**DEED OF TRUST  
LINE OF CREDIT INSTRUMENT****3. INSURANCE, LIENS, AND UPKEEP.**

3.1 I will keep the Property insured by companies acceptable to you with fire and theft insurance, flood insurance if the Property is located in any area which is, or hereafter will be designated as a special flood hazard area, and extended coverage insurance, if any, as follows:

STATE FARM INS

The policy amount will be enough to pay the entire amount owing on the debt secured by this Deed of Trust or the insurable value of the Property, whichever is less, despite any "co-insurance" or similar provision in the policy. The insurance policies will have your standard loss payable endorsement. No one but you has a mortgage or lien on the Property, except the following Permitted Lien(s):

KLAMATH 1ST FEDERAL

3.2 I will pay taxes and any debts that might become a lien on the Property and will keep it free of trust deeds, mortgages and liens, other than yours and the Permitted Liens just described.

3.3 I will also keep the Property in good condition and repair and will prevent the removal of any of the improvements.

3.4 If I do not do any of these things, you may do them and add the cost to the Note or Credit Agreement as applicable. I will pay the cost of your doing these whenever you ask, with interest at the fixed or floating rate charged under the Note or Credit Agreement, whichever is higher. Even if you do these things, my failure to do them will be a default under Section 6, and you may still use other rights you have for the default.

4. **DUE ON SALE.** I agree that you may, at your option, declare due and payable all sums secured by this Deed of Trust if all or any part of the Property, or an interest in the Property, is sold or transferred. If you exercise the option to accelerate, I know that you may use any default remedies permitted under this Deed of Trust and applicable law. I know that you may exercise your rights under this due on sale provision each time all or any part of the Property, or an interest in the Property, is sold or transferred, whether or not you exercise your rights on any previous sales or transfers.

5. **PROTECTING YOUR INTEREST.** I will do anything that may now or later be necessary to perfect and preserve this Deed of Trust and will pay all recording fees and other fees and costs involved.

**6. DEFAULT.** It will be a default:

6.1 If you do not receive any payment on the debt secured by this Deed of Trust when it is due;

6.2 If I commit fraud or make any material misrepresentation in connection with my loan application, the Note or Credit Agreement, this Deed of Trust, or any aspect of my line of credit. For example, it will be a default if I give you a false financial statement, or if I do not tell you the truth about my financial situation about the Property that is subject to this Deed of Trust, or about my use of the money I obtained from you through the Note or line of credit.

6.3 If any action or inaction by me adversely affects your security for the Note or Credit Agreement, including but not limited to, the following:

- If all or any part of the Property or an interest in the Property, is sold or transferred;
- If I fail to maintain required insurance on the Property;
- If I commit waste on the Property or otherwise destructively use or fail to maintain the Property;
- If I die;
- If I fail to pay taxes or any debts that might become a lien on the Property;
- If I do not keep the Property free of debts of trust, mortgages and liens, other than this Deed of Trust and other Permitted Liens I have already told you about;
- If I become insolvent or bankrupt;
- If any person forecloses or declares forfeiture on the Property under any land sale contract, or forecloses any Permitted Lien or other lien on the Property; or
- If I fail to keep any agreement or breach the warranties, representations or covenants I am making to you in this Deed of Trust about hazardous substances on the Property.

7. **YOUR RIGHTS AFTER DEFAULT.** After a default, you will have the following rights and may use any one, or any combination of them, at any time:

7.1 You may declare the entire secured debt immediately due and payable all at once without notice.

7.2 Subject to any limitations imposed by applicable law, either before or after a sale of the Property under a judicial foreclosure, or before a sale of the Property by advertisement and sale, you may sue for and recover from Borrower all amounts remaining under the Credit Agreement, under the Note and under this Deed of Trust.

7.3 You may foreclose this Deed of Trust under applicable law either judicially by suit in equity or nonjudicially by advertisement and sale.

7.4 You may have any rents from the Property collected and pay the amount received, over and above costs of collection and other lawful expenses, on the debt secured by this Deed of Trust.

7.5 I will be liable for all reasonable collection costs you incur, to the full extent allowed by law. If you foreclose this Deed of Trust either judicially by suit in equity or nonjudicially by advertisement and sale, I will also be liable for your reasonable attorney fees including any on appeal or review.

7.6 You may use any other rights you have under the law, this Deed of Trust, or other agreements including but not limited to any Note or Credit Agreement.

**8. HAZARDOUS SUBSTANCES**

8.1 Except as previously disclosed to you in writing, I represent and warrant to you that no hazardous substance is stored, located, used or produced on the Property and that to the best of my knowledge after due and diligent inquiry no hazardous substance is stored, located, used or produced on any adjacent Property, nor has any hazardous substance been stored, located, used, produced, or released on the Property or any adjacent property prior to my ownership, possession or control of the Property.

8.2 I will not cause or permit any activity on the Property that directly or indirectly could result in the release of any hazardous substance onto or under the Property or any other property. I agree to provide written notice to you immediately when I become aware that the Property or any adjacent property is being or has been subjected to a release of any hazardous substance.

8.3 You and your representatives may enter the Property at any time for the purpose of conducting an environmental audit, committing only such injury to the Property as may be necessary to conduct the audit. You shall not be required to remedy any such injury or compensate me there or I shall cooperate in all respects in the performance of the audit. I shall pay the costs of the audit if either a default exists under this Deed of Trust at the time you arrange to have the audit performed or if the audit reveals a default pertaining to hazardous substances. If I refuse to permit you or your representatives to conduct an environmental audit on the Property, you may specifically enforce performance of this provision.

8.4 I will indemnify and hold you harmless from and against any and all claims, demands, liabilities, lawsuits and other proceedings, damages, losses, liens, penalties, fines, clean-up and other costs, expenses, and attorney fees (including any on appeal or review) arising directly or indirectly from or out of, or in any way connected with (i) the breach of any representation, warranty, covenant or agreement concerning hazardous substances contained in this Deed of Trust or in any other document executed by me in connection with the debt secured by this Deed of Trust; (ii) any release onto or under the Property or other property of any hazardous substance that occurs as a direct or indirect result of acts or omissions by me or my agents or independent contractors; and (iii) any release onto or under the Property of any hazardous substance that occurs during my ownership, possession, or control of the Property.

8.5 If you shall at any time through the exercise of any of your remedies under this Deed of Trust or by taking a deed in lieu of foreclosure, hold title to or own the Property in your own right, you may, at your option, convey the Property to me. I covenant and agree that I shall accept delivery of any instrument of conveyance and resume ownership of the Property in the event you exercise your option hereunder to convey the Property to me. You, at your sole discretion, shall have the right to record any instrument conveying the Property to me and such recordation shall be deemed acceptance by me of the instrument and the conveyance.



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**DEED OF TRUST  
LINE OF CREDIT INSTRUMENT**

8.6 All of my representations, warranties, covenants and agreements contained in this Deed of Trust regarding any hazardous substance, including but not limited to my agreement to accept conveyance of the Property from you and to resume ownership, shall survive foreclosure of this Deed of Trust or acceptance by you of a deed in lieu of foreclosure.

8.7 For purposes of this Deed of Trust, the term "hazardous substance" means any substance or material defined or designated as hazardous or toxic waste, hazardous or toxic material or hazardous, toxic or radioactive substance (or designated by any other similar term) by any applicable federal, state or local statute, regulation or ordinance now in effect or in effect at any time during either the term of this Deed of Trust or the period of time I remain in possession, custody, or control of the Property following either foreclosure of this Deed of Trust or acceptance by you of a deed in lieu of foreclosure.

9. **SATISFACTION OF DEED OF TRUST.** When the Note or Credit Agreement or both, as applicable, are completely paid off and the Credit Agreement, as applicable, is cancelled and terminated as to any future loans, I understand that you will request Trustee to reconvey, without warranty, the Property to the person legally entitled thereto. I will pay Trustee a reasonable fee for preparation and execution of the reconveyance instrument and I will record the reconveyance at my expense.

10. **CHANGE OF ADDRESS.** I will give you my new address in writing whenever I move. You may give me any notices by regular mail at the last address I have given you.

11. **OREGON LAW APPLIES.** This Deed of Trust will be governed by Oregon law.

12. **NAMES OF PARTIES.** In this Deed of Trust, "me" and "my" mean Grantor(s), and "you" and "your" mean Beneficiary/Lender.

I agree to all the terms of this Deed of Trust

Grantor Mikael J. Johnson  
Mikael J. Johnson

Grantor Patricia M. Johnson  
Patricia M. Johnson

Grantor

Grantor

Grantor

**INDIVIDUAL ACKNOWLEDGMENT**

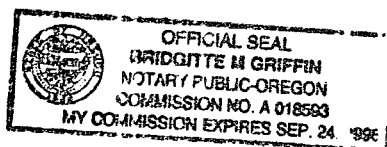
STATE OF OREGON

County of Klamath

)  
) ss  
)

Date 3-17-95

Personally appeared the above named Mikael J. Johnson and Patricia M. Johnson  
and acknowledged the foregoing Deed of Trust to be their voluntary act.



Before me:

Bridgette M. Griffin  
Notary Public for Oregon

My commission expires: 09-24-96

**REQUEST FOR RECONVEYANCE**

TO TRUSTEE:

The undersigned is the holder of the Note or Credit Agreement or both, as applicable, secured by this Deed of Trust. The entire obligation evidenced by the Note or Credit Agreement or both, as applicable, together with all other indebtedness secured by this Deed of Trust, have been paid in full. You are hereby directed to cancel the Note or Credit Agreement or both, as applicable, and this Deed of Trust, which are delivered herewith, and to reconvey, without warranty, all the estate now held by you under the Deed of Trust to the person or persons legally entitled thereto.

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

Signature: \_\_\_\_\_



# EXHIBIT A

## TO DEED OF TRUST / LINE OF CREDIT MORTGAGE

Lot 11 in Block 39 of Buena Vista Addition, according to the official Plat thereof on file in the office of the County Clerk of Klamath County, Oregon, TOGETHER WITH that portion of vacated Yale Street and vacated Oregon Avenue which inured thereto.

ALSO Lots 12, 13, 14, 15 and 18 in Block 40 of Buena Vista Addition, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, TOGETHER WITH that portion of vacated Yale Street and vacated Oregon Avenue which inured thereto.

ALSO, the Southeasterly 64 feet of lot 17 and the Southeasterly 48 feet of Lot 16 in Block 40 of Buena Vista Addition, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of US Bank the 30th day  
of March A.D. 19 95 at 2:14 o'clock P. M., and duly recorded in Vol. M95  
of Mortgages on Page 7610

FEE \$25.00

By Bernetha G. Letcher County Clerk