GOSSZ RECORDATION REQUEST EL Suth Valley State Bank dr1 Main Street Kanath Folls, OR, 97601 WHEII RECORDED MAIL-10: South Valley State Bank 301 Main Street Kiometh Falls, OR 97601 SEND TAX NOTICES TO: Don Frye Construction, Inc. P.O. Box 7791		Page 34026
Klain sthi Folls, OR 97601	ATC 6: 042427 SPACE ABOVE THIS LINE IS FOR	

CTION DEEL) OF TRUST LINE OF (REDIT DEED OF TRUST

LINE OF CREDIT INSTRUMENT. (a This Deed of Trust is a LINE OF CREDIT INSTRUMENT. (b) The maximum principal amount to be advanced pursuant to the Note is \$150,000.00. (c) The term of the Note commences on the date of this Deed of Trust and ends on April 30, 1995. (d) The maximum principal amount to be advanced pursuant to the Note may be exceeded by advances necessary to complete construction of previously

THIS DEED OF TRUST IS I)All:D OCTOBER 28, 1994, among Don Frye Construction, Inc., as estate in fee simple, whose address is \$.0. Box 7791, Klumath Falls, OR 97601 (referred to below as "Grantor"); South Valley State Bank, whose ackires a is 801 Main Street, Klamath Falls, OR 97601 (referred to below sometimes as "Lender" and sometimes as "Baneficiary"); and William P. Brandsness, whose address is 411 Pine Street, Klamath Falls, OR 97601 (referred to below as "Trustee").

CONVEYANCE AND GRANT. For valuable consideration, (rantor conveys to Trustee for the benefit of Lender as Beneficiary all of Grantor's right, title, and interest in and to the following described r all property, together with all existing or subsequently erected or affixed buildings, or impact and distures; all easements, rights of way, and appundingnees; all water, water rights and ditch rights (including stock in utilities with ditch and similar matters; located in Kiantati) County, State of Oregon (the "Real Property"):

Lot 4, Block 3, Tract 115? NORTH HILLS IN THE CITY OF KLAMATH FALLS, in the County of Klamath, State of Oregon.

The Real Property or its address is commonly known as 899 Homedale Road, Klamath Falls, OR 97603. The Real Property tax identification number is Key #447 190.

Grantor presently assigns to Lender (als) knc wh as Beneficiary in this Deed of Trust) all of Grantor's right, tille, and interest in and to all present and future leases of the Property and all Rer is from the Property. In addition, Grantor grants Lender a Uniform Commercial Code security interest in the Property and the Personal Property defined below.

DEFINITIONS. The following words shall have the following maynings when used in this Deed of Trust. Terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Unit xm Commercial Code. All references to dollar amounts shall mean amounts in lawful

Beneficiary. The word "Beneficiary' means South Valley State Bank, its successors and assigns. South Valley State Bank also is referred to as "Lender" in this Dead of Trust.

Deed of Trust. The words "Deed of Trust" mean this Dex d of Trust among Grantor, Lender, and Trustee, and Includes without limitation all assignment and security interest provision: relating to the Personal Property and Rents.

Grantor. The word "Grantor" means wy and all person and entities executing this Deed of Trust, including without limitation Don Frye

Guarantor. The word "Guarantor" men s and includes vithout limitation, any and all guarantors, sureties, and accommodation parties in connection with the Indebtedness.

Improvements. The word "Improvements" means and in sludes without limitation all existing and future improvements, fodures, buildings, structures, mobile homes affixed on the Ra I Property, facility , additions, replacements and other construction on the Real Property.

indebted noss. The word "Indebtedress" neans all principal and interest payable under the Note and any amounts expended or advanced by Lender to discharge obligations of Gauntor or expenses incur ad by Trustee or Lender to enforce obligations of Grantor under this Deed of Trust,

Lender. The word "Lender" means St uth Valley State Bank, his successors and assigns.

Note. The word "Note" means the Note fated October 28 1994, in the principal amount of \$150,000.00 from Grantor to Lender, together with all ranewals, extensions, modelications, refinancial gs, and substitutions for the Note. The maturity date of the Note is April 30, 1995. The rate of interest on the Note is subject to indexing, adjustment, renewal, or renegotiation.

Personal Property. The words "Personal Froperty" mean all quipment, fotures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attacked or affixed to the Rat Property together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together is thall proceeds (including without limitation all insurance proceeds and refunds of Property. The word "Property" means sollic cively the Real Property and the Personal Property.

Real Property. The words "Real Proparty", I ean the property. Interests and rights described above in the "Conveyance and Grant" section.

Related Documents. The words "Finiate: Documents" max n and include without limitation all promissory notes, credit agreements, loan agreements, guaranties, security agreements amongages, deed i of trust, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebledness

Rents. The word "Rents" means all plesen and future rents, revenues, income, issues, royalties, profils, and other benefits derived from the Trustee. The word "Trustee" means William F. Brandsness and any substitute or successor trustee

THIS DEED OF TRUST, INCLUDING THE AS HEALTY OF FENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (1) PIVMENT OF THE INLY BIEDNESS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL GRANTOR UNDER THE NOTE, THE RELATED DOCUMENTS, UND THIS DEED OF TRUST. THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE ANY AND ALL OBLIGATIONS OF GRANTOR UNDER THAT CERTAIN CONST RUCTION LOAN AGREEMENT BETWEEN GRANTOR AND LENDER OF EVEN DATE HEREWITH. ANY EVENT OF DEFAILT UNDER THE CONSTRUCTION LOAN AGREEMENT, OR ANY OF THE RELATED DOCUMENTS ARE GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as other vise provided in this Deed of Trust, Grantor shall pay to Lender all amounts secured by this Deed of Trust as they become due, and shall strictly and a timely manner perform all of Grantor's obligations under the Note, this Deed of Trust, and the

10-22-1994 eles the out and the AMAS and Take Loan No 302/27

A. MARIE OSSESSION AND MAINTENANCE OF THE PROPERTY. Grant or agrees that Grantor's possession and use of the Property shall be governed by the 后期的 日月的

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Possession and Use. Until the occurrence of an Eve if of Default, Grantor in y (a) remain in possession and control of the Property. (b) use, operate of manage the Property, and (c) collect any Frints to an the Property. The following provisions relate to the use of the Property or to other imitations on the Property. THIS INSTRUMENT WILL NOT / LLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. LEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING PEETTILE TO THE PROPERTY SHOULD CHECK. WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY PEETTILE TO THE PROPERTY SHOULD CHECK. WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY to aving provide as:

Duty to Maintain. Granter shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance

Hazardous Substances. The terms "hazardous wase," "I azardous substance," "disposal," "release," and "threatened release," as used in this Hiszardous Substances. The terms "hezardous wasie," "Fazardous substance," "disposal," "release," and "threatened release," as used in this Deed of Trust, shall have the same meanings as set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superture Amendments and Resultorization Act of 1986, Pub. L. No. 99-499 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superture Amendments and Resultorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hezardous Materials Transportation Act. 49 U.S.C. Section 180", et seq., the Resource Conservation and Recovery Act, 49 U.S.C. Section 6901, et seq., or other applicable state or feder Laws, rules, or regulations adopted pursuant to any of the foregoing. The terms "hazardous waste" and "hazardous substance" shall a so in stude, without limit ution, petroleum and petroleum by-products or any fraction thereof "hazardous waste" and "hazardous substance" shall a so in stude, without limit ution, petroleum and petroleum by-products or any fraction thereof as asbestos. Grantor represents and warrants to Lender that: (a) During the period of Grantor's ownership of the Property, there has been no and asbestos. Grantor represents and warrants to Lender that: (a) During the period of any hazardous waste or substance by any person on, use, generation, manufacture, storage, treatment, disposal, elease or threater et release of any hazardous waste or substance by any person on, under, or about the Property: (b) Grantor has no knowled to of, or reason to believe that there has been, except as previously disclosed to and under, or about the Property: (b) Grantor has no knowled to of, or reason to believe that there has been, except as previously disclosed to and Use, generation, manufacture, storage, treatment, disposal, elease or threator ad release of any hazardous waste or substance by any person on under, or about the Property; (b) Grantor has no knowled je of, or reason ic believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (i) any use, general on, manufacture, storage, treatment, disposal, release, or threatened release of any hazardous waste or substance by any prior owners or occi pants of the Property or (ii) any actual or threatened trigation or claims of any kind by hazardous waste or substance by any prior owners or occi pants of the Property shall us 9, generate, manufacture, store, treat, dispose of, or release any tenant, contractor, agent or other authorized user of the Property shall us 9, generate, manufacture, store, treat, dispose of, or release any hazardous waste or substance on, under, or about the Property shall us 9, generate, manufacture, store, treat, dispose of, or release any hazardous waste or substance on, under, or about the Property and (ii) an / such activity shall be conducted in compliance with all applicable faderal, stute, and local laws, regulations and ordina tees, including without imitation those laws, regulations, and ordinances described above. faderal, stute, and local laws, regulations and ordina tees, including without imitation those laws, at Grantor's expense, as Lender may Granter authorizes Lender and its agents to enter up on it e Property to mak e such inspections and tests, at Grantor's expense, as Lender shall deem appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other be for Lend deem appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by Lender shall be for Lerider's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based or Grantor's due diligence in investigating the Property for hazardous waste. Grantor hereby (a) releases and waives any tutine daims against Lerider for Indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws, and (b) agrees to indemnity and hold harmless Lender against any and all claims, losses, for cleanup or other costs under any such laws, and (b) agrees to indemnity sustain or suffer resulting from a breach of this section of the liabilities, damages, penalties, and expenses which Lende may directly or in firectly sustain or suffer resulting from a breach of this section of the liabilities, damages, penalties, of any use, o anergion, manufacture, storage, disposal, release or threatened release occurring prior to been of Tiristion as a conservence of any use, o anergion, manufacture, storage, disposal, release or threatened release occurring prior to reconsist, chamages, penalues, and expenses which Landa may directly or in arectly sustain or suffer resulting from a breach of this section of the Deed of Trust; or as a consequence of any use, ganeration, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whither or not the same vas or should have been known to Grantor. The provisions of this section of the Deed of Trust, including the obligation is independently, shall survive the payment of the Indeptedness and the satisfaction and reconveyance of the lien of this Deed of Trust and shall into the affected by Lender's acquisition of any interest in the Property, whether by reconveyance of there is not the sate vas or should have been known to Grantor.

Nulsence, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property, or any portion of the Property. Without Entiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), soil, gravel or rock products without the prior written consent of Lender.

Removal of Improvements. Grantor shall not demolish or remove any line rovements from the Real Property without the prior written consent of Lender. As a condition to the removal of any improvements, Lender may a quire Grantor to make arrangements satisfactory to Lender to replace

Lender's Right to Enter. Lender and its agents and epresentatives mey enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Property for pu poses of Grantor's compliance with the terms and conditions of this Deed of Trust. such improvements with improvements of at least or just value.

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith an such law, ording nee, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, including interests in the Property are not leopardized. Lender may require Grantor to post adaquate security or a surety hond, reasonably Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably

Duty to Protect. Grantor agrees neither to abandon no leave unattender the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Proy erty are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at its option, declars immediately due and payable all sums secured by this Deed of Trust upon the sals or transfer, without the Lender's prior written consent, of all or a / part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest timeren; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or a unsfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of Real Property interest. If any Grantor is a corporation, partnership or limited liability company, transfer also (d) years, let se-option contract, or by sale, assignment, or if ansier or any beneficial interest in or to any land trust noticing the to the Heal Property of any other method of conveyance of Real Property interest. If any Grantor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty- five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of Grantor. However, this option shall not be exercised by lender if such exercise is prohibited by federal law or by Oregon law. TAXES AND LIENS. The following provisions relating () the taxes and liens on the Property are a part of this Deed of Trust

Payment. Grantor shall pay when due (and in all even s prior to delinque ncy) all taxes, special taxes, assessments, charges (including water and regiment. Grantor shall pay when due (and in all even s phor to delingue hoy) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions 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 turnished to the Property. Crantor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Deed of Trust, except for the lien of taxes and assessments not due and except as otherwise provided in this Deed of Trust.

Right To Contest. Grantor may withhold payme it of any tax, assessmart, or claim in connection with a good faith dispute over the obligation to Right To Contest. Grantor may withhold payme it of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not apardized. If a li in arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a li in a filed, within fifteen (15) days after the lien discharge of the linn, or if or claim to concern the discharge of the linn, or if a li in arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien discharge of the linn, or if the lien discharge of the lien, deposit with Lender cash or a sufficient corporate such bond or other expurity satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorney if the such other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lander and shall satisfy any t dverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any sure bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon deniance umish to Lender atisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deriver to Lender at any time atwritten statement of the taxes and assessments against the

Notice of Construction. Grantor shall notify Le ider at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any morthark's tien, materialme is lien, or other lien could be asserted on account of the work, services, or materials and the cost exceeds \$1,000.00. Granto will upon request of Lender furnish to Londer advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improve nents.

PROPERTY DAMAGE INSURANCE. The following p ovisions relating to insu ing the Property are a part of this Deed of Trust. Meintenance of Incurance. Grantor shall produre and maintain policies of fire insurance with standard extended coverage endorsements on a meintain policies of incurance. Grantor shall produre and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value or vering all improvements on the Real Property in an amount sufficient to avoid application of any replacement basis for the full insurable value or vering all improvements on the Real Property in an amount sufficient to avoid application of any replacement basis for the full insurable value or vering all improvements on the Real Property in an amount sufficient to avoid application of any replacement basis for the full insurable value or vering and the standard more gradient and the verifies of the standard more gradient and bodier in surance, as Lender may reasonably require. Policies shall be written in form, amounts, hazard, liability, business interruption, and bodier in surance, as Lender may reasonably require. Policies shall be of the lender. Granter upon covergences and basis metrophy acceptable to Lender to any the acceptable of companies reasonably acceptable to Lender. Granter upon haza d, liability, business interruption, and boller in surance, as Lenck r may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lenck r and issued by a company or companies reasonably acceptable to Lender. Grantor, upon requires to Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender. Should the Real stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Should the Real stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Should the Real stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Should the Real stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Should the Real stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Should the Real stipulations that coverages that is a special flood here any line become located in an are a de ignaled by the Director of the Federal Emergency Management Agency as a special flood here any any time become located in an are a de ignaled by the Director of the extent such insurance is required by Lender and is or becomes here if any flable, for the term of the lean and ter the full unput diprincipal balance of the loan, or the maximum limit of coverage that is available, whichever is least to the term of the lean and ter the full unput diprincipal balance of the loan, or the maximum limit of coverage that is available, whichever is least to the term of the lean and ter the full unput diprincipal balance of the loan, or the maximum limit of coverage that is available, whichever is least to the term of the loan and ter the full unput diprincipal balance of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property if the estimated cost of repair or replacement exceeds \$500.00. Lender may make proof of loss if Grantor tails to do so within fifteen (15) days of the casualty. Whether or not Conta lecs.

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DEED OF TRUST (Continued)

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Unexpired insurance at Sale. Any unexpired insurance shall inure to be benefit of, and pass to, the purchaser of the Property covered by this Deed of Trust at any trustee's sale or other sale held under the provision of this Deed of Trust, or at any foreclosure sale of such Property.

Grantor's Report on Insurance. Upon request of Londer, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (a) the name of the insurer; (b) this risks insured; (c) the amount of the policy; (d) the property insured, the then current replacement value of such property, and the manner of ditermining that value; and (e) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent expraiser satisfactory to Lender determine the cash value replacement cost of the Property.

EXPENDITURES BY LENDER. If Grantor fails to comply with any provision of this Deed of Trust, or if any action or proceeding is commenced that would materially affect Lender's interests in the Projecty, Lender on Grantor's behalf may, but shall not be required to, take any action that Lender expenses in the Projecty, Lender on Grantor's behalf may, but shall not be required to, take any action that Lender expenses in the Projecty, Lender on Grantor's behalf may, but shall not be required to, take any action that Lender expenses in the order on Grantor's behalf may, but shall not be required to, take any action that Lender expenses in the order on Grantor's behalf may, but shall not be required to, take any action that Lender expenses in the rest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All s ich a openses, at Lender's coption, will (a) be payable on demand, (b) be added to the balance of the Note rund be apportioned among and be payable with any installment payments to become due during either (i) the term of any applicable insurance policy or (ii) the remaining isrm of the Note, or (c) be treated as a balloon payment which will be due and payable at the Note's maturity. This Deed of Trust also will secure payment of thesis amounts. The rights provided for in this paragraph shall be in addition to any other rights or avided for in this paragraph shall be construed as curing the default so as to bar Lender from any remedy that it otherwise would have had.

WARRANTY; DEFENSE OF TITLE. The following provisit as relating to own riship of the Property are a part of this Deed of Trust.

Title. Grantor warrants that: (a) Grantor holds good and marketable te of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property descript in or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Deed of Trust, and (b) Grantor has the full right, power, and authority to execute and deliver this Deed of Trust to Lender.

Detense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action comproceeding is commenced that questions Grantor's title or the interest of Trustee or Lender under this Deed of Trust, Grantor shall defend the action all Grantor's excense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will defiver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and C antor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental au hority is.

CONDEMNATION. The following provisions relating to condemnation process dings are a part of this Deed of Trust.

Application of Net Proceeds. If all or any part of the Property is condumned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation. Lender may at its election require that all or an / portion of the net proceeds of the award be applied to the indebtedness or the repair or restoration of the Property. The net proceeds of the award shell mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Trustee or Lendur in connection with the condemnation.

Proceedings. If any proceeding in condemnation k filed, Grantor shell promptly notify Lender in writing, and Grantor shell promptly take such steps: as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitied to participate in the proceeding and to the represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments as may be requested by it from time to time to permit such participation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GCA ERNMENTAL AU HORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Deed of Trust:

Current Taxes, Fees and Charges. Upon request by Lender, Granto shall execute such documents in addition to this Deed of Trust and take what ever other action is requested by Lender b per ect and continue ender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all explanses incurred in recording or continuing this Deed of Trust, including without limitation all taxes, fees, documentary stamps, and other (han) is for recording or registering this Deed of Trust.

Textes. The following shall constitute taxes to v hich his section applies: (a) a specific tax upon this type of Deed of Trust or upon all or any part of the indebtedness secured by this Deed of Trust; (c) a specific tax or Grantor which Grantor is authorized or required to deduct from payments on the indebtedness secured by this type of Deed of Trust; (c) a tax on this type of Deed of Trust chargeable against the Lender or the holder of the Note; and (d) a specific tax on all or any portion of the indebtednes; or on payments of principal and interest made by Grantor.

Subsequent Taxes. If any tax to which this set tion (pplies is enacted : ubsequent to the date of this Deed of Trust, this event shall have the same effect as an Event of Default (as defined below), and Lender may exert is any or all of its available remedies for an Event of Default as provided below unless Grantor either (a) pays the tax helow it becomes deline (uent, or (b) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surely b and or other security satisfactory to Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Deed of Trust as a security agreement are a part of this Deed of Trust.

Security Agreement. This instrument shall constitute a security agreement to the extent any of the Property constitutes fixtures or other personal property, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security interest. Upon request by Lender, G anto: shall execute final icing statements and take whatever other action is requested by Lender to perfect and continue Lender's security interest in the Rents and Person if Property. In addition to recording this Deed of Trust in the real property records, Lender may, at any time and without turthe authorization from Grantor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Grantor shall reimpurse Lender for a expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall assemble the Personal trops ty in a manner 10 d at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender.

Addresses. The mailing addresses of Grantur (cholor) and Lender (secured party), from which information concerning the security interest granted by this Deed of Trust may be obtained (sect as required by the Uniform Commercial Code), are as stated on the first page of this Deed of Trust.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provision relating to further assurances and attorney-in-fact are a part of this Deed of Trust.

Further Assurances. At any time, and from time 15 time, upon recuts of Lander, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lander or 15 Lor der's designee, and when requested by Lander, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices at places as Lander may deem appropriate, any and all such mortgages, decis of trust, security deeds, security agreen ents, financing statements, continuation statements, instruments of further assurance, cartificates, and other documents as may, in the sole option of Lander, be nec issary or desirable in order to effectuate, complete, perfect, continue, or preserve (a) the obligations of Grantor under he Note, this Deed of Trust, and the Related Documents, and (b) the liens and security interests created by this Deed of Trust as first and prior lens: on the Property, whether now owned or bareafter acquired by Grantor. Unless prohibited by law, or agreed to the contrary by Lender in writing, Grantor shall rein burse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attomey-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expanse. For such purpes as Grantor herein irrevocably appoints Londer as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable. In Lender's sole opinion, to accomplish the matters referred to in the preceding rangraph.

FULL PERFORMANCE. If Grantor pays all the trobbt dness when dus, terminates the line of credit, and otherwise performs at the obligations imposed upon Grantor under this Deed of Trust, Lunder shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of terminatic n of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Any reconveyance lee required hy law shall be paid by Crantor, if permitted by epplicable law.

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DEFALL T. Each of the following, at the option of Lender, shall constitute an event of default ("Event of Default") under this Deed of Trust:



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Duizu i on insebiednoss. Failuro of Grantor to make any payment when cue on the indebiedness. Detcuit an Other Payments. Failure of Grantor within it a timo required by this Deed of Trust to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to or loci loci c scharge of any list

produce compliance as soon as reasonably practical.

Compliance Default. Failure to comply with any clier tarm, obligation, ice enant or condition contained in this Deed of Trust, the Note or in any Compliance Default. Failure to comply with any clier tarm, obligation, ice enant or condition contained in this Deed of Trust, the Note or in any of the R stated Documents. If such a failure is curat lear d if Grantor has m t been given a notice of a breach of the same provision of this Deed of Trust within the preceding twelve (12) months, it may be cured (and no.E) and to Default will have occurred) if Grantor, after Lender sends written notice cemanding cure of such failure: (a) cure the failure within fiftice (15) days; or: (b) if the cure requires more than fifteen (15) days, immediately initiales steps sufficient to cure the failure and thereafter con integ and completes all reasonable and necessary steps sufficient to complete as anon as reasonable precise to the complete states of the states of th

Breaches. Any warranty, representation or statement in ade or furnished to Lender by or on behalf of Grantor under this Deed of Trust, the Note or the Related Documents is, or at the time made or furnished was, false in any material respect.

Insolvency. The inscivency of Grantor, appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, the commencement of any proceeding under any backruptcy or insolvincy laws by or against Grantor, or the dissolution or termination of Grantor's existence as a going business (if Grantor is a business). Except to the extent prohibited by federal law or Oregon law, the death of Grantor (if Grantor is an Individual) also shall constitute an Event of Default under this Deed of Trust.

Foreclosure, Forfetture, etc. Commencement of forec osure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or rorectosure, rorreture, etc. commencement of forec osure or foreture proceedings, whether by judicial proceeding, self-help, repossession of any other method, by any creditor of Grantor or by any governmental ager by against any of the Property. However, this subsection shall not apply in the event of a good faith dispute by Grantor as to the validity or reason ableness of the claim which is the basis of the foreclosure or forefeture proceeding, provided that Grantor gives Lender written notice of such cleim and furnishes reserves or a surely bond for the claim satisfactory to proceeding.

Breach of Other Agreement: Any breach by Grantor inder the terms of any other agreement between Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any a greement concerning any indebtedness or other obligation of Grantor to Lender, whether existing now or later.

Events: Affecting Guarantor. Any of the preceding a rents occurs with espect to any Guarantor of any of the Indebledness or such Guarantor des or becomes incompetent or any Guarantor revoka any guaranty of the Indebledness. Lender, at its option, may, but shall not be required to, des or becomes incompetent or any Guarantor revoka any guaranty of the Indebledness. Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditions in the obligations arising under the guaranty in a manner satisfactory to Lender, and, in

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doing so, cure the Event of Default.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any Event of Default and at any time thereafter, Trustee or Lender, at its option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law: Insecurity. Lender in good faith deems itself insecure.

Accel are indebtedness. Lender shall have the right at its option to reclare the entire indebtedness immediately due and payable, including

Foreclosure. With respect to all or any part of the Rail Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in a ther case in accorriance with and to the full extent provided by applicable law. If this Deed of Trust is foreclosed by judicial foreclosure, Lender 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. any prepayment penalty which Grantor would be required to pay.

UCC Remedies. With respect to all or any part of the Personal Propert /, Lender shall have all the rights and remedies of a secured party under

Collect Rents. Lender shall have the right, without notice to Granter to take possession of and manage the Property and collect the Rents, Including amounts past due and unpaid, and apply it a net proceeds, or er and above Lender's costs, against the indebtedness. In furtherance of this right, Lender may require any tenant or oth rrus or of the Property to make payments of rent or use fees directly to Lender. If the Rents are this right, Lender, then Grantor interocably designed as Lender's Granter to endorse instruments received in payment thereof collected by Lender, then Grantor interocably designed as and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's in the name of Granter and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exarctse its rights under this subparagraph either in parson, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding to eclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receiver hip, against the ir debtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver hall exist whether or not the apparent value of the Property exceeds the Indebtedness by a cubetonic amount for the appointment by Lender shull and discuplify a part of the apparent value of the Property exceeds the Indebtedness by a cubetonic amount for the apparent by Lender shull and discuplify a part of the section. substantiet amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, eithur (a pay a reasonable rental for the use of the Property, or (b) vacate the Property immediately interview of the demand at Lender's option, eithur (a pay a reasonable rental for the use of the Property, or (b) vacate the Property immediately

upon the demand of Lender. Other Remedies. Trustee or Lender shall have any other right or reme ty provided in this Deed of Trust or the Note or by law.

Notice of Sele. Lender shall give Grantor rees onable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal P operty is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or d sposition. Any sale of Personal Property may be made in conjunction with any sale of the Real Personal Property.

Sals of the Property. To the extent permitter by applicable law, Grantor hereby waives any and all rights to have the Property marshalled. In axercising its rights and remedies, the Trustee or Londer shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at an public sale on all or any portion of the Property.

Waiver; Election of Remedies. A waiver by any party of a breach of a provision of this Deed of Trust shall not constitute a waiver of or prejudice valuer; cleated of Remeates. A waiver by any pany or a breach of a provision of this beed of arust shall not constitute a waiver of or prejudice the party's rights otherwise to demand strict compliance with that provision or any other provision. Election by Lender to pursue any remedy provided in this Deed of Trust, the Note, in any Balated Document, or provided by law shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to parform an obligate 1 of Grantor under this Deed of Trust after failure of Grantor to perform shall and the definition of the action to parform an obligate 1 of Grantor under this Deed of Trust after failure of Grantor to perform shall not affect Lender's right to declare a default ar d to exercise any of its i medies.

Attomeys' Fees; Expenses. If Lender institutes any or is randous and or expense any or is randous. Attomeys' Fees; Expenses. If Lender institutes any suit or action transformers' ees at trial and on any appeal. Whether or not any court action is involved, recover such sum as the court may adjudge mascrable as attorneys' ees at trial and on any appeal. Whether or not any court action is involved, attraction are necessary at any time for the protection of its interest or the attraction of its interest or the attraction of its interest or the inforcement of its rights shall become a part of the indebtedness or yable on demand and shall bear interest at the Note rate from the date of enforcement of its rights shall become a part of the indebtedness or yable on demand and shall bear interest at the Note rate from the date of enforcement of its rights shall become a part of the indebtedness or yable on demand and shall bear interest at the Note rate from the date of expenditure until ropaid. Expenses covered by it is paragraph incli de, without limitation, however subject to any limits under applicable law, appenditure until ropaid. Expenses covered by it is paragraph incli de, without limitation, however subject to any limits under applicable law, expenditure until ropaid. Expenses covered by it is paragraph incli de, without limitation, however subject to any limits under applicable law, applicable any automatic stay or injunction), applies the date of any anticipative post-judgment collection services, the cost of searching records, obtaining the reports (including foreclosure reports), st rever is reports, apprai at each other sums provided by law.

Rights of Trustee. Trustee shall have all of the rights and duties of Londer as set forth in this section.

POWERS AND OBLIGATIONS OF TRUSTEE. The following provisions re aling to the powers and obligations of Trustee are part of this Deed of Trust.

Powers of Trustee. In addition to all powers of Trustee arising as a natter of law, Trustee shall have the power to take the following actions with respect to the Property upon the written request of Lender and Granter: (a) join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) is in in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement attecting this De ad of Trust or the interest of Lender under this Deed of Trust.

Obligations to Notify. Trustee shall not be colligated to notify any oil or party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Lender, or Trustee shall be a party, t cless the action or proceeding is brought by Trustee.

Trustee. Trustee shall meet all qualification: req ired for Trustee under applicable law. In addition to the rights and remedies set forth above, with respect to all or any part of the Propert /, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in a coordance with an i to the full extent provided by applicable law.

Successor Trustee. Lender, at Lender's option, may from time to time appoint a successor Trustee to any Trustee appointed hereunder by an irstrument executed and acknowledged by Lender and recorded in the office of the recorder of Klamath County, Oregon. The instrument shall contain, in addition to all other matters required by state law, the numes of the original Lender, Trustee, and Grantor, the book and page where

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this Deed of Trust is recorded, and the name and accress of the successor if istee, and the instrument shall be executed and acknowledged by Lender or its successors in interest. The successor if istes without conveyar ce of the Property, shall succeed to all the title, power, and duties conferred upon the Trustee in this Deed of Trust and try applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

NOTICES TO GRANTOR AND OTHER PARTIES. Any notice under this Deed of Trust shall be in writing and shall be effective when actually delivered, or whan deposited with a nationally recognized over right courier, or, i mailed, shall be deemed effective when deposited in the United States mail first class, registered mail, postage prepaid, cli extent to the addresses shown near the beginning of this Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. All copies of notices of forect sure from the holder of any lien which has priority over this Deed of Trust shall be sent to Lender's address, as shown near the beginning of this Dee i of Trust. For notice purposes, Grantor agrees to keep Lender and Trustee informed at all times of Grantor's current address.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Deed of Trust:

Amendments. This Deed of Trust, together with any Fletated Documents, conditiutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration of or amendment to this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amandment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less at cash expenditures made in connection with the operation of the Property.

Applicable Law. This Deed of Trust has been deli /erec to Lender and a cepted by Lender in the State of Oregon. This Deed of Trust shall be governed by and construed in accordance with the laws of the State of Oregon.

Caption Headings. Caption headings in this Deed of Trus are for convenier ce purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

Marger. There shall be no merger of the interest or (state created by this Died of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, with out the written cor sent of Lender.

Severability. If a court of competent jurisdiction finds any provision of this Deed of Trust to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision in ralid or unenforce ble as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of er forceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Deed of Trust in all other respects shall remain valid and enforceable.

Successors and Assigns. Subject to the limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Deed of Trust and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Deed of Trust or liability under the Indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Deed of Trust.

Waivers and Consents. Lender shall not be deemed to have waived any lights under this Deed of Trust (or under the Related Documents) unless such waiver is in writing and signed by Lender. No cleay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by any party of a provision of this Deed of Trust shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or any of Grantor's obligations as to any future transactions. Whenever consent by Lender is required in this Deed of Trust, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such cor sent is required.

COMMERCIAL DEED OF TRUST. Grantor agrees with Lender hat this Deed of Trust is a commercial deed of trust and that Grantor will not change the use of the Property without Lender's prior written consert.

EACH GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST, AND EACH GRANTOR AGREES TO ITS TERMS

GRANTOR:

Don Frye Construction, Inc.

By: Jone Z And-

Donnie L. Fry'e, President

	CORPORA	TE ACKNOV/LEE	DGMENT	~~~~~~	a تر ندانده
STATE OF <u>Pregon</u> COUNTY OF Klamath On this <u>I</u> day of <u>Not</u> President of Den Frye Construction acknowledged the Deed of Trust to be	, Inc., and known to me the free and volunta y ac	$\frac{1}{2}$, before me, the under \overline{a} to be an authorized age and deed of the component	Signed Notary Pu ant of the corporation, by authority	tion that executed of its Bylaws or by I	0N 147 193 Peared Donnie L. Frye, the Deed of Trust and resolution of its board of
directors, for the uses and purposes to executed the Dend of Trust on behalf of By	therein mentioned, and o	on oath stated that he or	she is authorized KLAMATH	to execute this De	ed of Trust and in fact
Notary Public in and for the State of	Oregon	My commissi	on expires	11-27-94	<u>1 </u>
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