrower's successors or assigns or of any junior lienholder or guarantor and without any liability on Bank's part and notwithstanding Borrower's breach of any covenant or agreement in the Loan Documents (including, but not limited to, this Trust Deed), Bank may do any or all of the following:

(a) Extend the time for payment of the Indebtedness or any part of it;

- (b) Reduce the payments on the Indebtedness;
- (c) Release anyone liable on any part of the Indebtedness;
- (d) Accept renewal note or notes for the Indebtedness;
- (e) Release from the lien of this Trust Deed any part of the Property;
- (f) Release other or additional security;
- (g) Reconvey any part of the Property;
- (h) Consent to any map or plat of the Property;
- (i) Consent to any easement;
- (j) Execute any subordination agreement.

Any action taken by Bank pursuant to the terms of this Section or any modification of the rate of interest upward or downward, or modification of the period of amortization of the Note or change in the amount of the monthly installments payable under the Note or other Loan Documents, or any combination thereof, which may extend or reduce the term of the Note or this Trust Deed or both, shall not affect the obligation of Borrower or Borrower's successors or assigns to pay the sums secured by this Trust Deed and to observe the covenants of Borrower contained in this Trust Deed, shall not affect the guaranty of any person, corporation, partnership or other entity for payment of the Indebtedness secured by this Trust Deed, and shall not affect the lien or priority of lien of this Trust Deed on the Property. Unless otherwise provided by law, the priority of this Trust Deed shall not be affected by any change in terms whether or not it adversely affects subordinate or prior interest holders. Borrower shall pay Bank a service charge, together with such title insurance premiums and attorney fees as may be incurred at Bank's option for any such action if taken at Borrower's request.

12. FORBEARANCE BY BANK OR RECEIPT OF AWARDS NOT A WAIVER. Any forbearance by Bank in exercising any right or remedy under this Trust Deed, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any other right or remedy. The acceptance by Bank of payment of any sum secured by this Trust Deed after the due date of such payment shall not be a waiver of Bank's right to either require prompt payment when due of all other sums so secured or to declare a default of or failure to make prompt payment, nor shall Bank's receipt of any awards, proceeds or damages under this Trust Deed operate to cure or waive any default in payment of sums secured by this Trust Deed.

13. UNIFORM COMMERCIAL CODE SECURITY AGREEMENT. This Trust Deed is intended to be a security agreement and financing statement pursuant to the Uniform Commercial Code of Oregon for any part of the Property which, under applicable law, may be personal property, and Borrower hereby grants Bank a security interest in all of such property. Borrower agrees to execute and deliver to Bank, upon Bank's request, any financing statements, as well as extensions,

renewals and amendments of them, and reproductions of this Trust Deed in such form as Bank may require to perfect a security interest with respect to the Property. Borrower shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases of them, and shall pay all costs and expenses of any record searches for financing statements Bank may require. Borrower shall notify Bank in writing prior to changing Borrower's name or moving Borrower's chief executive office or any of the Property secured by this Trust Deed.

14. ASSIGNMENT OF RENTS. As additional security under this Trust Deed, Borrower hereby assigns to Bank the leases, rents or agreements concerning the Property now existing or in the future arising, provided that unless there is an event of default under the Loan Documents, Borrower shall have the right to collect and retain such rents as they become due and payable. Upon Bank's request, Borrower shall execute any additional documents requested by Bank to assign to Bank any leases and all security and other deposits concerning Property. This assignment is not a delegation or assignment to Bank of Borrower's duties or obligations under or in connection with the Property. Bank's acceptance of this assignment does not constitute a promise by it nor does it in any way obligate it to perform any of Borrower's duties or obligations under or in connection with the leases, rents or agreements. Borrower hereby agrees to indemnify Bank against and hold it harmless from any and all liability, loss or damage which it may or might incur under the leases, rents or agreements or under or by reason of this assignment and of and from any and all claims and demands whatsoever which may be asserted against it by any reason of any alleged obligation or undertaking on Bank's or Borrower's part to perform or discharge any of the terms of the leases, rents or agreements.

15. FUTURE ADVANCES. Upon request of Borrower, Bank, at Bank's option so long as this Trust Deed secures Indebtedness held by Bank, may make Future Advances to Borrower. Such Future Advances, with interest thereon, shall be secured by this Trust Deed if the loan documentation related to the Future Advance provides that the Future Advance is to be secured by this Trust Deed.

16. PROHIBITION OF TRANSFER OF PROPERTY OR BENEFICIAL INTERESTS IN BORROWER; ASSUMPTION. Without prior written consent of Bank, Borrower shall not transfer or agree to transfer all or any part of Property or any interest in the Property. For the purpose of this section, the occurrence of any of the following events, without limitation, or any agreement to do any of the following, without limitation, shall be deemed to be a transfer of the Property: any sale, contract to sell, conveyance, assignment or other transfer of (except for leases of the Property), or, except for prior liens previously disclosed to Bank, any grant of



a mortgage, deed of trust, other lien, or other security interest in, all or any part of the legal or equitable title to Property;

If any of the above events occurs, Bank, at Bank's option, may declare all of the sums secured by this Trust Deed to be immediately due and payable, and may invoke any of the remedies permitted by this Trust Deed. If Borrower or a prospective transferee applies to Bank for consent to transfer, Bank may require such information as may be reasonably necessary for Bank to assess the prospective transferee's prior business experience, reputation and financial ability to perform Borrower's obligations under this Trust Deed. As a condition of its consent to any transfer, Bank in its discretion may impose an assumption fee, and may increase the interest rate on the Note or under the other Loan Documents. However, notwithstanding any of the foregoing, Bank, in its sole discretion, may withhold its consent to any transfer for any reason whether or not withholding consent is reasonable under the circumstances. Any consent, if granted, shall not release Borrower or any successor in interest from personal liability for payment and performance of the Indebtedness, or for performance of this Trust Deed, the Note or other Loan Documents, or release Borrower from performance of this Trust Deed.

17. DEFAULT. The following shall constitute events of default:

(a) Failure of Borrower to pay any portion of the Indebtedness when it is due.

(b) Failure of Borrower within the time required by this Trust Deed to make any payment for taxes, insurance or any other payment necessary to prevent filing of or discharge of any lien.

(c) Transfer or agreement to transfer any part or interest in the Property in any manner whatsoever, including, but not limited to, allowing any lien inferior to this Trust Deed on the Property, or transfer of any other interest of Borrower as described in Section 16.

(d) Insolvency of Borrower; the commencement by Borrower of a voluntary case under the federal bankruptcy laws or under any other federal or state law relating to insolvency or debtor's relief; the filing of an involuntary petition against Borrower under the federal bankruptcy laws or under any other applicable federal or state law relating to insolvency or debtor's relief which Borrower has not caused to be dismissed within 30 days after such filing; the appointment or the consent by Borrower to the appointment of a receiver, trustee, or custodian of Borrower or of any of Borrower's property which Borrower has not caused to be withdrawn within 30 days after such appointment; an assignment for the benefit of creditors by Borrower; the making or suffering by

Borrower of a fraudulent transfer under applicable federal or state law; concealment by Borrower of any of its property in fraud of creditors; the imposition of a lien through legal proceedings or distraint upon any of the property of Borrower or Borrower's failure generally to pay its debts as such debts become due.

(e) Breach or default under any other Loan Documents, which is not cured within any applicable cure period.

(f) Failure of Borrower to perform any obligations under this Trust Deed other than those described in the preceding paragraphs (a) through (f) of this Section, within ten (10) days after receipt of written notice from Bank specifying the nature of the default.

#### 18. RIGHTS AND REMEDIES ON DEFAULT.

18.1 Remedies. Upon the occurrence of any event of default and at any time thereafter, Trustee or Bank may exercise any one or more of the following rights and remedies:

(a) Bank may declare all sums secured by this Trust Deed immediately due and payable, including, without limitation, any prepayment premium which Borrower would be required to pay under the terms of the Note.

(b) The Trustee shall have the right to foreclose by notice and sale, or Bank shall have the right to foreclose by judicial foreclosure, in either case in accordance with applicable law.

(c) If this Trust Deed is foreclosed by judicial procedure, Bank will be entitled to a judgment which will provide that if the foreclosure sale proceeds are insufficient to satisfy the judgment, execution may issue for the amount of the unpaid balance of the judgment.

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

(e) Bank shall have the right to take possession of the Property and, with or without taking possession of the Property, collect all the rents and revenues of the Property in accordance with this Trust Deed and/or in any other assignment of rents.

(f) Bank shall have the right to have a receiver appointed to take possession of any or all of the Property, with the power to protect and preserve the Property, to operate the

Property preceding foreclosure or sale, to collect all the rents and revenues from the Property and apply the proceeds, over and above cost of the receivership, against the sums due under this Trust Deed. The receiver may serve without bond if permitted by applicable law. Bank's right to the appointment of a receiver shall exist whether or not apparent value of the Property exceeds the sums due under this Trust Deed by a substantial amount. Employment by Bank shall not disqualify a person from serving as a receiver.

(g) In the event Borrower remains in possession of the Property after the Property is sold as provided above or Bank otherwise becomes entitled to possession of the Property upon default of Borrower, Borrower shall become a tenant at will of Bank or the purchaser of the Property and shall pay a reasonable rental for use of the Property while in Borrower's possession.

(h) Trustee and Bank shall have any other right or remedy provided in this Trust Deed, the Note, or any other Loan Document, or available at law, in equity or otherwise.

18.2 Waiver of Marshalling; Sale of the Property. Notwithstanding the existence of any other mortgage, deed of trust, other lien or other security interests in the Property held by Bank or by any other party, Bank shall have the right to determine the order in which any or all of the Property, real or personal or mixed, shall be subjected to the remedies provided in this Trust Deed. Bank shall have the right to determine the order in which any or all portions of the Indebtedness secured by this Trust Deed are satisfied from the proceeds realized upon the exercise of the remedies provided in this Trust Deed. In exercising its rights and remedies, Bank, at Bank's sole discretion, may cause all or any part of the Property to be sold as a whole or in parcels, and certain portions of the Property may be sold without selling other portions. Bank may bid at any public sale on all or any portion of the Property. Borrower, any party who consents to this Trust Deed and any party who now or in the future acquires a security interest in the Property and who has actual or constructive notice of this Trust Deed hereby waives any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided in this Trust Deed.

18.3 Notice of Sale. Bank shall give Borrower reasonable notice of the time and place of any public sale of any personal property or of the time after which any private sale or other intended disposition of the personal property is to be made. Reasonable notice shall mean notice given in accordance with applicable law, and may include, without limitation, only notice required for the nonjudicial sale of the real property.

#### 18.4 Waiver; Election of Remedies; Remedies Cumulative.

A waiver by either party of a breach of a provision of this Trust Deed shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. Election by Bank to pursue any remedy shall not exclude pursuit of any other remedy, and all remedies of Bank under this Trust Deed are distinct and cumulative and not exclusive to all other rights or remedies under this Trust Deed or Loan Documents or afforded by law or equity, and may be exercised concurrently, independently, or successively in any order whatsoever. An election to make expenditures or take action to perform an obligation of Borrower shall not affect Bank's right to declare a default and exercise its remedies under this Trust Deed.

19. SUCCESSORS AND ASSIGNS BOUND; JOINT AND SEVERAL LIABILITY; AGENTS; CAPTIONS. The covenants and agreement contained in this Trust Deed shall bind, and the rights under this Trust Deed shall inure to, the respective successors and assigns of Bank and Borrower. However, nothing in this Trust Deed or other Loan Documents shall be deemed to permit Borrower to enter into any assignments or transfers except as specifically permitted pursuant to the preceding provisions of this Trust Deed. This Trust Deed and the Indebtedness secured hereby may be assigned in whole or in part or participated in whole or in part to any person by Bank and without notice to or affecting Borrower's liability hereunder, and Bank, in connection with such assignment, participation, or similar arrangement, may make all credit and financial data furnished and to be furnished by Borrower available to such existing or prospective assignee, participant or person. If Bank assigns to any assignees, participants or other persons all of Bank's interest in this Trust Deed and the Indebtedness secured hereby, then Bank shall be and is released from any obligations under this Trust Deed and other Loan Documents. All covenants and agreements of Borrower shall be joint and several. In exercising any rights under this Trust Deed or taking any actions provided for in this Trust Deed, Bank may act through its employees, agents or independent contractors as authorized by Bank. The captions and headings of the sections of this Trust Deed are for convenience only and are not to be used to interpret or define the provisions of this Trust Deed.

20. NOTICE. Except as specified to the contrary in the Loan Documents and except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Trust Deed or in the Loan Documents shall be given by mailing such notice by certified mail, return receipt requested, addressed to Borrower at Borrower's address stated above or at such other address as Borrower may designate by notice to Bank as provided in this Trust Deed, and (b) any notice to Bank shall be given by certified mail, return receipt requested, to Bank's address stated in this Trust Deed or to such other address as Bank may designate by notice to Borrower as provided in this Trust Deed.

Any notice provided for in this Trust Deed or in the Note or other Loan Documents shall be deemed to have been given to Borrower or Bank on the date mailed when given in the manner designated in this Trust Deed.

21. RECONVEYANCE. Upon payment of the Indebtedness secured by this Trust Deed, Bank shall request Trustee to reconvey the Property and shall surrender this Trust Deed and all notes evidencing Indebtedness secured by this Trust Deed to Trustee. Trustee shall reconvey the Property without warranty to the person or persons legally entitled to the Property. Such person or persons shall pay Trustee's fee and other costs incurred in so reconveying the Property.

22. SUBSTITUTE TRUSTEE. In accordance with applicable law, Bank may from time to time appoint a successor trustee to any Trustee appointed under this Trust Deed. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee in this Trust Deed and by applicable law.

23. ATTORNEYS' FEES. In the event suit or action is instituted to enforce or interpret any of the terms of this Trust Deed, including, but not limited to, any action or participation by Borrower, Borrower or Bank in, or in connection with, a case or proceeding under the Bankruptcy Code or any successor statute, the prevailing party shall be entitled to recover all expenses reasonably incurred at, before and after trial and on appeal whether or not taxable as costs, including, without limitation, attorneys' fees, witness fees (expert and otherwise), deposition costs, copying charges and other expenses. Whether or not any court action is involved, all reasonable expenses, including, but not limited to, the costs of searching records, obtaining title reports or appraisals, surveyor reports, title insurance, trustee fees, and attorneys' fees, incurred by Bank that are necessary or advisable at any time in Bank's opinion for the protection of its interest or enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest from the date of expenditure until paid at the interest rate provided in the Note.

24. GOVERNING LAW; SEVERABILITY. This Trust Deed shall be governed by the law of the State of Oregon. In the event that any provision or clause of this Trust Deed, or the Note, or other Loan Documents conflicts with applicable law, such conflict shall not affect other provisions of this Trust Deed, the Note, or other Loan Documents which can be given effect without the conflicting provision, and to this end, the provisions of this Trust Deed, the Note, and other Loan Documents are declared to be severable.



25. TIME OF ESSENCE. Time is of the essence in the payment and performance of the obligations under and secured by this Trust Deed and the other Loan Documents.

26. CHANGES IN WRITING. Any term of this Trust Deed and any addendum to the Trust Deed may only be changed, waived, discharged or terminated by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. Any agreement subsequently made by Borrower or Bank relating to this Trust Deed shall be superior to the rights of the holder of any intervening lien or encumbrance.

27. WAIVER OF HOMESTEAD EXEMPTION. To the extent permitted by applicable law, Borrower waives all rights and benefits of the homestead exemption laws of the State of Oregon as to the Indebtedness.

IN WITNESS WHEREOF, Borrower has executed this Trust Deed the day and year first written above.

Donna Susan Pennrich  
DONNA SUSAN PENNRICH

STATE OF OREGON                     )  
  : ss.  
County of \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of July, 1994 by Donna Susan Pennrich.

State of Oregon

County of KLAMATH

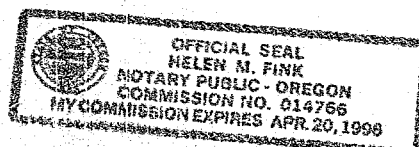
AUGUST 3, 1994

Personally appeared the above named DONNA SUSAN PENNRICH, and acknowledged the foregoing instrument to be HER voluntary act and deed.

WITNESS My hand and official seal.

(seal)

Helen M. Fink  
Notary Public for Oregon  
My Commission expires: 4/20/96



## REQUEST FOR RECONVEYANCE

To Trustee:

The undersigned is the holder of the Note or Notes secured by this Trust Deed. Said Note or Notes, together with all other Indebtedness secured by this Trust Deed, have been paid in full. You are hereby directed to cancel said Note or Notes and this Trust Deed, which are delivered hereby, and to reconvey, without warranty, all the estate now held by you under this Trust Deed to the person or persons legally entitled to that estate.

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

By \_\_\_\_\_  
Title \_\_\_\_\_

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co the 4th day  
of Aug A.D. 19 94 at 10:56 o'clock A M., and duly recorded in Vol. M94  
of Mortgages on Page 24066.

FEE \$80.00

Evelyn Biehn County Clerk  
By Pauline Mullendore