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#224421-L

Mr. John N. Bettex
SunTrust Banks, Inc.
P.O. Box 4418, CC 662
Atlanta, Georgia 30302

K-51087

Loan # _____

OREGON TRUST DEED
(Including Security Agreement, Assignment of Leases, and Fixture Financing Statement)

Dated: as of August 18, 1997,

Among: Thompson-Jackson Limited Partnership, an Oregon limited partnership (the "grantor" or "Borrower"), whose address is 1808 Haversham Drive, Flower Mound, Texas 75028, and whose federal taxpayer identification # is 75-2696246,

Richard A. Canaday ("Trustee"), whose address is 3500 U.S. Bancorp Tower, 111 S. W. Fifth Avenue, Portland, Oregon 97204, and

SunTrust Bank, Atlanta, a Georgia state bank (the "beneficiary" or "Lender"), whose address is 25 Park Place, NE, Atlanta, Georgia 30303.

1. Grant of Security Interest. For value, Borrower mortgages, assigns, pledges, transfers, and grants a security interest to Lender and conveys to Trustee in trust *with power of sale* all of the present and future right, title, and interest, at law or in equity, of Borrower in and to the following items of real estate and personal property (the "collateral"):

- (a) The land in Klamath County, Oregon, described as Lots 3, 11, 12, 13, and 14, Block 3, Sixth Street Addition to the city of Klamath Falls, according to the official plat thereof on file in the office of the county clerk of Klamath County, Oregon, including the land lying in adjoining and abutting alleys, streets, and roads which is now subject to the rights of the public, all easements, access, air, and development rights, minerals, oil, gas, and other hydrocarbon substances, water, water rights, and water stock, and all other rights, hereditaments, privileges, permits, licenses,

franchises, and appurtenances that now or hereafter belong or appertain thereto (the "land").

- (b) All buildings, improvements, fixtures, landscaping, parking (whether on-site or provided through easements on adjoining land), and tenements now or hereafter located on the land (the "improvements"). The land and the improvements are the "real estate."
- (c) All equipment and trade fixtures installed on, used at, or purchased for use at the real estate, including engines, motors, hydraulic lifts, racks, conduits, pipes, pumps, tanks, ducts, compressors, wires, wiring, appliances, escalators, elevators, window coverings, floor coverings, and all other heating, cooling, air-conditioning, ventilating, refrigerating, plumbing, electrical, fire prevention and extinguishing, security and access control, and communication equipment and trade fixtures (the "equipment").
- (d) All building plans, specifications, and warranties relating to the real estate and the equipment, all franchise rights, and all occupancy permits, business licenses, and other governmental approvals necessary for occupation and/or operation of the real estate and/or the equipment.
- (e) All general intangibles (including trade names, service marks, and trademarks) that arise from or relate to the real estate and/or the equipment.
- (f) All leases and executory contracts relating to the real estate and/or the equipment and all rents, revenues, issues, profits, deposits, income, accounts, and insurance, condemnation, and other proceeds.
- (g) All books and records related to any of the foregoing items.

The real estate has a street address of 1730 Washburn Way, Klamath Falls, Oregon.

2. Secured Obligations. The obligations that are secured by this trust deed (the "secured obligations") are:

- (a) Payment when due of Borrower's note of even date in the principal amount of \$580,000, plus interest, fees, charges, costs, and expenses, on or before the maturity date of 8/31/2009, and all modifications, extensions, renewals, and replacements thereof, and performance of any other obligations contained therein (the "note" or the "secured note" that evidences the "loan").
- (b) Payment on demand of the following "costs and expenses,"
 - (i) all reasonable attorney fees, costs, and disbursements incurred by Trustee and/or Lender in connection with the preparation and recording of this trust deed, insuring the validity and priority of the security interest created by this trust deed through a 1992 ALTA extended loan policy of title insurance in the amount of the note, including such endorsements as may be reasonably required by Lender, evaluating the title to and value of the collateral when

reasonably required from time to time by Lender, defending the validity and priority of the security interest (aka lien and/or encumbrance) created by this trust deed from the claims of Borrower and all other persons, and foreclosing the security interest created by this trust deed, including all attorney fees, trustee fees, trustee expenses, title report and appraisal charges, recording fees, service/posting of notices, postage and copying expenses, publication and service costs, telephone charges, environmental and other inspection fees, and like charges, whether or not legal proceedings (including claims and proceedings in insolvency proceedings) are commenced, tried, or appealed.

- (ii) Any amounts that Lender advances in accordance with this trust deed or pursuant to statute to protect Borrower's title to collateral or the validity, priority, or value of the security interest created by this trust deed, including amounts advanced to pay taxes, assessments, insurance premiums, interest and/or principal on liens and security interests having priority, maintenance, repair, replacement, and like charges (also known as "security protection advances").
- (iii) Interest on costs and expenses at the default rate (Lender's publicly-announced prime rate plus 3% per annum unless otherwise specified in the note) until such amounts are paid to Lender.

(c) Payment and performance when due of the obligations contained in this trust deed.

3. Representations and Warranties. Borrower represents and warrants to Trustee and Lender that:

- (a) When the loan is closed, Borrower will own fee title to the real estate.
- (b) When acquired, Borrower's title will be free from all liens, security interests (including encumbrances), charges, third-party claims, and exceptions of any kind or nature other than the "permitted exceptions" that are listed on attached exhibit A.
- (c) The real estate is not used principally for agricultural or farming purposes.
- (d) The real estate is legally planned and zoned for commercial uses and Borrower has obtained all permits and governmental approvals necessary for construction and operation of facility specializing in automobile oil changes and lubrication.

4. Covenants. Borrower promises and agrees to do the following things:

- (a) Borrower will pay and perform the secured obligations as and when the payment and performance of such obligations is due.
- (b) Borrower will construct, repair, and reconstruct the improvements on the land in accordance with applicable laws, regulations, and orders, and Lender-approved construction documents (plans and specifications, contract, budget, timetable,

performance and payment bonds), and will pay and discharge all claims related thereto.

- (c) Borrower will not abandon or commit, permit, or suffer any waste, impairment, or deterioration of all or any material or essential part of the collateral other than from ordinary wear and tear.
- (d) Borrower will pay when due all taxes, assessments, and similar charges that are levied, assessed, or charged against or with respect to the collateral and provide annually to Lender copies of any statements of the foregoing charges that were received in the preceding calendar year and such proof as Lender may reasonably require that such charges were paid in full when due.
- (e) Borrower will pay when due all charges and assessments for utility services furnished to the collateral.
- (f) Borrower will pay when due and discharge the claims of all persons supplying labor or materials to or in connection with the collateral or who have or may claim to have a lien or other claim against the collateral to secure payment thereof.

Notwithstanding the foregoing subsections, Borrower will not be in default under this trust deed if Borrower has failed to pay taxes, assessments, utility charges, or construction lien claims so long as (a) Borrower is contesting the validity or amount in good faith, (b) Borrower is diligently prosecuting or defending an appropriate action or proceeding to obtain a binding determination of the disputed matter, (c) non-payment of such item does not result in the loss or forfeiture of any right, title, or interest in or to the collateral, and (d) if required by Lender, Borrower furnishes security reasonably satisfactory to Lender to assure Lender that such item will be discharged promptly at the conclusion of such contest.

- (g) Borrower will promptly perform all maintenance, repair, renovation, and replacement work reasonably necessary to keep the collateral in attractive, first-class condition and in good working order and will establish reserves that are adequate for payment of the costs of maintenance, repair, renovation, and replacement as and when necessary.
- (h) Borrower will obtain and keep in force the following policies of insurance, which may be obtained in master policies that cover more than one property, for the collateral:
 - (i) Casualty insurance (insurance against loss by fire and the hazards now or hereafter embraced by the standard "extended coverage" form of insurance) in an amount equal at all times to the full insurable value of the improvements with a "replacement cost endorsement" satisfactory to Lender,
 - (ii) Flood risk insurance in the maximum amount of insurance coverage available or the full replacement cost of the improvements, whichever is less, if the collateral is now or hereafter designated as being located within the

100-year flood plan under the federal flood insurance program and if flood insurance is available,

- (iii) Comprehensive public liability and property damage insurance (insurance against claims for bodily injury, death, or property damage) with the coverage being in a single incident aggregate coverage amount of not less than \$1,000,000, and
- (iv) Insurance against such similar or other hazards, casualties, liabilities, and contingencies, in such forms and amounts, as Lender may reasonably require from time to time if such insurance coverage is customary for commercial real estate loans of similar nature and amount or by reason of special circumstances.
- (v) Each insurance policy required under this trust deed will be issued by a company that is reasonably acceptable to Lender and is licensed to do business in the state in which the collateral is located. Each policy will be in a form reasonably acceptable to Lender. Each casualty insurance policy will include a mortgagee or loan loss endorsement or rider covering each building included in the collateral in form acceptable to Lender and will name Lender as an additional insured as respects its interest in the collateral. All policies will (a) provide for at least 30 days written notice to Lender prior to the effective date of any cancellation, termination or material modification, including any reduction in the scope or limits of coverage and (b) will allow Lender to recover proceeds in the event of an insured casualty or event regardless of any insurer offsets, defenses, and counterclaims against Borrower.
- (vi) Borrower will furnish to Lender a certificate or certificates of such insurance covering the collateral and setting forth the coverage, the limits of liability, the carrier, the policy number, and the expiration date. Borrower will furnish to Lender all renewal certificates relating to insurance policies at least 30 days before the expiration date of such insurance policies. Borrower will pay all premiums on insurance policies directly to the carrier.
- (vii) In the event of any loss, Borrower will give prompt written notice thereof to the insurance carrier and Lender. Lender may make proof of loss, appear and participate in any action relating to any claim, settle any such claim, and collect and receive insurance proceeds if Borrower fails to take such action promptly and adequately, in Lender's reasonable judgment. Lender will give Borrower prior written notice of Lender's intention to exercise its rights under this paragraph.
- (i) Borrower will comply with all laws, regulations, and orders that apply to construction, operation, and maintenance of the collateral and pay all fees and charges in connection therewith. Without thereby limiting the generality of the foregoing, Borrower will comply with all laws, regulations, and orders relating to hazardous material and disabled access.

- (j) Borrower will promptly notify Lender of any investigation, action, or proceeding that might affect the title, value, or utility of the collateral, or the security interest of Lender under this trust deed, and Borrower will appear and participate in any such investigation, action, or proceeding unless otherwise directed by Lender in writing. In the event that Borrower, in Lender's reasonable judgment, fails to participate diligently in any such investigation, action, or proceeding, Lender may appear and participate in such investigation, action, or proceeding and settle or compromise claims in connection therewith. All claims (including awards, payments, damages, direct, consequential, and other proceeds) that arise in connection with any condemnation or other taking, or for conveyances in lieu of condemnation, are hereby assigned to Lender.
- (k) Borrower will keep and maintain the books and records relating to construction, operation, and maintenance of the collateral at an address reasonably approved by Lender. Borrower promises that such books and records will reflect correctly the results of the operation of the collateral and will include true copies of all leases and executory contracts which affect the collateral.
- (l) Borrower will allow Lender and Trustee (including their agents and representatives) to inspect the real estate (including conducting soil, structural, and other engineering tests) and to inspect and photocopy all books and records related thereto at reasonable times and after reasonable notice in order to determine whether Borrower is complying with its obligations under this trust deed.
- (m) Borrower will furnish to Lender (a) annual financial statements (balance sheets and income statements) and (b) copies of its federal and state income tax returns. All such information will be in such detail as Lender may reasonably require and deemed to constitute Borrower's representation and warranty, to Lender that the information contained therein is true, correct, and complete as of the date thereof except as expressly noted otherwise. Upon Lender's written request, Borrower also will provide (i) annual certificates of conformance which certify that no uncured event of default by Borrower exists as of the time of such certificate or, if such event does then exist, a specific description of such event and Borrower's plan, if any, for cure thereof, (ii) interim financial statements, and (iii) certificates of conformance. Lender may require Borrower to have its annual financial statements reviewed or audited by a certified public accountant. If such review or audit is required, Borrower will provide a copy of the accountant's report to Lender along with the annual financial statements.
- (n) Following any material default by Borrower under this trust deed, Lender may, but will not be required to, require Borrower at any time thereafter to maintain with Lender reserves for payment of taxes, assessments, and insurance premiums when and as such taxes, assessments, and insurance premiums become due. The reserves will be created by monthly payments of a sum estimated by Lender to be sufficient to produce, at least 30 days before the taxes, assessments, and insurance premiums are due, amounts at least equal to the amounts to be paid. If Lender determines that the reserve funds are insufficient at any time, Borrower will promptly

pay any deficiency to Lender on its demand. The reserve funds will be held by Lender or its servicing agent in a deposit account and the funds may be commingled with other funds held by Lender or the servicing agent. Unless Lender and Borrower agree in writing otherwise or applicable law requires that Lender pay Borrower interest on the funds, neither Lender nor the servicing agent will be required to pay Borrower any interest on the funds and will not be allowed to collect a service charge for administering such amount. Lender or the servicing agent will apply the reserve funds to pay the taxes, assessments, and insurance premiums when due. Lender does not hold the funds in trust for Borrower and is not the agent of Borrower for payment of taxes, assessments, or insurance premiums required to be paid by Borrower. Lender may apply the amounts held in the reserve account to the secured obligations upon a default by Borrower.

- (o) Borrower will indemnify, defend, and hold harmless Lender from and against all claims and causes of action (including any loss, liability, damages, fines, penalties, cost, and/or expense, including reasonable attorney fees, incurred in connection therewith) that arise from or relate to any material misrepresentation or omission by Borrower or failure of Borrower to comply fully and promptly with the terms and conditions of this trust deed. This indemnity specifically extends to Borrower's representations and covenants regarding hazardous materials.

5. Use of Insurance/Condemnation Proceeds

- (a) Any insurance or condemnation proceeds received with respect to the collateral will be first applied to the payment of the costs and expenses incurred in the collection of the proceeds. Borrower will have the right to use the net insurance/condemnation proceeds to repair the damage or to replace the improvements in accordance with Lender-approved construction documents as long as Borrower is not in default at such time and before such work begins (a) Lender approves Borrower's construction documents for such repair/replacement work, (b) Borrower obtains all necessary permits and approvals for such work, and (c) in Lender's good faith judgment there has been no material adverse change in Borrower's financial condition or business operations or in the value or useful life of the collateral. The funds for such repair/replacement work will be administered by Lender as though the work was new construction and the funds were new construction loan proceeds and Lender may apply its normal retainage and lien waiver requirements thereto. Lender agrees that it will not unreasonably withhold or delay any approvals required under this section but Lender may require Borrower to provide a new FIRREA-compliant appraisal to reestablish a value of the collateral when such repair/replacement work is completed that is acceptable to Lender.
- (b) If all or any part of the collateral is transferred to Lender or if Lender otherwise acquires title thereto, Lender will have all of the right, title, and interest of Borrower in and to any insurance/condemnation proceeds that are payable as a result of damage or condemnation prior to such transfer or acquisition.

6. No Transfers.

- (a) Lender may accelerate the due date of the secured obligations if Borrower directly or indirectly transfers the collateral, or any material or essential part thereof or interest therein, to any other person (individual or organization) without Lender's prior written consent. The word "transfer" means every mode, direct or indirect, absolute or conditional, voluntary or involuntary, of disposing of or parting with an asset, including sale, lease, conveyance, gift, creation of a lien or encumbrance.
- (b) Lender may grant or withhold consent to a transfer in Lender's sole discretion. Lender may condition any such consent upon approval of the transferee, the transferee's financial condition and operating experience, and the transfer documents, payment of the assumption fee prescribed by Lender, an increase in the interest rate and monthly payment amounts under the note, reimbursement of Lender's costs and expenses, and fulfillment of such other conditions as Lender may reasonably impose in connection therewith. No transfer will release Borrower from direct and primary liability for payment and performance of the secured obligations unless Lender specifically releases Borrower from such liability in connection with such transfer.

7. Events of Default. Borrower will be in default under this trust deed if any of the following events occur:

- (a) Borrower is in default under the secured note.
- (b) Borrower fails to make any other payment required by this trust deed (including items such as taxes, assessments, insurance premiums, utility charges, indebtedness secured by prior liens or security interests, reserve payments, or reimbursement of costs and expenses incurred by Lender) within 30 days following the due date for such payment.
- (c) Borrower fails to perform any other affirmative covenant contained in this trust deed and such failure is not cured within 30 days after written notice thereof given to Borrower by Lender or, if the default cannot be cured within 30 days, Borrower does not substantially commence cure within such 30-day period or thereafter fails to complete the curative action within a reasonable period of time.
- (d) Borrower breaches a negative covenant contained in this trust deed, including making a transfer, without Lender's consent.
- (e) Borrower misrepresents any material fact to Lender in any application, certificate, financial statement, or loan document or fails to supplement information when necessary in order to prevent any previous representation from becoming seriously misleading under the current circumstances.
- (f) Borrower voluntarily becomes the subject of any insolvency proceedings (bankruptcy, insolvency, reorganization, receivership, and other similar proceedings

affecting the rights and remedies of creditors generally) or consents to the continuation of or otherwise fails to cause any involuntary insolvency proceedings against Borrower to be dismissed within 90 days after the date of filing.

8. Rights and Remedies. If Borrower is in default, then Lender may exercise any one or more of the following rights and remedies:

- (a) Lender may accelerate the due date of the secured obligations (i.e., make them immediately due and payable) without further notice or demand and, if the loan evidenced by the secured note has not then been completely disbursed, may suspend or cancel Lender's obligation to disburse any remaining balance.
- (b) Lender may bring a court action to specifically enforce the secured obligations (specifically including any installment payment terms of the note) and performance of all affirmative and negative covenants of the security agreements.
- (c) Lender may collect any rents and other cash collateral either directly or through a receiver and apply such collections to the secured obligations.
- (d) Lender may take possession of the collateral and may operate the collateral either directly or through a receiver regardless of the loan-to-value ratio or the existence of any grounds for the appointment of a receiver under provisional process.
 - (i) Lender or the receiver may appear in any proceeding or bring suit on Borrower's behalf, as necessary, to enforce obligations of any tenant, including actions for the recovery of rent, actions in forcible detainer and in distress for rent.
 - (ii) If the rents and other cash collateral are insufficient to pay expenses, the receiver may borrow from Lender on market terms (if Lender, in its sole discretion, agrees to lend) such sums as the receiver or Lender deems necessary for the purposes stated in this paragraph. The amounts borrowed or advanced will bear interest from the date of expenditure until repaid at the default rate specified in the note. Such sums will become a part of the secured obligations and will be payable by Borrower on demand.
 - (iii) Nothing herein will constitute Lender a "mortgagee in possession" prior to its actual entry upon and taking possession of the collateral. Entry upon and taking possession of the collateral by a receiver will not constitute possession by Lender. The receiver may be an employee or other agent of Lender and may serve without bond.
- (e) Foreclose this trust deed judicially as a mortgage and obtain a deficiency judgment if the proceeds of sale are not sufficient to discharge the debts included in the secured obligations.

If this trust deed is foreclosed as a mortgage and the collateral is sold at a foreclosure sale, the purchaser may, during the redemption period perform such

maintenance, repairs, and replacements as may be reasonably necessary in the purchaser's opinion for the proper operation, care, preservation, protection, and insuring thereof and any money spent in connection therewith, together with any appraisal, title insurance, environmental assessment, engineering, marketing costs and expenses, and interest at the default rate, will be added to and become a part of the amount required to be paid for redemption from such sale.

- (f) Cause Trustee to sell the collateral under the power of sale granted by this trust deed in the manner permitted by applicable law. Trustee may postpone any sale by public announcement at the time and place noticed for the sale, as allowed by applicable law. Upon any sale, Trustee will execute and deliver to the purchaser or purchasers a deed or deeds conveying the collateral sold, but without any covenant or warranty, express or implied, and the recitals in Trustee's deed showing that the sale was conducted in compliance with all the requirements of law will be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrancers for value.
- (g) In the event of any judicial or nonjudicial foreclosure sale, Lender in its discretion may use a single notice covering both real estate and personal property, designate the order of sale, and may elect to sell the real estate and personal property as an integrated unit or separately. Any person permitted by law to do so may purchase at any sale.
 - (i) Subject to the provisions of applicable law, the proceeds of any sale under this trust deed will be applied first to payment of costs and expenses, then to payment of security protection advances, then to payment of the other secured obligations (which includes any applicable prepayment premium or fee) in any order that Lender chooses, and then to any other person or persons who may establish to the satisfaction of Lender that they are legally entitled to it.
 - (ii) Borrower waives all rights to direct the order and/or combinations in which any of the collateral will be sold, and also any right to have any of the collateral marshaled upon any sale. Borrower acknowledges that there is no fiduciary relationship between Borrower and Trustee or between Borrower and Lender.
- (h) Repossession of the collateral, acceptance of partial payments, and/or collection of cash collateral will not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to any notice of default or notice of sale.
- (i) Lender will have the prerogative of foreclosing this trust deed without foreclosing or otherwise impairing the rights and duties of any tenant or tenants of the collateral whether or not the interest of such tenant has been subordinated to this trust deed.
- (j) With respect to any items of the collateral that constitute personal property or fixtures, this trust deed is a security agreement and a fixture financing statement under Article 9 of the Uniform Commercial Code ("UCC"). Lender will have all right

and remedies provided by the UCC upon Borrower's default, including, without limitation, the rights to (i) repossess collateral, (ii) receive rents, account payments, and other cash collateral directly from the third-party obligors, and (iii) cause collateral items to be sold by Trustee as the agent of Lender under the power of sale granted by this trust deed, and provided by law. In exercising its rights and remedies, Lender may proceed against the items of real estate and personal property collateral separately or together and in any order whatsoever, without in any way affecting the availability of Lender's remedies. Upon demand by Lender following an event of default hereunder, Borrower will assemble any items of personal property collateral and make it available to Lender at a location which is reasonably convenient to both parties. Lender will give Borrower at least 10 days prior written notice of the time and place of any public sale or other disposition of such collateral, or of the time any private sale or any other intended disposition is to be made. Any person permitted by law to purchase at any such sale may do so. Such collateral may be sold at any one or more public or private sales as permitted by applicable law. All expenses incurred in disposing of the collateral will be reimbursed by Borrower.

- (k) To the full extent permitted by law, every right, prerogative, and remedy provided in this trust deed is distinct and cumulative to all other rights, prerogatives, and remedies provided in this trust deed or afforded by law or equity or any other agreement between Lender and Borrowers, and may be exercised concurrently, independently, or successively, in any order whatsoever. Lender may exercise any of its rights and remedies at its option without regard to the adequacy of its security. Election by Lender to pursue one right, prerogative, or remedy will not exclude resort to any other right, prerogative, or remedy. An election to make expenditures or to take action to perform an obligation of Borrower under this trust deed after failure of Borrower to perform will not prejudice Lender's right to declare a default nor constitute a waiver of the breached term or of any of the remedies provided in this section.
- (l) While nonjudicial foreclosure of this trust deed generally will prohibit Lender from bringing any further or other action or proceeding against Borrower or any guarantor on the debts included in the secured obligations other than actions judicially or nonjudicially foreclosing other consensual or nonconsensual security interests or liens, *Borrower will be personally liable to Lender, notwithstanding such foreclosure, for (i) any rents or other cash collateral that Borrower fails to apply to operating costs and expenses (including payment of taxes and insurance premiums) or to turn over to Lender or the receiver after acceleration of the due date of the secured obligations, (ii) the reasonable value of any improvements and equipment that are damaged or destroyed if Borrower has failed to procure and maintain the insurance coverage required by this trust deed, and (iii) any claims that arise from or relate to Borrower's failure to comply with laws, regulations, and orders regarding hazardous materials and disabled access.*

9. Miscellaneous

- (a) If the real estate is located in more than one county, duplicate originals of this trust deed may be recorded in both counties contemporaneously but each such recorded original is only a counterpart of one document and not a different document.
- (b) Upon payment and performance of the secured obligations, Lender will request Trustee to reconvey the collateral and will surrender to Trustee the note and this trust deed. Trustee will reconvey the collateral and surrender the note without covenant or warranty to Borrower or to such other person or persons legally entitled thereto. Borrower or such other person or persons will pay Trustee's costs and expenses incurred in so reconveying the collateral.
- (c) From time to time, upon request of Lender, Borrower will execute any modifications, security agreements, assignments for security purposes, financing statements, and other documents, in form and substance satisfactory to Lender, as Lender may request in order to perfect, preserve, continue, extend, or maintain the lien and security interest created by this trust deed, and the priority thereof. Borrower will pay to Lender upon request therefor all reasonable costs and expenses incurred in connection with the preparation, execution, recording, and filing of this trust deed and any such additional document. Borrower appoints Lender as Borrower's attorney-in-fact and agent to execute, record, and file such documents if, and only if, Borrower refuses to do so within a reasonable period of time.
- (d) Any forbearance by Lender in exercising any right or remedy hereunder or otherwise afforded by applicable law will not be a waiver of or preclude the exercise of any other right or remedy, and no waiver by Lender of any particular default by Borrower will constitute a waiver of any other default or of any similar default in the future. Without limiting the generality of the foregoing, the acceptance by Lender of payment after the due date thereof will not be a waiver of Lender's right either to require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment in the future. The procurement of insurance or the payment of taxes or other liens or charges by Lender will not be a waiver of Lender's right to accelerate the due date of the secured obligations, nor will Lender's receipt of any condemnation or insurance proceeds operate to cure or waive Borrower's default in payment of sums secured by this trust deed.
- (e) This trust deed can be modified only by a written agreement signed by the parties and recorded in the records of the county and state in which the collateral is located.
- (f) This trust deed will be governed by Oregon law.
- (g) The captions and headings of this trust deed are for convenience only and will not be used to interpret or define the provisions hereof. All exhibits referred to in and attached to this trust deed are incorporated herein by reference.

- (h) This trust deed will bind and inure to the benefit of the parties hereto and their respective successors and assigns.
- (i) In exercising any rights hereunder or taking actions provided for herein, Lender and Trustee may act through their respective employees, agents, or independent contractors as authorized by Lender and Trustee.
- (j) This trust deed will be construed so that wherever applicable the use of the singular number will include the plural number, and vice versa, and the use of any gender will be applicable to all genders.
- (k) Time is of the essence in connection with payment and performance of the secured obligations.

10. Statutory Warnings. The following warnings are given pursuant to Oregon law:

- (a) Unless Borrower provides Lender with evidence of the insurance coverage that is required by this trust deed, Lender may purchase such insurance to protect Lender's interest. Such insurance may, but need not, also protect Borrower's interest. If the collateral becomes damaged, the insurance purchased by Lender may not pay any claim Borrower may make or any claim made against Borrower.

Borrower will be solely responsible for the cost of the insurance purchased by Lender and such cost may be added by Lender to the principal balance of the secured note without any prior request for reimbursement of such amount. When added to the principal balance of the secured note, interest will accrue and be payable thereon. The effective date of coverage may be the date when Borrower's coverage lapsed or Borrower fails to provide proof of coverage.

The cost of the insurance purchased by Lender may be considerably more expensive than the insurance coverage that Borrower can obtain and such insurance coverage may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

Borrower may require Lender to cancel Lender's insurance by providing evidence that Borrower has obtained the required insurance coverage elsewhere.

Neither Trustee nor Lender has any duty to Borrower, a guarantor, or anyone else to obtain insurance coverage if Borrower fails to do so. It is agreed that the risk of an uninsured loss is allocated to Borrower and such loss will not reduce or otherwise affect Borrower's liability for payment of the entire balance of the note secured by this trust deed.

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- (b) Under Oregon law, most agreements, promises and commitments made by a financial institution concerning loans and other credit extensions which are not for personal, family or household purposes or secured solely by Borrower's principal residence must be in writing, express consideration and be signed by the financial institution to be enforceable.

Thompson-Jackson Limited Partnership

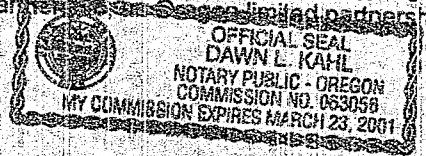
By: Kelly E. Thompson
NAME:
TITLE: General Partner

By: Mary Y. Jackson
Name:
Title: General Partner

State of Oregon
County of Klamath

)
) ss.
)

The foregoing instrument was acknowledged before me on August 14th, 1997, by Kelly E. Thompson, a general partner of Thompson-Jackson Limited Partnership, Oregon limited partnership.



Dawn L. Kahl
Notary Public for Oregon
My commission expires: 3/23/2001

Exhibit A to Trust Deed

Permitted Exceptions (section 3 of the trust deed):

The current portion of real estate taxes and assessments.

The rights of the public and government agencies in any part of the property dedicated to or taken for public roads and streets.

Covenants, conditions, restrictions, and easements of record as of the date of the trust deed that do not have a material adverse impact on the value or utility of the real estate taken as a whole.

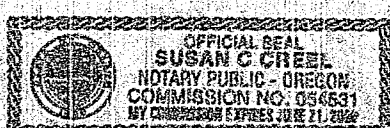
STATE OF OREGON

County of LINN } ss.

BE IT REMEMBERED, That on this 18 day of August, 19 97, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named MARY Y. JACKSON, GENERAL PARTNER

known to me to be the identical individual described in and who executed the within instrument and acknowledged to me that SHE executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.



Susan C. Creel
My Commission expires _____

Notary Public for Oregon.

STATE OF OREGON, COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Co. the 19th day of August, A.D., 19 97 at 3:00 o'clock P. M., and duly recorded in Vol. M97 of Mortgages on Page 27194.

FEE \$85.00

By Bernetha G. Letsch, County Clerk
Bernetha G. Letsch