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## LINE OF CREDIT DEED OF TRUST

LINE OF CREDIT INSTRUMENT. (a) This Dax of Trust is a LIFE OF CREDIT INSTRUMENT. (b) The maximum principal amount to be advanced pursuent to the N sie is \$150,000.00. (c) This tier had the Note commences on the date of this Dieed of Trust and ends on April 30, 1997.

THIS DEED OF TRUST IS DATED VANUARY 25, 1996, among Klemath Child Treatment Center, Inc., whose uddress is 1836 Avaion St, Klaraeth Falls, OR 97 03 (referred to ix low as "Grantor"); South Valley State Bank, whose address to 5215 South Sixth Street, Klam in Falls, OR 97603 (referred to below cometimes as "Lender and sometimes as "Beneficiary"; at d William P. I transsitess; whose address is 411 Pine Street, Klamath Falls, OR 97603 (raferred to below so "Tri stee").

CONVEYANCE AND GRANT. For value lect selderation, Green or conveya to Trusted for the benefit of Lender as Beneficiary all of Grantor's CUNVEYANCE: AND GRANT. For variety is at anderation, Grant or conveys to Trusted for the benefit of Lender as Beneficiary all of Granto's ight, the architecture in and to the following described real property, together with all existing or subsequently eracted or affixed buildings, ight, the architecture in and statutes; all easements, tights of way, and app it enaces; at water, water rights and click rights (including stock in utilities with disch or trigation rights); and other rights, it rolling, and profes relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar malturs, located in Klamor IV () sunity, State 1 Ore gon (the "Re at Property"):

## Seo attached Exhibit A

The Real Property or its address in commonly kn wn as 121 lows, Klamath Falls, OR 97601.

Granter presently assigns to Lander (also known as Baneficiary in this Deed of Trust) all of Granter's right, tries, and interest in and to all present and future leases of the Property and all Rent i fire Property. It addition, Granter grants Lender a Uniform Commercial Code security interest in the Personal Property defined t electric control of the Property and all Rent is the Property.

DEFINITIONS. The (bllowing words shall have the following mor nings when used in this Deed of Trust. Terms not otherwise defined in this Deed of Trust. Terms not otherwise defined in this Deed of Trust. The (bllowing words shall mean amounts in lawful Trust shall have that macrings absoluted to such items in the Unit of Commercial Code. All references to dollar amounts shall mean amounts in lawful money of the United States of America:

Beneficiary. The word "Beneficiary mas is South Valley 3 the Bank, its successors and assigns. South Valley State Bank also is referred to as "Lender" in this Dead of Trust.

Borrows: The word Borrows axians such and every (x mon or entity signing the Note Including without limitation Klamath Child and Family Treatment Center, Inc. Doesd of Trust. The words "Deed of 1) at moan this I't id of Trust among Grantor, Londer, and Trustee, and includes without limitation all assignment and socurity interest professor a relating to the I't isonal Property and Rents.

Grantor: The word "Grantor" men sear y and all persors and entities executing this Deed of Trust, including without limitation Klamath Child Treatment Center, Inc., Any Grant in with a signs this Deed of Trust, but does not sign the Note, is signing this Deed of Trust only to grant and Treatment Center, Inc., Any Grant in with a signs this Deed of Trust, but does not sign the Note, is signing this Deed of Trust only to grant and convey that Grantor's interest in the Rents and Personal Property to Lender convey that Grantor's interest in the Rents and Personal Property to Lender and is not personally liable under the Note except as otherwise provided by contract or law.

Guaranter. The word "Guaranter" ms ins and includes without limitation any and all guaranters, sureties, and accommodation parties in connection with the indebtedness.

Improvements: The word "Improvements, buildings, structures, mobile homes affixed on the Real Property."

Indebietiness. The word Indebit dies: "means all print sal and interest payable under the Note and any amounts expended or advanced by indeptrumess. The word indeptrumes is means as print as and interest payable under the receipt and any amounts expended or advanced by Trustee or Lender to enforce obligations of Grantor under this Deed of Trust. Lender to discharge obligations of Grantor or expenses it is used by Trustee or Lender to enforce obligations of Grantor under this Deed of Trust. Specifically, without limitation, this Deed of Trust secures a together with interest on such an our to as provided in this Deed of Trust. Specifically, without limitation, this Deed of Trust secures a together with interest on such an our to as provided in this deed of Trust. Specifically, without limitation, this Deed of Trust secures a together with interest on such an our together the terms of the revolving lind of credit, which a blight each conduct to make advances to Borrower so long as Borrower compiles with all the terms of the

Lender. The word "Lender" means South Valley State Bork, its successors and assigns.

The rate of interest on the Note to subject to indexing, adj. stment, renewal; or rans gotiation.

Note. The word "Note" means the like dated January 25, 1995, in the principal amount of \$150,000.00 from Borrower to Lender, logether with all remaining, addentions, modifications, refine inclings, and substitutions for the Note. The maturity date of the Note is April 30, 1997.

Personal Property. The words "less" all Property ment all equipment, flutures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter uttach ad or afficient to the Real Property; together with all accessions, parts, and additions to, all replacements of, by Grantor, and now or hereafter uttach ad or afficient to the Real Property; together with all accessions, parts, and additions to, all replacements of, any of critical proceeds (including without limitation all insurance proceeds and refunds of and all substitutions for, any of critical proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disp cation of the Propa by.

Proporty. The word "Property" of Mark: xollectively the Rix | Property and the Personal Property.

Real Property. The words "Real Property" mean the property, interests and rights described above in the "Conveyance and Grant" section. Habil of Documents. The works sales Document mean and include without limitation all promissory notes, credit agreements, loan Present all Locuments. The Wich at Place Documents mean and include visions an include the professory notes, deem appearants and agreements, mortgages, deeds of trust, and all other instruments, agreements and agreements, mortgages, deeds of trust, and all other instruments, agreements and agreements, mortgages, deeds of trust, and all other instruments, agreements and agreements, mortgages, deeds of trust, and all other instruments, agreements and agreements and agreements, mortgages, deeds of trust, and all other instruments, agreements and agreements and agreements.

The word Tanks man and the streets, revenues, moon is, issues, royalties, profits, and other benefits derived from the

Truction. The word "Trustee" m.t ans \ /Miam P. Brands x ss and any substitute or successor trustees. there is the second second to the second second second to the second sec

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OF WHITE THE HESELET ATTOMS AND WINDER THEE Grantor & starts that (a) this De od of Trust is executed at Borrower's request and not at The sequence reconstruction and we require the party of the sequence of the se

STANTOR'S W/IP/ERS. Granter walves at fight or dutantee suit 5 g by reason of any "one action" or "anti-deficiency" law, or any other law which may prevent Laindor from bringing any action set Grantor, inch t ing a claim for deficiency to the extent Lender is otherwise entitled to a claim for deficiency; before or after Londer's commencement or or completion of a ny foreologues action, eliter judicially or by exercise of a power of sale.

P/ YEAR IT AND PLACE AND PLACE. Except to do a rivise provided in his Deed of Trust, Somewer shall pay to Lender all Indebtedness secured by this Deed of Trust as it becomes dos, and Borrow er and Scramor shall six the perform all their respective obligations under the Note, this Deed of Trust, and Trust as it becomes dos, and Borrow er and Scramor shall six the perform all their respective obligations under the Note, this Deed of Trust, and Trust as it becomes dos, and Borrow er and the Note, the Deed of Trust as it becomes dos, and Borrow er and the Note, the Deed of Trust as it becomes dos, and Borrow er and the Note, the Deed of Trust as it becomes dos, and Borrow er and the Note, the Deed of Trust as it becomes dos, and Borrow er and the Note, the Deed of Trust as it becomes dos, and Borrow er and the Note, the Deed of Trust as it becomes dos, and Borrow er and the Note, the Deed of Trust as it becomes dos, and Borrow er and the Note, the Deed of Trust as it becomes dos, and Borrow er and the Note, the Deed of Trust as it becomes dos, and Borrow er and the Note, the Deed of Trust as it becomes dos, and Borrow er and the Note, the Deed of Trust as it becomes dos, and Borrow er and the Note, the Deed of Trust as it becames the Note, the Deed of Trust as it becames the Note, the Deed of Trust as it becames the Note and t

PUSEEZBION AND MAINTENANCE OF THE PIX PERTY. Grantor and Borrower agree that Grantor's possession and use of the Property shall be governed by the lollowing provisions:

Procession and Use. Until the occurr noe of an Event of Dut. Uit, Grantor may (a) remain in possession and control of the Property, (b) use, operate or manage the Property, and (c) do a draw Remis from the Property. The following provisions relate to the use of the Property or to other operate or manage the Property. This first while it will not tall an use of the Property of the Property Described in this instrument in violation of APPLIG VALE LAND USE LAWS AT I) REPULLATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING OF APPLIG VALE LAND USE LAWS AT I) REPULLATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CIT! OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE AT IN LIMITS ON LIVEUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

Duty to Me inteln. Grantor shall maints in the Property in tener, able condition and promptly perform all repairs, replacements, and maintenance ssary to preserve its value.

Exceptions 8 substraces. The terms "h szar close vinste," "heza does substrace," "disposal," "release," and "threatened release," as used in this head of Trial, shall have the same nx anily a as set forth in 1800, as amended, 42 U.S.C. Section 9.01, close, "CERCLA") the Superturd Amendments and Reauthorization Act of 1980, as amended, 42 U.S.C. Section 9.01, close, "CERCLA") the Superturd Amendments and Reauthorization Act of 1980, Pub. L. No. 994-99 ("SARA"), the Hezardous Materials Trial post like on Act, 49 U.S.C. Section 1801, el sag, the Recourse Conservation and Recovery Act, 42 U.S.C. Section 6901, el sag, or other applict ble sate or Federal is as, rules, or recutations adopted pursuant to any of the foregoing. The terms "hazardous waste" and "hazardous substance" shall also includ a, without limitation, petiderum and portelum by-products or any fraction thereof needs substance on, taking the property, (b) Sarat x has no knowledge of the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, i eath xri disposal, est as or threatened release of any hazardous waste or substance by any person on, under, about or from the Property, (b) Sarat x has no knowledge of the period of Grantor's ownership of the Property, there has been no and acknowledged by Lander in writing, (i) any use, general by any person release of any hazardous waste or substance on, unkier, a south or from the Iroperty of owners or occupants of the Property or (ii) any actual or threatened "Rigation or claims of any kin i by ( ny person releting to such melanta and (c) Except as previously disclosed to and acknowledged by Lander in writing, (i) neither Grantor rive at hemani, contract x agent or other autherized user of the Property and (ii) any such activity shall be conducted in compliance with all applicable federal, stale, an i local laws, regulations and ordinances, including without limitation those laws, regulations, and ordinances described those federal, stale, an ilocal laws, regul

Itulaance, Wests. Grantor shall not cruss, 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. Wi not limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (ir click it gold and gas), s.x. graves or rock products without the prior written consent of Lender.

Ramoval of improvements. Grantor their of demolish of remove any improvements from the Real Property without the prior written consent of Lender. As a condition to the removal of an Amprovements, Lander recy require Grantor to make arrangements satisfactory to Lender to replace such improvements with improvements of all least equal value. 111110

Lander's Right to Enter. Lender and its agents and reproxentatives may enter upon the Real Property at all reasonable times to attend to Lander's interests and to inspect the Friget tiftor purposes of 6 antor's compliance with the terms and conditions of this Deed of Trust.

Compliance with Governmental Requirements. Grantor six il promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities apply able to the uso or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in (x od faith any sust taw, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as arrantor has notify a Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's inforests in the Property are not jopardized. Lender in writing prior to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lendar's trit wast.

Duty to Protect. Grantor agrees neith in to abandon nor leave unattended the Property. Grantor shall do all other acts, in addition to those a set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

THE ON SALE - CONSENT BY LENDER. Last ler may, at its oxl on, declare immediately due and payable all sums secured by this Deed of Trust INJE ON SALE -- CONSENT BY LENDER. Let ler may, at its option, declare immediately due and payable all sums secured by this Deed of Trust toon the sale or transfer, without the Lender's prior written consent of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property er any right, the or interest therein; whether legal, beneficial or equitable; whether voluntary or involuntary; whatever by outright sale, deed, installment sale control, land contract, control for deed, lessehold interest with a term greater than three involuntary; whatever by outright sale, deed, installment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or (3) years, lease copion contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or lay any other me hold of conveyance of Rall Property interest. If any Grantor is a corporation, partnership or limited liability company, transfer also louds any of anyther anyther or by Oregon law.

VAXES AND LIERS. The following provisions religing to the taxes and liens on the Property are a part of this Deed of Trust.

Payment. Cranter shall pay when duo (are in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and saver), firsts and impeditions levied a paint or on account of the Property, and shall pay when due all claims for work done on or for services randered or material furnished to the Property. Cranter shall naintain the Property free of all liens having priority over or equal to the interest of Lender under this Deed of Trust, except the lien of taxes an I assessments not due and except as otherwise provided in this Deed of Trust.

Flight To Curitiest: Grantor may witht old p syment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Londer's interest in the Program's not jeopard sed. If a lien erises or is filed as a result of nonpayment, Grantor shall within fileen (15) days after the lion arises or, if a lien is ited, within fileen 15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender c ish or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge; the lian plus any costs a id a if arreys' fees or of a reharges that could a zone as a result of a foreclosure or safe under the lien. In any context, discharge of factors shall defend itself and lender and shall a lifety any adverse judgment before enforcement against the Property. Grantor shall are an additional obligate, and a many currety bogs.

Entitlement of Enterment Country shall are a decreased furnish a Lender satisfactory a fidence of neumant of the layer of seasons and librations.

Evidence of Payment. Grantor shell upoxi demand furnish o Lander satisfactory evidence of payment of the toxes or assessments and shell subtraction the appropriate government of the laxes and assessments against the

Property.

Marie and Company of the Property of the Control of

this Deed of Trust.

FROMERTY BAY AGE INCUPANCE. Their lion is a provisions relating to to insuring the Property are a part of this Deed of Trust.

PERTY DAM MADE INCLIPANCE. Their limit is provisions rate I in solinating the Prope by are a part of this Deed of Trust.

Provisions of the transmisses. Crantor intil provise and male in policies of the instruction with standard extended coverage endorsements on its replacement is the best for the full instruction of the policies of the full replacement in the provisions and the provisions and the provisions of the policies of instruction of the policies of Insurance, at Landar review reasonably acceptable to Lender insurance at Landar review reasonably acceptable to Lender review reasonably acceptable to Lender review reasonable or diminished time the pollides or carrifficates of insurance in form satisfactory to Lender, including stitutations that coverages will not be cancelled or diminished time the pollides or carrifficates of insurance policy at or shall include an endorsement providing that coverage in without at least tender will not be impaired in any very by any act; or assion of default of Circ ntor or any other person. Should the Real Property at any time become flocated in an area design start by the Director of the Federal Emergency I landgement Agency as a special flood hazard area, Grantor agrees to obtain und misitain Federal for the carried to the insurance of the insurance of the coverage final is available, whichever is less.

Explication of Proceeds. Grantor that promptly notify it nder of any loss or damage to the Property if the estimated cost of repair or replacement exceeds \$500.00. Lender may at its election, a ceive and retain the proceeds of any insurance and apply the proceeds to the reduction of the indebtedness, payment of any loss in retain the proceeds of any insurance and apply the proceeds to apply reduction of the indebtedness, payment of any loss in retain the proceeds of any insurance and apply the proceeds to apply reduction of the indebtedness, payment of any loss in retain the proceeds of any insurance and apply the proceeds to apply reduction of the indebtedness, payment of any loss in retain the proceeds of any insurance and apply the proceeds to apply reduction of the indebtedness, payment of any loss in retain the proceeds for the proceeds to the reasonable cost of repair or relace the damaged or destroyed improvements in a manner satisfactory to Lender. Index static upon satisfactory process of the expenditure, gay or reimburse Grant x from the proceeds for the reasonable cost of repair or restoration is not in detail. Index this Deed of True. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shell be used first to pay any amount owing to Lender under this notice any proceeds after payment in fit of the indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

Unexpired insurance at Sale. Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property covered by this Deed of Trust at any trustee's sale or (this : ate hold under the provisions of this Deed of Trust, or at any foreclosure sale of such Property.

Grantor's Fleport on Insurance. Up on 13 juest of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (a) the insurer (b) the risks insured; (c) the amount of the policy; (d) the property insured, the oxising policy of insurance showing: (a) the insurer; (b) the risks insured; (c) the amount of the policy; (d) the property insured, the oxising policy of insurance showing: (a) the property insured; (e) the amount of the policy; (d) the property insured; (e) the amount of the policy; (d) the property insured; (e) the amount of the policy; (d) the property insured; (e) the amount of the policy; (d) the property insured; (e) the amount of the policy; (d) the property insured; (e) the amount of the policy; (d) the property insured; (e) the amount of the policy; (d) the property insured; (e) the amount of the policy; (d) the property insured; (e) the amount of the policy; (d) the property insured; (e) the amount of the policy; (d) the property insured; the property insured; (e) the amount of the policy; (d) the property insured; the policy; (e) the amount of the policy; (d) the property insured; the policy; (e) the amount of the policy; (d) the property insured; the policy; (e) the amount of the policy; (d) the property insured; the policy; (e) the amount of the policy; (f) the property insured; (f) the p

EXPENDITIBED BY LENDER. If Granter falls: a comply with an 'provision of this Deed of Trust, or if any action or proceeding is commenced that would materially affect Lender's interests in the Property, Lender on Grantor's behalf may, but shall not be required to, take any action that Lender would materially affect Lender's interests in the Property, Lender on Grantor's behalf may, but shall not be required to, take any action that Lender deems appropriate. Any amount that Lender or pends in so doing will bear interest at the rate provided for in the Note from the date incurred or peld by Lender's of the date of repayment by Grantor. All such expensive, at Lender's option, will (a) be payable on demand, (b) be added to the belance of by Lender's the date of repayment by Grantor. All such expensive, at Lender's option, will (a) be payable on demand, (b) be added to the belance of the Note's material and any applicable the Note's material and any applicable of the Dead of Trust also will secure payment of it a Note, or (c) be irrected as a balloon payment which will be due and payable at the Note's material. The rights of any other rights or any other rights or any remedies to which Lender may be entitled on a xbount of the detail. Any such action by Lender shall not be construed as curing the default so as to bar Lender from any remedy that it other's self-value.

WARRANTY; DEFENSE OF TITLE. The 1 300/ 10 provisions rel 1 no to ownership of the Property are a part of this Deed of Trust.

Title. Granter variants that: (a) Gainto' rolds good and a attotable title of record to the Property in fee simple, free and clear of all liens and granter transitions set furth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender In correction with this Die et of Trust, and (b) Grantor has the full right, power, and authority to execute and deliver it is Deed of Trust to Lender.

Detense of Titio. Subject to the except to the except above. Granter warrants and will forever defend the title to the Property against the Detense of all persons, in the grant of any action or proceeding is commonated that questions Granter's title or the interest of Trustee or Lender under this Deed of Trust. Granter six if the find the action at Cranter's expense. Granter 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 Granter will deliver, or cause to be delivered, to I end a such instrument as a Lender may request from time to permit such participation.

Compliance: With Large. Granton was a rise that the Property and Granton's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

CONDENSITATIONS: The following provisioners along to condum x lion proceedings are a part of this Deed of Trust. Applical is med (Not Proceeds: If all or an open of the Projet by is condemned by eminent domain proceedings or by any proceeding or purchase in likely of condemnation. Lender may state election require it at all or any portion of the proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property. The net proces of the award shall mean the award after payment of all reasonable costs, expenses, and attempts to be incurred by Trustee or Lender in connection with the condemnation.

Proceedings. If any proceeding in condemnation is filled, Brantor shell promptly notify Lender in writing, and Grantor shell promptly take such steps as may be necessary to detect the action and obtain he award. Grantor may be the nominal party in such proceeding, but Lender shell be entitled to participate in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instructions as a may be request to by it from time to time to permit such participation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERN'S ENTAL AUTHORITIES. The following provisions relating to governmental taxes, fe and charges us a part of this Deed of Tries:

Current Taxes, Foes and Charges. Up in request by Lender, Grantor shall execute such documents in addition to this Deed of Trust and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all whatever other action is requested by Lender to perfect and in recording, perfecting or continuing this Deed of Trust, including without limitation all taxes, see, documentary stamps, and other charges for a cording or registering this Deed of Trust.

Table. The following shall constitut a tax a tis which this tax item applies: (a) a specific tax upon this type of Dead of Trust or upon all or any part of the includedness secured by the of Trust; (b) ( \*\*specific tax on the includedness secured by this type of Dea ) of Trust; (c) a tax on this type of Dead of Trust chargeable against the Lender or the payments; and the indebtedness secured 1 y this type of Dea ) of Trust; (c) a tax on this type of Dead of Trust chargeable against the Lender or the holder of the Note; and (d) a specific tax on all or any park a of the Indebtedness or on payments of principal and interest made by Borrower.

Subsequent Toxice. If any text to visibil 1 tereation applies is arrected subsequent to the date of this Deed of Trust, this event shall have the same effect as an Event of Default (as dis inect substitute), and task it may exercise any or all of its available remedies for an Event of Default as provided below-unless Grantor either. (a) pays to a substitute it but sees definquent, or (b) contests the tax as provided above in the Taxes and Liens section and deposits with Lender or all or a sufficient corpor its surely bond or other security satisfactory to Lender.

SECURITY: WIREEMENT; FINANCING ST// EMEXTS. The x lowing provisions relating to this Deed of Trust as a security agreement are a part of

Security Agreement. This instrum initial all constitute as a unity agreement to the extent any of the Property constitutes focuse or other personal property, and Lender shall have all of the against of a secure inparty under the Uniform Commercial Code as amended from time to time.

Security interest. Upon request by the rise, Cranter shall recurso financing statements and take whatever other action is requested by Lander to partiest a net and make the Rent and Paraboral Property. In addition to recording this Deed of Trust in the real property recording terminal partiests and resident reasy; at any time times their theoretic retains from Granter, the executed counterparts, copies or reproductions of this Deed of Trust is a financing statement. (Brast is shall reimburs) under for all expenses incurred in perfecting or continuing this security interest. Upon default, (Branter shall essemble 1.1) Per sonal Property in 1-manner and at a place reasonably convenient to Granter and Lender and make it available to Landar within three (5) day) after receipt of within demand from Lender.

Addresces. The making addrectes is Grantor (debtor) and Londer (section party), from which information concerning the security interest grantition is been of the first page of this Deed of grantition is the security interest. By the Uniform Commercial Code), are as stated on the first page of this Deed of

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Figure 1 is a series with a parameter of the constraint of the con

Attorney to Feet. If Grantor talks to do anyof the things of shored to in the preceding paragraph, Lender may do so for and in the name of Grantor and afford the purposes; Grant or hereby invertible appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, fills 1, any ording, and about all other things as many be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the proceeding paragraph.

FULL PERFOLULANCE. If Borrower:persical the Indubtedness them due, terminates the line of credit, and otherwise performs all the obligations imposed upon Chanter under this Dead-of-Trut Lander shall excute and deliver to Trustee a request for full recomeyance and shall execute and deliver to Granter: suitable statements of large lation of any firm a cing statement on first evidencing Londer's security interest in the Rents and the Personal Property. Any recommendance feel equit of by law shall be a said by Granter, if permitted by applicable law.

DEFAULT. Each of the following, at the option of London, shall our situate an event of default ("Event of Default") under this Deed of Trust

Details on Indebtedness. Failure of Borro wer to make any payment when due on the Indebtedness.

Default on Other Payments. Fallum of Cr inter within the tilt a required by this Deed of Trust to make any payment for taxes or insurance, or any other payment necessary to prevent it ing 3 or to effect discle rige of any item.

Default to Favor of Third Parties. Shouk Borrower or any Stantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's or any Grantor's ability in the y the Loans or partorn their respective obligations under this Deed of Trust or any of the Related Documer is:

Compliance Default. Failure of Gruntor c Borrower to comply with any other term, obligation, covenant or condition contained in this Deed of Trust, the Note or in any of the Relat a 1 Doc uments.

Palse Statements: Any warranty, it press relation or statems at made or turnished to Lender by or on behalf of Grantor or Borrower under this Deed of Trust, the Note or the Relatics Do ; ments is false on a isleading lineary material respect, either now or at the time made or furnished.

Detective Collectrolization. This Cred : Trust or any of it a Related Documents ceases to be in full force and effect (including failure of any colleteral documents to create a valid and perfected security litterest or tien) at any time and for any reason

insolvency). The dissolution or terminal and Granton on Damower's existence as a going business, the insolvency of Grantor or Borrower, the appointment of a receiver for any part of Grantor or Borrows is properly, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any processing under any bankrup by or insolvency taws by or against Grantor or Borrower.

Foreclot u. v. Forfelture, etc. Comment of foreclosure or forfelture proceedings, whether by judicial proceeding, self-help, repossession or any other rashbod, by any creditor of fault is or by any gover, mental agency applies any of the Property. However, this subsection shall not apply in the exact of a good faith dispute by Grintor as to the visik ity or responsibleness of the claim which is the basis of the foreclosure or forefeiture proceeding, provided that Grantor gives a moder written notice of such claim and furnishes reserves or a surely bond for the claim satisfactory to ander

Breach of Other Agreement. Any orest to by Granter or 3 prower under the terms of any other agreement between Granter or Borrower and Lender that is not remedied within any agreement concerning any indebtedness or other obligation of Granter or Borrows in to lander, whether a sting now or later.

Events //Recting Guarantor. Any of the impecing events a curs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or become a incompetent, or revoker pride other the validity of, or liability under, any Guaranty of the indebtedness. Lendar, at its option, may, but shall not be required to, permit the Guaranty of a state to use to the unconditionally the obligations arising under the guaranty in a manner satisfactory to Lander, and, in clong so, cure the Even of Default. Adverse Change. A meterial actions change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performence to independence to input ad-

insecurity. Lender in good faith deams it all insecure. Flight to Care. If buch a failure is a rable and if Grantor or Borrower has not been given a notice of a breach of the same provision of this Deed of Trust within the preceding twelve (12) a online, it may be a red (and no Event of Default will have occurred) if Grantor or Borrower, after Lender sends within notice demanding out of it of failure: (a) our is the failure within fifteen (15) days; or (b) if the cure requires more than fifteen (15) days; madiately initiates slape sufficient to cure the failure) and therefiller continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as it aso t bly practical.

RIGHTS AND NEMEDIES ON DEFAULT. Upcn 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: light's and ramedies, in a defilion to any other rights or remedies provided by law: Accelerate Indebtedness. Lender shall have the right at 13 option to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Bortower violed is required 15 pay.

Forecio xire. With respect to all or tiny i) if of the Real Property, the Trustice shall have the right to foreclose by notice and sale, and L Furnished street with respect to an or tiny part or the Hearth I erry, the Trusce shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial for accura, in either case in accordance with and to the full extent provided by applicable law. If this Deed of Trust is foreclosed by judicial for accuracy, in either case in accordance with an indignent which will provide that if the foreclosure sale proceeds are insufficion to salisfy the judgment, a sect to many issue for it a amount of the unpaid balance of the judgment.

UCC Remedies. With respect to all or they part of the Pers mal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Collect Rants. Lender shall have it entry it, without notice to Grantor or Borrower, to take possession of and manage the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furthers are of this right, Lender mich right he any tenant or it the user of the Property to make payments of rent or use fees directly to Lender. The Property to make payments of rent or use fees directly to Lender, the Property to make payments of rent or use fees directly to Lender. It is the Property to make payments of rent or use fees directly to Lender. It is the Property to make payments of rent or use fees directly to Lender. me ments are consciso by Lender, mer arantor irrevocating designates before as cramor's anomely-in-fact to endows instruments received in payment thereof in the mane of Grintor and to negotiate it ensures and collect the proceeds. Payments by tenants or other users to Lender in response to Cender's demand shall task in the obligations is remarked. Lender may exercise its right is under this subparator the eliber in person, by agent, or through a receiver.

Appelm! Fleesher. Lander shall fire bit ( sight to have a nx siver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, 1) op r ate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the process, over and above the cost of the receivership, or sinst the Indebtedness. The receiver may serve without bond if permitted by law. Lenderts right to the appointment of a riceiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantific amount. Employment by Lence are shall not disquirily a person from serving as a receiver. Tenancy at Sufficience. If Granic r net ains in possess and the Property after the Property is sold as provided above or Lender otherwise shifted to possession of the Property upon default of Grantor, Grantor statilised to possession of the Property upon default of Grantor, Grantor statilised to possession of the Property upon default of Grantor, Grantor statilised to possession of the Property upon the Property or (b) vacate the Property immediate upon the demand of Lender. der or the purchaser of

er Fig medice. Trustee or Lend ( ship) theve any other it jut or ramedy provided in this Deed of Trust or the Note or by law.

White at Sale. Lander shall give ( renx ressonable not a sof the time and place of any public sale of the Personal Property or of the time after which any private state or differ into the 1 disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten; (40)-tens before the time of 41) sale or disposition. I my sale of Personal Property may be made in conjunction with any sale of the Real

Property 280. naomini al ale of the Property. To the extent permitted by applies the law, Grantor and Borrower hereby waive any and all rights to have the Property terminated. In exercising its rights and remedies, the True serious half be free to sell all or any part of the Property tegether or separately, in gree sale of by separate sales. Lender that he entitled to bid a any public sale on all or any portion of the Property.

Walver; Election of Remedies. A wid reno harry party of a tinech of a provision of the Deed of Trust shall not constitute a walver of or prejudice the party's rights otherwise to dement i six c incompliance with that provision or any other provision. Election by Lender to pursue any remedy provided to the Beed of Trust, the Rt te, in any Related Dot ment, or provided by taw shall not exclude pursuit of any other remedy, and an election to make expanditures or to to be act on to perform any bligation of Grantor or Borrower under this Deed of Trust after failure of Grantor or Borrower to perform shall not affect the identified to declare it islant and to exercise any of its remedies.

Attorneys' Fees; Expenses. If Lenck r in r takes any sult or a ction to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may adjudg a resocrable as a k mays' fees at the land on any appeal. Whether or not any court action is involved, all reasonable expenses incurred by Lenc or which in Lenck of so opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the indebted less payable on demand and shall bear interest at the Note rate from the date of expenditure until repeald. Expenses 3 years 1 by this paragray h include, without limitation, however subject to any limits under applicable law. Lender's attorneys' tees whether or on it if the is a lawsuit, in suding attorneys' fees for bankruptory proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any an applicable law. Grantor also will pay any on at costs, in addit on to all other sums provided by law.

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

FOWERS AND DISLIGATIONS OF TRUSTIE. 'I se following provisions relating to the powers and obligations of Trustee are part of this Deed of Trust.

Powers of Trustes. In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the written in quest of Lender and Grantor: (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) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting his Deed of Trust or the interest of Lender under this Deed of Trust.

Chilgations to Notify. Trustee shall not be abligated to notify any other party of a pending sale under any other trust deed or tien, or of any action or proceeding in which Grantor, Lenda; or Trustee shall be a party, unless the action or proceeding is brought by Trustee.

Trustee. Trustee shall meet all qualifications are required for Trustee under applicable k.w. In addition to the rights and remedies set forth above, with respect to all or any part of the Propery, 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 one in accordance with and to the full extent provided by applicable law.

all other provisions for substitution.

Successor Truston. Lander, at Land v's a tion, may from it to to time appoint a successor Truston to any Truston appointed hereunder by an successor irrusion, Lember, at Lember is a point, may from it is to time appoint a successor irrusion to any rusion appointed instrument executed and acknowledge of by Lendor and recruied in the office of the recorder of Klamath County, Oregon. The instrument shall contain, in addition to all other matter, reculied by state law, he names of the original Lender, Trustee, and Grantor, the book and page where this beed of Trust is recorded, and the name is and address of he successor trustee, and the instrument shall be executed and acknowledged by Lender or its successors in interest. The or cossor trustee, it into conveyance of the Property, shall succeed to all the title, power, and duties conferred upon the Trustee in this Dead of "rust and by app is able law. This procedure for substitution of trustee shall govern to the exclusion of

FIOTICES TO (FIANTOR AND OTHER PARTIES). Any notice or directive bed of Trust shall be in writing, may be be sent by telefacsimilie; and shall be effective when actually delivered, or within a positive with a nationally recognized overnight courier, or, if mailed, shall be deemed effective when claposited in the United States mail first class, as tifled or register a mail, postage prepaid, directed to the addresses shown near the beginning of this Dead of Trust by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party address. All across of notices of foreclosure from the holder of any lien which has priority over this Dead of Trust shall be sent to Lender's address, as shown near the beginning of this Dead of Trust. For notice purposes, Grantor agrees to keep Lender and Trustse informed at all times of Srant or's current address.

I RECELLANE(ILS PROVISIONS. The folk win ) miscellaneous provisions are a part of this Deed of Trust:

Amendments. This Deed of Trust, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust, he alteration of or a nondment to this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be of arged or bound by the a leration or amendment.

Property.

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

Applicable Law. This Doed of Trust has been delivered to Lander and acceptant by Lunder In the State of Oregon. This Doed of Trust shall be parented by and construed in a construe. In a construed in a

Caption Figurings. Caption headings in it is Dead of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Dead of Trust.

Region. There shall be no merger of the literatt or estate a saled by this Dead of Trust with any other interest or estate in the Property at any time hold by or for the benefit of Lenck r in a sylvacacity, with x t the written consent of Lenck r.

raterence: to Borrower shall mean exist a very Borrower, and all references to Granto each of the Borrowers signing below a responsible for all oblig ations in this Deed of Trust.

Etuitiple Parties; Corporate Authority. / Il obligations of Crantor and Borrower under this Deed of Trust shall be joint and several, and all references to Borrower shall mean explicit. This means that

Saverability. If a court of competent jure diction finds any provision of this Deed of Trust to be invalid or unenforceable as to any person or circumstance, such finding shall not rainder hat provision in a id or unenforceable as to any other persons or circumstances. If feasible, any such calending provision shall be destrict to be invalid to be with note limits of enforceablish; however, if the offending provision cannot be so modified, it shall be stricten and all other provisions of this best of Trust in all other respects shall remain valid and enforceable.

Successor of and Apelgno. 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 connecting the Property becomes vested in a person other than Grantor, Lender, without indice to Grantor may deal with Grantor's successors with reference to this Deed of Trust and the Indebtedness by way of for powering or extension without rate asing Grantor from the obligations of this Deed of Trust or liability under the Indebtedness.

Time is at the Essence. Time is of the eccance in the performance of this Deed of Trust.

Waivers and Consents. Lender the line be deemed to be waived any rights under this Deed of Trust (or under the Related Documents) unless such walvor is in writing and skined by Lender. No this poromission on the part of Lender in exercising any right shall operate as a walver of such right, or any other right. A waiver by any party of a provision of this Deed of Trust shall not constitute a walver of or prejudice the party's right other was to demand strict convillance with that provision or any other provision. No prior walver by Lender, nor any course of dealing between Lender and Grantor or Borrower; hall constitute a x liver of any of Lender's rights or any of Grantor or Borrower's obligations as to any future transactions. Whenever consent by \_ender is required in this Deed of Trust, the granting of such consent by Lender in any instance shall not constitute consent to subset and a state of such consent by Lender in any instance shall not constitute consent to subset and a state of such consent by Lender in any instance shall not constitute consent by Lender in any instance shall not constitute a subset of such consent by Lender in any instance shall not constitute a subset of such consent by Lender in any instance shall not con

COMMERCIAL DEED OF TRUST. Grants regales with Lander this this Deed of Trust is a commercial deed of trust and that Grantor will not change the day of the fraparty without Lander by I you then consent.

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( ) unurea) DEED OF TRUET

## PARCEL 1

Lots 7 and 8, the Basteriy 36 feet of Lot 6, the Southerly 10 feet of the Easteriy 36 feet of Lot 3 and the Southerly 10 feet of Lots 1 and 2, Block 7 North KLAMATH FALLS ADDITION, in the County of Klamatii, Sit to of Oregon:

## PARCEL 2:

That portion of Lot 5 lying H st of State Hi thway property and all of Lot 6, EXCEPTING the Easterly 35 feet of Lot 6, Blo :k 7 North KI AMATH FALLS ADDITION, in the County of Klamath, State of Oregon.

STATE OF ORIGION: COL	INTY OF KI AN	I VTH: ss.			
Filed for record at request o		meriTitle		the lst	_ day
of July	A.D., 19 96	at Il:	o'clock_	M., and duly recorded in Vol. M96	
V	of Mortga		4	on Page195 k1	
				Bernetha G. Letsch, County Clerk	
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Language 3 at 7