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DEED OF TRUST

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**DEED OF TRUST**

THIS DEED OF TRUST IS DATED JUNE 5, 1993, among Jack Rieris and JoAnn Rieris, whose address is P.O. Box 775, Gilchrist, OR 97737 (referred to below as "Grantor"); South Valley Bank & Trust, whose address is P.O. Box 1210, Klamath Falls, OR 97601 (referred to below sometimes as "Lender" and sometimes as "Beneficiary"); and William P. Blandness, whose address is 411 Pine Street, Klamath Falls, OR 97601 (referred to below as "Trustee").

**CONVEYANCE AND GRANT.** For valuable consideration, Grantor conveys to Trustee for the benefit of Lender as Beneficiary as of Grantor's right, title, and interest in and to his interest in the Real Property, together with its fixtures, or subsequently erected or added buildings, improvements and fixtures, all easements, rights of way, and appurtenances, all water, water rights and ditch rights (including stock in ditches with ditch improvements and fixtures), and all other rights, royalties, and profits relating to the Real Property, including without limitation all minerals, oil, gas, geothermal or irrigation rights; and all other rights, royalties, and profits relating to the Real Property, including without limitation all minerals, oil, gas, geothermal and similar materials, located in Klamath County, State of Oregon (the "Real Property").

Lot 12, Tract 1210, GILCHRIST TOWNSITE, in the County of Klamath, State of Oregon.

The Real Property or its address is commonly known as P.O. Box 775, Gilchrist, OR 97737. Grantor presently conveys to Lender (also known as Beneficiary in this Deed of Trust) all of Grantor's right, title, and interest in and to all proceeds and future income of the property and all rents from the property. In addition, Grantor grants Lender a Uniform Commercial Code security interest in the Real Property and the Personal Property defined below.

**DEFINITIONS.** The following words shall have the following meanings 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 Uniform Commercial Code. All references to dollar amounts shall mean amounts in lawful money of the United States of America.

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

**Deed of Trust.** The word "Deed of Trust" means this Deed of Trust, among Grantor, Lender, and Trustee, and includes without limitation all documents and security interests provided relating to the Personal Property and Real Property.

**Grantor.** The word "Grantor" means any and all persons and entities executing this Deed of Trust, including without limitation Jack Rieris and JoAnn Rieris.

**Guarantor.** The word "Guarantor" means and includes without limitation any and all guarantors, sureties, and accommodation parties in connection with the indebtedness.

**Indebtedness.** The word "Indebtedness" means and includes without limitation all existing and future improvements, buildings, structures, mobile homes,添附物 (additions, additions, replacements and other construction on the Real Property), and all obligations of Grantor to Lender under the Note and any amount expended or advanced by Lender to discharge obligations of Grantor, or expenses incurred by Trustee or Lender to enforce obligations of Grantor under this Deed of Trust, together with interest on such amounts as provided in the Deed of Trust. In addition to the Note, the word "Indebtedness" includes all obligations, debts and liabilities, past and/or present, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor, or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of this Note, whether voluntary or involuntary, whether due or not due, absolute or contingent, accrued or unaccrued and whether Grantor may be liable individually or jointly with others, whether compelled or guarantee or otherwise, and whether recovery upon such Indebtedness may be or hereafter may become barred by any statute of limitations, and whether such Indebtedness may be or hereafter may become otherwise unenforceable.

Grantor, the word "Lender" means South Valley Bank & Trust, its successors and assigns.

**Note.** The word "Note" means the Note dated June 5, 1993, in the principal amount of \$10,000.00 from Grantor to Lender, together with all renewals, extensions, modifications, refinancings, and substitutions for the Note. The maturity date of the Note is June 5, 1999. The rate of interest on the Note is subject to increasing, adjustment, renewal, or renegotiation.

**Personal Property.** The word "Personal Property" means all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and all or hereafter attached or added to the Real Property, together with all accessions, parts, and additions to, all replacements of, and all substitutions for any of such property, and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the property.

**Property.** The word "Property" means collectively the Real Property and the Personal Property.

**Real Property.** The word "Real Property" means the property, interests and rights described above in the "Conveyance and Grant" section.

**Related Documents.** The word "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan agreements, assignments, agreements, guarantees, security agreements, mortgages, deeds of trust, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

**Rents.** The word "Rents" means all present and future rents, revenues, incomes, issues, royalties, profits, and other benefits derived from the property.

**Trustee.** The word "Trustee" means William P. Blandness and any substitute or successor trustee.

This Deed of Trust, including the assignment of rents and the security interest in the rents and personal property, is given to secure the payment of the indebtedness and the performance of any and all obligations of Grantor under the Note, the Related Documents, and this Deed of Trust. This Deed of Trust is given and accepted on the following terms:

**PAYMENT AND PERFORMANCE.** Except as otherwise provided in this Deed of Trust, Grantor shall pay to Lender all amounts secured by this Deed of Trust, including the Note, and shall satisfy and fully discharge all of Grantor's obligations under the Note, this Deed of Trust, and the Related Documents.

**DESCRIPTION AND MAINTENANCE OF THE PROPERTY.** Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

**ARTICLE 11. HAZARDOUS WASTE.** Grantor shall not cause or permit the release of any hazardous waste, or any other substance which may be regulated under the Resource Conservation and Recovery Act of 1976, the Toxic Substances Control Act, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Emergency Planning and Community Right-to-Know Act, the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-493 (P.L. 99-493), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or Federal laws, rules, or regulations adopted pursuant to any of the foregoing. The term "hazardous waste" and "hazardous substance" shall include, without limitation, petroleum and petroleum by-products or any fraction thereof and derivatives. Grantor represents and warrants to Lender that: (a) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any hazardous waste or substance by any person on, under, about or from the Property; (b) Grantor has no knowledge or reason to believe that there has been, except as previously disclosed to Lender, about or from the Property; (c) Grantor has no knowledge or reason to believe that there has been, except as previously disclosed to Lender, about or from the Property; (d) neither Grantor nor any agent, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of, or release any hazardous waste or substance on, under, about or from the Property and (e) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation those laws, regulations, and ordinances described above. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Lender's expense, as Lender may 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 third person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for hazardous waste and hazardous substances. Grantor hereby: (a) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws, and (b) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Deed of Trust, including the obligation to indemnify, shall survive the payment of the indebtedness and the satisfaction and reconveyance of the title of this Deed of Trust and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

**Hazardous Waste.** Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping or of waste on or in the Property or any portion of the Property. Without limiting 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 improvements from the Real Property without its prior written consent of Lender. As a condition to the removal of any improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such improvements with improvements of at least equal value.

**Lender's Right to Enter.** Lender and its agents and representatives may enter upon the Real Property at all reasonable times to afford to Lender information and to inspect the Property for purposes of Grantor's compliance with the terms and conditions of this Deed of Trust.

**Compliance with Government 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. Grantor may contest in good faith any such law, ordinance, or regulation and continue 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, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

**Safe to Protect.** Grantor agrees neither to abandon nor leave unattended 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 Property are reasonably necessary to protect and preserve the Property.

**DUE ON SALE - CONSENT BY LENDER.** Lender may, at its option, declare immediately due and payable all sums secured by this Deed of Trust upon 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" means the conveyance of Real Property or any right, title or interest therein, whether legal, beneficial or equitable; whether voluntary or involuntary; whether by written sale, deed, assignment, sale contract, land contract, contract for deed, leasehold interest with a term greater than three years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land tract holding title to the Real Property, or (2) year lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land tract 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 etc 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 FEES.** The following provisions relating to the taxes and fees on the Property are a part of this Deed of Trust:

**Payment.** Grantor shall pay when due (and in all events prior to delinquency) 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 furnished to the Property. Grantor 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 tax of taxes and assessments not due and unpaid as otherwise provided in this Deed of Trust.

**Right to Contest.** Grantor may withhold payment 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 jeopardized. If a tax arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the tax arises or, if a tax is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the tax, or if requested by Lender, deposit with Lender cash or a sufficient certificate, trusty bond or other security satisfactory to Lender in an amount sufficient to discharge the tax plus any one's and attorney's fees or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

**Evidence of Payment.** Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall cause the appropriate governmental officer to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

**Notice of Construction.** Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanical, San, maintenance, or other ten could be exercised on account of the work, services, or materials, and the cost exceeds \$10,000.00. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that such improvements will not exceed the cost of such improvements.

**DISPUTES REGARDING INSURANCE.** The following provisions relating to insuring the Property are a part of this Deed of Trust:

**Statement of Insurance.** Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any depreciation clause, and with a standard mortgage clause in favor of Lender, together with such other hazard and liability insurance as Lender may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company of repute reasonably acceptable to Lender. Grantor, upon receipt of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including the clauses that coverage will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Each insurance policy shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property at any time become located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance for the full unpaid principal balance of the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

**Inspection of Property.** Grantor shall promptly notify Lender of any loss or damage to the Property if the estimated cost of repair or replacement exceeds \$100,000.00. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's property is impaired, Lender may, at its election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the indebtedness, payment of any tax affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender.

and does not exceed the sum of \$100,000.00, plus the aggregate for the insurance cost of repair or replacement of the Property which have not been deducted within 180 days after they received and used by Lender, and the amount of the expense of restoration of the Property shall be used first to pay any amount owing to Lender under this Deed of Trust, and the balance of such amount, if any, shall be applied to the principal balance of the Indebtedness. If Lender does not make payment of the amount so deducted to the trustee by Grantor's instructions may apply.

**Insurance Premiums.** Any unpaid insurance shall incur a 5% per cent. of, and pass to, the purchaser of the Property covered by the Deed of Trust, and the amount of such premium shall, under the provisions of this Deed of Trust, or at any foreclosure sale of such Property.

**EXCUSE OF LENDER.** If Grantor fails to comply with any provision of this Deed of Trust, or if any action or proceeding is commenced that would affect any interest Lender has in the Property, Lender can disclaim, but shall not be required to, take any action that Lender deems appropriate, may disclaim until Lender succeeds in defending the debt incurred at the rate provided for in the Note from the date incurred or paid by Lender to the date of commencement by Grantor. All such expenses of Lender's action, (a) be payable on demand, (b) be added to the balance of the Note, to be amortized among and to be payable with any additional payments to become due during either: (i) the term of any applicable insurance policy or (ii) the remaining term 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 these amounts. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which Lender may be entitled on account of the default. Any such action by Lender shall not be construed as curing the default so as to bar Lender from any remedy that it otherwise would have had.

**WARRANTY OF TITLE.** The following provisions relating to ownership of the Property are a part of this Deed of Trust.

**Title.** Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all fees and encumbrances other than those set forth in the Real Property description or in any title insurance policy, the report, or legal title opinion issued in favor of, and delivered 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.

**Defense of Title.** Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the bona fide claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Lender under this Deed of Trust, Grantor shall defend the action at Grantor's expense. 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 deliver, 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 Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

**CONDEMNATION.** The following provisions relating to condemnation proceedings are a part of this Deed of Trust.

**Abandonment of Net Proceeds.** If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any 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 shall mean the award after payment of all reasonable costs, expenses, and attorney's fees incurred by Trustee or Lender in connection with the condemnation.

**Proceedings.** If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall 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 entitled to participate in the proceeding and to be 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 GOVERNMENTAL AUTHORITIES.** 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, Grantor shall execute such documents in addition to this Deed of Trust and take whatever other action is required by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, fees, or charges described below, together with all expenses incurred in recording, perfecting or continuing this Deed of Trust, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Deed of Trust.

**Taxes.** The following taxes constitute taxes to which this 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; (b) a specific tax on stamp 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 indebtedness on payments of principal and interest made by Grantor.

**Subsequent Taxes.** If any tax to which this section applies is enacted subsequent 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 exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (i) pays the tax before it becomes delinquent, or (ii) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond 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 the rights of a secured party under the Uniform Commercial Code as amended from time to time.

**Security Interest.** Upon request by Lender, Grantor shall execute financing statements and take whatever other action is requested by Lender to perfect and continue Lender's security interest in the Real and Personal Property. In addition to recording this Deed of Trust in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall assemble the Personal Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender when requested (3) days after receipt of written demand from Lender.

**Address.** The mailing addresses of Grantor (debtor) and Lender (secured party), from which information concerning the security interests granted by this Deed of Trust may be obtained (each 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 provisions relating to further assurances and attorney-in-fact are a part of this Deed of Trust:

**Further Assurances.** At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, rated, or removed, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security devices, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve: (a) the obligations of Grantor under 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 liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or required to the contrary by Lender in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

**Attorney-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 expense. For such purpose, Grantor hereby irrevocably appoints Lender 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 objects referred to in the preceding paragraph.

**FULL PERFORMANCE.** If Grantor fails to do the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purpose, Grantor hereby irrevocably appoints Lender 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 objects referred to in the preceding paragraph.

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

**Defect in Indebtedness.** Failure of Grantor to make any payment when due on the Indebtedness.

**Defect in Other Payments.** Failure of Grantor within the time 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 effect discharge of any lien.

**General Laws Default.** Failure of Grantor to comply with any other term, condition, covenant or condition contained in this Deed of Trust, the Note or any of the Related Documents.

**Warranty Discrepancy.** Any warranty, representation or statement made or furnished to Lender by or on behalf of Grantor under this Deed of Trust.

## LOAN NUMBER:

The date of this Related Document is 10/01/2013 or 10/01/2013, whichever is later, or if no date is set forth, the date of the first loan or advanced.

This Related Document is the Deed of Trust of all of the Related Documents referred to by it in form and effect (including failure of any instrument or document referred to by it).

**Grantor's Acknowledgment:** The Grantor, the undersigned of Grantor, the apartment for my part of Grantor's property, any instrument or document referred to by it, and payment made, issued or given in any case and for any reason.

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**Honorables, Refusals, etc.:** Commencement of foreclosure or foreclosure proceedings, whether by judicial proceeding, law, rule, replevin or other method of law, or by action of a court or by governmental agency against any of the Property. However, this subsection shall not apply in the event of a valid claim disputed by Grantor as to the validity or real existence of the claim which is the basis of the foreclosure or foreclosure proceedings, provided that Grantor gives Lender written notice of such claim and furnishes reserves or a surety bond for the claim satisfactory to Lender.

**Breach of Other Agreement:** Any breach by Grantor under the terms of any other agreement between Grantor and Lender that is not remedied within any reasonable period of time, including without limitation any agreement concerning any indebtedness or other obligation of Grantor to Lender, unless otherwise set forth below.

**Failure to Perform:** Any of the preceding events occur with respect to any Grantor of any of the indebtedness or any Grantor that is or becomes an obligee of any of the debts of the other, or jointly or severally liable therefor, any liability of the nondefaulting. Lender, at its option, may, but is not required to, permit the defaulting party to assume unconditionally the obligations arising under the guarantee in a manner satisfactory to Lender, and, in doing so, cause the Event of Default.

**Indemnity:** Lender to pay such debts and losses.

**Right to Cure:** If such a failure is curable and if Grantor has not 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 Event of Default will have occurred) if Grantor, after Lender sends written notice demanding cure of such failure, (a) cures the failure within fifteen (15) days; or (b) if the cure requires more than fifteen (15) days, immediately begins steps sufficient to cure the failure and thereafter continues and completes all reasonable and necessary steps sufficient to produce completion as soon as reasonably practicable.

**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:

**Assignment of Indebtedness:** Lender shall have the right at its option, without notice to Grantor, to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Grantor would be required to pay.

**Proceedings:** With respect to all or any part of the Real 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 either case in accordance with and to the full extent provided by applicable law. If this Deed of Trust is terminated 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, Lender may take for the amount of the unpaid balance of the judgment.

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

**Cause, Noncause:** Lender shall have the right, without notice to Grantor, to take possession of and manage the Property and collect the Rents, including amounts past due and unpaid, and equity of redemption, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor may, at its option, designate Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor 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 exercise its rights under this section in person, by agent, or through a receiver.

**Agreement of Receiver:** Lender shall have the right to have it 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, in advance of, or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall stand whether or not the apparent value of the Property exceeds the Indebtedness by a substantial 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, in Lender's option, either (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 remedy provided in this Deed of Trust or the Note or by law.

**Notice of Sale:** Lender shall give Grantor reasonable 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 Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of Personal Property may be made in conjunction with any sale of the Real Property.

**Sale of the Property:** To the extent permitted by applicable law, Grantor hereby waives any and all rights to have the Property marshaled. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by successive sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

**Waiver:** Notwithstanding any provision of this Deed of Trust or the Note, Lender shall not constitute a waiver of or prejudice the party's rights otherwise to demand strict compliance with the provision or any other provision. Election by Lender to pursue any remedy provided in this Deed of Trust, the Note, in any Related Document, or provided by law shall not exclude pursuit of any other remedy, and an election to make substitutions or to take action to perform an obligation of Grantor under this Deed of Trust after failure of Grantor to perform shall not affect Lender's right to declare a default and to exercise any of its remedies.

**Attorneys' Fees, Expenses:** If Lender institutes any suit or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and on any appeal. Whether or not any court action is involved, all reasonable expenses incurred by Lender which in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of commencement and repeat. Expenses referred by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorney fees whether or not there is a Judgment, including attorneys' fees for bankruptcy proceedings (including, efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor shall pay any court costs, in addition to all other sums provided by law.

**Waiver of Trial:** Trustee shall have all of the rights and duties of Lender as set forth in this section.

**POWERS AND OBLIGATIONS OF TRUSTEE.** The following provisions relating to the powers and obligations of Trustee are part of this Deed of Trust, notwithstanding any provision of this Deed of Trust that purports to limit the powers of Trustee.

**Powers of Trustee:** In addition to the powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property as on the written request of Lender and Grantor: (a) join in preparing and filing a map or plan of the Real Property; (b) record the description of the title or other rights to the public; (c) join in granting any easement or creating any restriction on the Real Property; and (d) join in any subordination or other agreement affecting this Deed of Trust or the interests of Lender under this Deed of Trust.

**Obligations to Notify:** Trustee shall not be obliged to notify any other party of a pending sale under any other trust deed or ten, or of any action or proceeding in which Grantor, Lender or Trustee shall be a party, unless the action or proceeding is brought by Trustee.

**Successor Trustee:** Trustee shall meet all qualifications required for Trustee under applicable law. In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to substitute by another trustee. In either case in accordance with and to the full extent provided by applicable law.

**Succession of Trustee:** Lender, at Lender's option, may from time to time appoint a successor Trustee to any Trustee appointed hereunder by an instrument 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 names of the original Lender, Trustee, and Grantor, the book and page where this Deed of Trust is recorded, and the name and address of the successor Trustee, and the instrument shall be executed and acknowledged by Lender or its successors in interest. The successor trustee, without administration of the Property, shall succeed to all the title, power, and duties conferred upon the Trustee in this Deed of Trust and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

10/01/2013

NOTICE: THIS DEED OF TRUST, AND THE PARTIES, AND AGENTS UNDER THE DEED OF TRUST, SHALL BE IN WRITING, MAY BE MADE BY TELETYPE, AND SHALL BE CONSIDERED IN WRITING IF THE WRITER OR RECEIVER WAS A NOTARY PUBLIC AND THE SIGNATURES, OR, IF RELEASER, SHALL BE DEEMED SUFFICIENT IF THE SIGNATURES ARE IN THE hands of the Lender, or his agent, certified or otherwise signed, and witness present, directed to the address shown near the beginning of the Deed of Trust. Any copy of this Deed of Trust, or notice under the Deed of Trust, giving forms written notice to the other parties, specifying that the purpose of the notice is to cancel the party's interest. All copies of notices of foreclosure 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 Deed of Trust. For notice purposes, Grantor agrees to keep Lender and Agent informed at all times of Grantor's current address.

#### MISCELLANEOUS PROVISIONS.

**Assentments.** 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. 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 amendment.

**Applicable Law.** This Deed of Trust has been delivered to Lender and accepted 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 Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

**Mortgage.** There shall be no merger of the interest or estate created by this Deed 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, without the written consent of Lender.

**Multiple Parties.** All obligations of Grantor under this Deed of Trust shall be joint and several, and all references to Grantor shall mean each and every Grantor. This means that each of the persons signing below is responsible for all obligations in this Deed of Trust.

**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 invalid or unenforceable 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 enforceability 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 terminates 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 indefeasibility by way of forbearance or extension without releasing Grantor from the obligations of this Deed of Trust or liability under the Indiscreteness.

**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 rights under this Deed of Trust (or under the Related Documents) unless such waiver is in writing and signed by Lender. No delay 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 in subsequent instances where such consent is required.

**EACH GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST, AND EACH GRANTOR AGREES TO IT'S TERMS.**

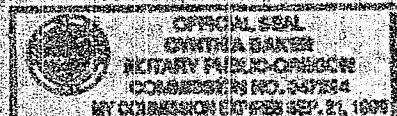
Grantor 1:

  
Jack Milner  
9/1/97

  
JoAnn Fletcher  
9/1/97

#### INDIVIDUAL ACKNOWLEDGMENT

STATE OF OREGON 1997  
COUNTY OF KLAMATH



On this day before me, the undersigned Notary Public, personally appeared Jack Milner and JoAnn Fletcher, to me known to be the individuals described in and who executed the Deed of Trust, and acknowledged that they signed the Deed of Trust as their free and voluntary act and deed, for the uses and purposes herein mentioned.

Given before my hand and sealed and this 5th day of SEPTEMBER, 1997.

By Cynthia Baker

Notary Public In and for the State of OREGON

Residing at Klamath, OR

My commission expires 9/21/1999

STATE OF OREGON, COUNTY OF KLAMATH, 1997

FILED FOR RECORD AS REQUESTED BY	SOUTHERN VALLEY BANK	15TH	day
OF	10/19/97	1997	1997
RECEIVED	10/19/97	1997	1997
FEE	\$30.00	10/19/97	1997
SOUTHERN VALLEY BANK Kathleen R. Letch, County Clerk			

WITNESSED AND SIGNED THIS 5TH DAY OF JUNE, 1997, BY THE PARTIES AS FOLLOWS:

SOUTHLAND TRUST  
BY  
ROBERT L. CRIST

SEAN M. HANNAH TOLZ

WITNESSED AND SIGNED THIS 5TH DAY OF JUNE, 1997, BY THE PARTIES AS FOLLOWS:

WILLIAM P. BRANDENBERG  
BY  
JOANN RENTS

ROBERT L. CRIST

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

## DEED OF TRUST

THIS DEED OF TRUST IS DATED JUNE 5, 1997, ENTRE JACK RENTS AND JOANN RENTS, WHOSE ADDRESS IS P.O. BOX 775, KLANSHI, OR 97637 (REFERRED TO BELOW AS "GRANTOR"); SOUTH VALLEY BANK & TRUST, WHOSE ADDRESS IS P.O. BOX 1110, KLANSHI, OREGON 97631 (REFERRED TO BELOW, SOMETIMES AS "LENDER" AND SOMETIMES AS "BENEFICIARY"); AND WILLIAM P. BRANDENBERG, WHOSE ADDRESS IS 411 PINE STREET, KLANSHI, OREGON 97630 (REFERRED TO BELOW AS "TRUSTEE").

**CONVEYANCE AND GRANT.** For valuable consideration, Grantor conveys to Trustee for the benefit of Lender as Beneficiary all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights and ditch rights (including stock in ditches with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar minerals, located in Klamath County, State of Oregon (the "Real Property"):

Lot 88, Tract 1310, CHRISTIANIST TOWNSITE, In the County of Klamath, State of Oregon.

The Real Property or its address is commonly known as P.O. Box 775, Christianist, OR 97737.

Grantor hereby pledges to Lender (also known as Beneficiary in this Deed of Trust) all of Grantor's right, title, and interest in and to all present and future leases of the Property and all rents from the Property. In addition, Grantor grants Lender a Uniform Commercial Code security interest in the Rents and the Personal Property, defined below.

**DEFINITIONS.** The following words shall have the following meanings 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 Uniform Commercial Code. All references to dollar amounts shall mean amounts in lawful money of the United States of America.

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

**Deed of Trust.** The word "Deed of Trust" means the Deed of Trust among Grantor, Lender, and Trustee, and includes without limitation all documents and security interest provisions relating to the Personal Property and Rents.

**Grantor.** The word "Grantor" means any and all persons and entities executing the Deed of Trust, including without limitation Jack Rents and Joann Rents.

**Guarantor.** The word "Guarantor" means any and includes without limitation any and all guarantors, sureties, and accommodation parties in connection with the indebtedness.

**Improvement.** The word "Improvement" means any and includes without limitation all existing and future improvements, buildings, structures, mobile homes,添附物, and fixtures attached to the Real Property, leases, subleases, replacement and other construction on the Real Property.

**Indebtedness.** The word "Indebtedness" means all principal and interest payable under the Note and any amounts expended or advanced by Trustee to discharge obligations of Grantor or expenses incurred by Trustee or Lender to enforce obligations of Grantor under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust. In addition to the Note, the word "Indebtedness" includes all obligations, debts and liabilities, past and present, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor, or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, absolute or contingent, liquidated or unliquidated and whether Grantor may be liable individually or jointly with others, whether discharged or otherwise, and whether recoverable upon such indebtedness may be or hereafter may become barred by any statute of limitations, and whether such indebtedness may be or hereafter may become otherwise unenforceable.

**Lender.** The word "Lender" means South Valley Bank & Trust, its successors and assigns.

**Note.** The word "Note" means the note dated June 5, 1997, in the principal amount of \$10,000.00 from Grantor to Lender, together with all renewals, extensions, modifications, refinancings, and substitutions for the Note. The maturity date of the Note is June 6, 1998. The rate of interest on the Note is subject to increasing, adjustments, renewal, or renegotiation.

**Personal Property.** The words "Personal Property" means all equipment, fixtures, and other articles of personal property now, or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property, together with all accretions, parts, and additions to, all replacements of, and all substitutions for, any of such property, and together with all proceeds (including without limitation all insurance proceeds and refunds or premiums) from any sale or other disposition of the property.

**Property.** The word "Property" means either the Real 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.

**Related Documents.** The words "Related Documents" mean all exhibits, warranties, affidavits, promissory notes, credit agreements, loan agreements, environmental assessments, guarantees, security agreements, mortgages, deeds of trust, and all other instruments, agreements and documents, whatsoever or howsoever existing, executed in connection with the indebtedness.

**Rents.** The word "Rents" means all present and future rents, revenues, income, leases, royalties, profits, and other benefits derived from the Property.

**Trustee.** The word "Trustee" means William P. Brandenberger and any substitute or successor trustees.

THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE: (1) PAYMENT OF THE OBLIGATIONS AND (2) PERFORMANCE OF ANY AND ALL OBLIGATIONS OF GRANTOR UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS DEED OF TRUST. THIS DEED OF TRUST IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

**PAYMENT AND PERFORMANCE.** Except as otherwise provided in the Deed of Trust, Grantor shall pay to Lender all amounts secured by the Deed of Trust on time, because due, and shall satisfy and discharge in full all of Grantor's obligations under the Note, this Deed of Trust, and the Related Documents.

**POSSESSION AND MAINTENANCE OF THE PROPERTY.** Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Grantor shall maintain the Property in a marketable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

**Hazardous Substances.** The terms "hazardous wastes," "hazardous substances," "disposal," "reuse," and "treated/reuse," as used in this Deed of Trust, shall have the same meanings as defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C., Section 6901 et seq.; CERCLA), the Resource Conservation and Recovery Act of 1990, Pub. L. No. 96-294 (RCRA), the Hazardous Substances Transportation Act (49 U.S.C. Section 1801, et seq.), the Resource Conservation and Recovery Act (42 U.S.C. Section 6901, et seq.), or other applicable state or federal laws, rules, or regulations adopted pursuant to any of the foregoing. The terms "hazardous waste" and "hazardous substances" shall also include, without limitation, petroleum and petroleum by-products or any fraction thereof and derivatives; Grantor's representations and warranties to Lender shall that: (a) During the period of Grantor's ownership of the Property, there has been no loss, removal, management, storage, treatment, release, or threatened release of any hazardous waste or substance by any person on, under, about or from the Property; (b) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (i) any use, generation, managed use, storage, treatment, disposal, release, or threatened release of any hazardous waste or substance on, under, about or from the Property by any prior owners or occupants of the Property or; (c) any actual or threatened migration or claim of any kind by any person relating to such matters; and (c) Except as previously disclosed to and acknowledged by Lender in writing, (i) neither Grantor nor any tenant, contractor, agent, or other authorized user of the Property shall use, generate, manufacture, store, sell, dispose of, or treat any hazardous waste or substance on, under, about or from the Property and (d) any such activity shall be conducted in accordance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation those laws, regulations, and ordinances described above. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may 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 person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for hazardous waste and hazardous substances. Grantor hereby: (a) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws, and (b) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Deed of Trust, including the obligation to indemnify, shall survive the payment of the indebtedness and the satisfaction and discharge of the lien of this Deed of Trust and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

**Removal of Waste.** Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any dumping of or waste on or to the Property or any portion of the Property. Without inuring 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 improvements from the Real Property without the prior written consent of Lender. In addition to the removal of any improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such improvements with improvements of at least equal value.

**Lender's Right to Enter.** Lender and its agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Property for purposes of Grantor's compliance with the terms and conditions of this Deed of Trust.

**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. Grantor may contest in good faith any such law, ordinance, 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 true opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

**Duty to Vacate.** Grantor agrees neither to abandon, nor leave unattended 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 Property are reasonably necessary to protect and preserve the Property.

**DUE ON SALE - CONSENT BY LENDER.** Lender may, at its option, declare immediately due and payable all sums secured by this Deed of Trust upon 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 or any right, title or interest therein, whether legal, beneficial or equitable; whether voluntary or involuntary; whether by gift, sale, lease, assignment, land contract, contract for deed, leasehold interest with a term greater than three (3) years, land transfer contract, or by tax assignment, or by sale of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method or committee of Real Property interests. 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 to the taxes and liens on the Property are a part of this Deed of Trust.

**Payment.** Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fees and impositions levied against or in account of the Property, and shall pay when due all claims for work done on or for services rendered or materials furnished to the Property. Grantor 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 ten (10) cents and assessments not due and except as otherwise provided in this Deed of Trust.

**Right To Cure.** Grantor may withhold payment 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 jeopardized. If a tax arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the tax arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the tax plus any costs and attorneys' fees or other charges that could accrue as a result of a foreclosure or sale under the lien. In any event, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceeding.

**Evidence of Payment.** Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

**Notice of Construction.** Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any improvement is constructed on the Property, if any merchant's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or improvement and the cost exceeds \$10,000.00. Grantor will upon request of Lender furnish to Lender advance assurance satisfactory to Lender that Grantor will pay the cost of such improvement.

**DISASTERS/DAMAGE INSURANCE.** The following provisions relating to insuring the Property are a part of this Deed of Trust.

**Maintenance of Insurance.** Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any deductible clause, and with a standard mortgagee clause in favor of Lender, together with such other hazard and liability insurance as Lender may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company of repute reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverages in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property at any time become located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain flood related insurance for the full unpaid principal balance of the loan, up to the maximum policy limits set under the National Flood Insurance Program, as otherwise required by Lender, and to maintain such insurance for the term 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 \$10,000. Lender may make profit of any of Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's property is damaged, Lender may, at its election, reserve and retain the proceeds of any insurance and apply the proceeds to the reduction of the indebtedness, payment of any fee owing the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender.

## DEED OF TRUST

Grantor shall have the right to make such arrangements with Lender as Grantor may desire concerning the collection of the amounts due under this Note, and Lender shall not be liable to Grantor for any loss or expense resulting from the exercise of such rights by Grantor, provided that Lender shall not be required to take any action that would violate any law or regulation applicable to the collection of the amounts due under this Note. Lender shall not be liable to Grantor for any loss or expense resulting from the exercise of such rights by Grantor, provided that Lender shall not be required to take any action that would violate any law or regulation applicable to the collection of the amounts due under this Note.

**EXCUSE FOR DELAY.** If Grantor fails to convey title to the Property or if any action or proceeding is commenced but would not interfere with Lender's interest in the Property, Lender on Grantor's behalf may, but shall not be required to, take any action that Lender deems appropriate, including the amount that Lender advances in collecting the Note or in the Note, (a) the costs incurred or paid by Lender in the course of payment by Grantor, of such amounts, (b) Lender's action, (i) (a) as perfunctory demand, (b) added to the balance of the Note and be compounded annually and payable with the next payment to become due during either: (i) the term of any applicable requirements for the payment 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 shall also be satisfied payment of these amounts. The rights provided for in this paragraph shall be in addition to any other rights or any remedies of Lender and the cause or amount of the default. Any such action by Lender shall not be construed as curing the default so as to bar Lender from any remedy that it otherwise would have had.

**WARNING: DEED TO THE TITLE.** The following provisions relating to ownership of the Property are a part of this Deed of Trust:

This Grantor warrants that: (1) Grantor holds good and indefeasible title to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Deed of Trust, its description or in any life insurance policy, life report, or title opinion issued in favor of and accepted by Lender in connection with this Deed of Trust; and (2) Grantor has the full right, power, and authority to execute and deliver this Deed of Trust to Lender.

**DEFENSE OF TITLE.** Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the holder of any claim or action in the event of a proceeding, it is understood that questions Grantor's title or the interest of Trustee or Lender under this Deed of Trust, Grantor shall defend the action of Grantor's defense. 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 deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

**GOVERNMENT TAXES.** Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

**CONFIRMATION PROVISIONS.** The following provisions relating to confirmation proceedings are a part of this Deed of Trust:

In the event of Net Proceeds, if all or any part of the Property is confirmed by judicial domain proceedings or by any proceeding or purchase in lieu of confirmation, Lender may, at its election, require that all or any portion of the net proceeds of the award be applied to the indebtedness or the holder or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorney fees incurred by Trustee or Lender in connection with the confirmation.

**PROCEEDINGS.** If any proceeding or confirmation is held, Grantor shall promptly notify Lender in writing, and Grantor shall 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 entitled to participate in the proceeding and to be 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 GOVERNMENTAL AUTHORITIES.** 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, Grantor shall execute such documents in addition to this Deed of Trust and take whatever other action is requested by Lender to perfect and confirm Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, fees, assessments, expenses, and attorney fees, documentary stamp and other charges for recording or registering this Deed of Trust.

**Taxes.** The following taxes constitute taxes to which this 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; (b) a specific tax on 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 indebtedness or on payments of principal and interest made by Grantor.

**Subsequent Taxes.** If any tax to which this section applies is enacted subsequent to the date of this Deed of Trust, this act shall have the same effect as an Event of Default (as defined below), and Lender may exercise any or all of its available remedies for an Event of Default as provided below, unless Grantor timely: (a) pays the tax before it becomes delinquent, or (b) contests the tax as provided above in the Taxes and Liens section and agrees with Lender that a sufficient creditable sum, bond 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, Grantor shall execute financing statements and take whatever other action is requested by Lender to perfect and confirm Lender's security interest in the Funds and Personal Property. In addition to recording this Deed of Trust in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement, or other documents Lender for all expenses incurred in perfecting or continuing this security interest. Upon Grantor shall assemble the Personal Property in a manner and in a place reasonably convenient to Grantor and Lender and make it available to Lender within two (2) days after receipt of written demand from Lender.

**Address.** The mailing addresses of Grantor (debtor) and Lender (secured party), from which information concerning the security interest granted by this Deed of Trust may be obtained (each 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 provisions relating to further assurances and attorney-in-fact are a part of this Deed of Trust:

**Further Assurances.** At any time and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, or filed, and as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security agreements, financing statements, continuation statements, instruments of letter insurance, affidavits, and other documents as may, in the sole opinion of Lender, be necessary to establish, complete, perfect, continue, or preserve: (a) the obligations of Grantor under the 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 liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law, or agreed to by Lender in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the making of any such documents.

**Attorney-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/or Grantor's agents. For such purpose, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making assignments, releases, consents, waivers, 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 paragraph.

**FULL PERFORMANCE.** If Grantor pays off the indebtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Deed of Trust, Lender shall rescind and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement or the holder's security interest in the Funds and the Personal Property. Any reconveyance shall require it to be paid by Grantor, if permitted by applicable law.

**DEFECTS.** Even if the following, at the option of Lender, shall constitute an event of default ("Event of Default") under this Deed of Trust:

**Defects on Indenture.** Failure of Grantor to make any payment when due on the indebtedness.

**Defects on Other Agreements.** Failure of Grantor within the time required by this Deed of Trust to make any payment for taxes or insurance, or any other payment necessary to prevent filing or to effect discharge of any debt.

**Defects on Note.** Failure of Grantor to comply with any other term, condition, covenant or condition contained in this Deed of Trust, the Note or the Related Documents.

**Defects on Statement.** Any warranty, representation or statement made or furnished to Lender by or on behalf of Grantor under this Deed of Trust.

any action or cause of action against Lender or Grantor, or any claim, right, or interest of the Lender made or forfeited.

**Section 10.2. Foreclosure.** This Deed of Trust or any of the Real Property contained herein to be in full force and effect (including, failure of any instrument of recordation of title to a valuable personal property interest in the Real Property and for any reason).

**Section 10.3. Receivers.** This Deed of Trust, and the rights of Grantor, the appointment of a receiver for any part of Grantor's property, any receiver shall have power to do any type of receiver which, in the commencement of any proceeding under any bankruptcy or insolvency law, may be granted.

**Section 10.4. Foreclosure, etc. Commencement of replevin or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or by the power of a trustee, or any other of receiver, or by any governmental authority against any of the Property. However, this subsection shall not apply to the extent that Grantor gives Lender valid notice of such claim and furnishes reserves or a cash bond for the claim satisfactory to Lender.**

**Section 10.5. Cessation of agreement. Any breach by Grantor under the terms of any other agreement between Grantor and Lender that is not remedied within 30 days prior to the date of foreclosure, including a void arbitration agreement concerning any indebtedness or other obligation of Grantor to Lender, shall not excuse non-payment.**

**Section 10.6. Assignment. Any of the preceding items occurs with respect to any Guarantor or any of the indebtedness or any Guarantor dies, to trust him or his estate, or revokes or disclaims the instrument, or set him under, any Guaranty of the indebtedness. Lender, at its option, may, but shall not be required to, within ten (10) days to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, if failing so, cure the breach in Lender.**

**Section 10.7. Insolvency. Lender in good faith deems Insolvent.**

**Section 10.8. Cure. If after a failure is durable and if Grantor has not 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 Event of Default will have occurred) if Grantor, after, Lender sends written notice concerning cure of such failure: (a) cures the failure within fifteen (15) days; or (b) if the cure requires more than fifteen (15) days, immediately, Lender shall exercise its right to cure the failure and thereafter continues and completes all reasonable and necessary steps sufficient to produce a condition as soon as reasonably practicable.**

**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:

**Acceleration. Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable, including any prepayments timely which Grantor would be required to pay.**

**Foreclosure. With respect to all or any part of the Real 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 either case in accordance 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 less than the amount of the judgment, Lender may retain the amount of the unpaid balance of the judgment.**

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

**Collect Rent.** Lender shall have the right, without notice to Grantor, to take possession of and manage the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, plus, and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property, to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor 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 exercise its rights under this subparagraph either in person, by agent, or through a receiver.

**Assignee 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 foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to use appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

**Tenant 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, either: (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 remedy provided in this Deed of Trust or by law.

**Notice of Sale.** Lender shall give Grantor reasonable 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 Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of Personal Property may be made in conjunction with any sale of the Real Property.

**Sale of the Property.** To the extent permitted by applicable law, Grantor hereby waives any and all rights to have the Property marshaled, in advancing its rights and remedies, the Trustee or Lender 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 any public sale on all or any portion of the Property.

**Waiver of Statute of Limitations.** A waiver by any party of a breach of a provision of this Deed of Trust shall not constitute a waiver of or prejudicial to that party's rights otherwise to demand relief computed with that provision or any other provision. Election by Lender to pursue any remedy provided in this Deed of Trust, the Note, in any Payment Document, or provided by law shall not exclude pursuit of any other remedy, and an election to pursue enforcement of an issue action to perform an obligation of Grantor under this Deed of Trust after failure of Grantor to perform shall not affect Lender's right to declare a default and to exercise any of its remedies.

**Attorneys' Fees, Expenses.** If Lender institutes any suit or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and on any appeal. Whether or not any court action is involved, all reasonable expenses incurred by Lender which, in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Real Property payable on demand and shall bear interest at the Note rate from the date of demand and until paid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees, whether or not there is a lawyer, including attorney's fees, fees for bankruptcy proceedings (including efforts to modify or use any automatic stay or injunction), appeals and any anticipated post-judgment collection services, the cost of searching records, obtaining the reports (including foreclosures, title, surveyors' reports, appraisals fees), insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

**Right of Trustees.** Trustee shall have all of the rights and duties of Lender as set forth in this section.

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

**Power of Trustee.** 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 Real Property (noting the written consent 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 modification or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

**Obligations to Lender.** Trustee shall not be compelled to notify any other party of a pending sale under any other trust deed or loan, or of any action or proceeding in which Lender, Lender's Trustee or Trustee shall be a party, unless the action or proceeding is brought by Trustee.

**Trustee.** Trustee shall meet all qualifications required for Trustees under applicable law. In addition to the rights and remedies set forth above with respect to all or any part of the 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 either case in accordance with and to the full extent provided by applicable law.

**Successor Trustees.** Lender, or Lender's option, may from time to time appoint a successor Trustee to any Trustee appointed hereunder by an instrument 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 names of the original Lender, Trustee, and Grantor, the book and page where this Deed of Trust is recorded, and the name and address of the successor Trustee, and the instrument shall be executed and acknowledged by Lender and his successors in interest. The successor trustee, without diminution of the Property, shall succeed to all the title, power, and duties conferred upon the Trustee in this Deed of Trust and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

