TRUST

PARADISE HILL DEVELOPMENT, L.L.C.

PO BOX 223

KLAMATH FALLS, OR 97601

Grantor
O'CONNOR LIVESTOCK COMPANY & DANOC CORP.

Beneficiary

After recording return to:

ESCROW NO. MT36748-PS

AMERITITLE
222 S. 6TH STREET

KLAMATH FALLS, OR 97601

1 MTC 36748-PS

THIS TRUST DEED, made on September 9, 1997, between

PARADISE HILL DEVELOPMENT, L.L.C., as Grantor,

AMERITITLE, as Trustee, and

O'CONNOR LIVESTOCK COMPANY, AN OREGON CORPORATION AS TO AN UNDIVIDED 1/2

INTEREST, AND DANOC CORPORATION, AN OREGON CORPORATION AS TO AN UNDIVIDED 1/2

INTEREST, as Beneficiary,

WITNESSETH:

Grantor irrevocably grants, bargains, sells and conveys to trustee in trust, with of sale, the property in KLAMATH County, Oregon, described as:
SEE EXHIBIT A WHICH IS MADE A PART HEREOF BY THIS REFERENCE

SEE SPECIAL TERMS ON EXHIBIT B WHICH IS MADE A PART HEREOF BY THIS REFERENCE.

together with all and singluar the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in anywise now or hereafter appertaining, and the rents, issues and profits thereof and all fixtures now or hereafter attached to or used in connection

together with all and singluar the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in anywise now or hereafter appertaning, and the rents, issues and profits thereof and all fixtures now or hereafter attached to or used in connection with the property.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of \*\*FIVE HUNDRED FIVE THOUSAND FIVE HUNDRED\*\* Dollars, with interest thereon according to the terms of a promissory note of even date berewith, payable to beneficiary or order and made payable by grantor, the final payment of principal and interest hereof, if not sooner paid, to be due and payable Cooker 10 2012

The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of said note becomes due and payable. In the event the will and acarbied property, or any part thereof, or any interest therein is sold, agreed to be comes due and payable. In the event the will and acarbied property or any part thereof, or any interest therein is sold, agreed to be retern, shall become immediately due and payable.

To protect the security of this trust deed, grantor agrees:

1. To protect the security of this trust deed, grantor agrees:

2. To complete or restore promptly and in good workmalike manner any building or improvement thereori, not to commit or permit any waste of said property.

2. To complete or restore promptly and in good workmalike manner any building or improvement which may be constructed, damaged or destroyed thereon, and pay when due all costs incurred therefor.

3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property; if the beneficiary so requests, to join an executing such financing statements pursuant to the Uniform Commercial Code as the beneficiary may require and to pay for filing same in the proper public office or offices, as well as the cost of all lien secrets and by filing officers or

8. In the event that any portion or all of said property shall be taken under the right of eminent domain or condemnation, beneficiary shall have the right, if it so elects, to require that all or any portion of the monies payable as compensation for such taking, which are

NOTE: The Trust Deed Act provides that the Trustee hereunder must be either an attorney, who is an active member of the Oregon State Bar, a bank, trust company, or savings and loan association authorized to do business under the laws of Oregon or the United States, a title insurance company authorized to insure title to real property of this state, its subsidiaries, affiliates, agents or branches, the United States or any agency thereof, or an escrow agent licensed under ORS 696.505 to 696.585.

in excess of the amount required to pay all reasonable costs, expenses and attorney's fees necessarily paid or incurred by greator in each proceedings, shall be paid to beneficiary and applied by it first upon any such reasonable costs and expenses and attorney's fees both in the trial and applielate courts, necessarily paid or incurred by beneficiary in such proceedings, and the balance applied topon the indebtedness secured hereby; and grantor agrees, at its own expense, to take such actions and execute such instruments as shall be necessary in obtaining such compensation, promptly upon beneficiary's request.

9. At any time and from time to time upon written request of beneficiary, payment of its fees and presentation of this deed and the necessary in obtaining such conveyances, for cancellation), without affecting the liability of any person for the payment of the indebtedness, trustee may (a) consent to the making of any map or plat of said property; (b) join in granting any essement or recalling any restriction thereon; (c) join in any subordination or other agreement affecting this deed or the lien or charge thereof; operating any restriction thereon; (c) join in any subordination or other agreement affecting this deed or the lien or charge thereof; operating any expensive proof of the truthfulness thereof. Trustee's fees for any of the services mercials therein of any matters or facts shall be conclusive proof of the truthfulness thereof. In the second property of the property of the property of any part thereof, and the property of any part thereof, in its own name such or otherwise collect of the rents, issues and profits, or the payment and observable of the property, and the application or release thereof as thoreoff, and the property of the property of the property, and the application or release thereoff and other insurance polices or compensation or awards for any taking or damage of the property, and the application or release thereoff and other insurance polices or compensation or awards for an

section by the turst used, (3) to an personal naving reconstruction of the uniterest of the function of their priority and (4) the surplus, if any, to the granter or to his successor in interest entitled to such surplus.

16. Beneficiary may from time to time appoint a successor or successors to any trustee named herein or o any successor trustee appointed hereunder. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers and duties conferred upon any trustee herein named or appointed hereunder. Each such appointment and substitution shall be made by written instrument executed by beneficiary, which, when recorded in the mortgage records of the county or counties in which the property is situated, shall be conclus we proof of proper appointment of the successor trustee.

17. Trustee accepts this trust when this deed, duly executed and acknowledged is made a public record as provided by law. Trustee is not obligated to notify any party unless such action or proceeding is brought by trustee.

The grantor covenants and agrees to and with the beneficiary and the beneficiary's successor in interest that the grantor is lawfully seized in fee simple of the real property and has a valid, unencumbered title thereto and that the grantor will warrant and forever defined the same against all persons whomsoever.

WARNING: Unless grantor provides beneficiary with evidence of insurance coverage as required by the contract or loan agreement between them, beneficiary may purchase insurance at grantor's expense to protect beneficiary's interest. This insurance may, but need not, also protect grantor's interest. If the collateral becomes the medicary's interest. This pendiciary may not pay any claim made by or against grantor is responsible for the cost of any insurance coverage purchased by beneficiary, which cost may be added to grantor's ontract or loan balance. If it is so added, the interest rate on the undergrantor failed to provide proof of coverage. The cov

PARADISE HILL DEVELOPMENT, L.L.C.  By:	-
L. Frank Goodson, Member	
STATE OF Oregon, County of Klamath )ss. By: Week Bleed	
This instrument was acknowledged before me on Mark Wendt, Member PANNADANNE HOLDEN DENNE CONTROL CONTR	r
My Commission Expires	
Notary Public for	-

## LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OFOregon			
COUNTY OF KLAMATH	) ss )		
On this 9th day of Septem undersigned Notary Public, personal L. Frank Goodson and Mark Wendt of and known to me to be members or de liability company that executed this instrument to be the free and volum company, by authority of statute, is operating agreement, for the uses an oath stated that they are authorized fact executed this instrument on below the state of	on behalf of Pasignated agent signated agent as instrument, tary act of the sarticles of the depurposes the	of the lim: and acknowle e limited li organizatio erein mentic	Development, L.L.C. ited edge this ability on or its
Notary Public in and for the State of			1
My commission expires:	2000	Oregon	
		HOTA	CIAL SEAT A SPENCER PUBLIC-OREGON SION NO.054363 EXPIRES AUG 16, 2000

REQUEST: F	OR FULL RECONVEYA	NCE (To be used only when obligations ha	<b>29692</b> Ve been paid)
The undersigned is the legal deed have been fully paid and trust deed or pursuant to statut together with the trust deed) a held by you under the same.	owner and holder of all in- satisfied. You hereby are dete, to cancel all evidences of nd to reconvey, without wa Mail reconveyance and docu	debtedness secured by the foregoing trust dedirected, on payment to you of any sums of indebtedness secured by the trust deed (wrranty, to the parties designated by the terments to:	red. All sums secured by the trust wing to you under the terms of the hich are delivered to you herewith ms of the trust deed the estate now
DATED:	10		
Do not lose or destroy this Tru Both must be delivered to the t reconveyance will be made.			

### EXHIBIT "A" LEGAL DESCRIPTION

#### PARCEL 1:

The NE1/4 SE1/4; SE1/4SW1/4; S1/2 SE1/4; and that portion of Government Lots 4 and 5 lying Southerly and Easterly of the County Road formerly the Dalles-California Highway of Section 31, Township 37 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

That portion of Government Lots 1 and 2 lying East of the State Highway as described in Deed Volume 138 page 81 of Section 1, Township 38 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, SAVING AND EXCEPTING THEREFROM any portion of Upper Lake Garden Tracts, as same is now platted that may lie in said Government Lot 2.

The W1/2 NW1/4 of Section 8, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

The NE1/4 SW1/4 NW1/4; S1/2 SW1/4 NW1/4; N1/2 NW1/4 SW1/4; S1/2 SW1/4 NW1/4 SW1/4; SE1/4 NW1/4 SW1/4 and the SW1/4 SW1/4 all in Section 5, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

The NE1/4; NW1/4; N1/2 SE1/4; SE1/4 SE1/4, NE1/4 SW1/4 and that portion of Government Lot 1 lying Northeasterly of the County Road, formerly the Dailes-California Highway of Section 6, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon. SAVING AND EXCEPTING that portion conveyed to C.N. Hurtgen by deed executed on November 8, 1943, recorded December 20, 1943, Deed Volume 160 at page 527.

#### PARCEL 2:

A portion of Government Lot 2 of Section 31, Township 37 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a point on the East-West center line 1,320.33 feet West of the quarter corner common to Sections 31 and 32, Township 37 South, Range 9 East of the Willamette Meridian, and running thence North 89 degrees 49' West along said center line a distance of 124.22 feet to a point; thence North 1 degree 10' East along the present fence a distance of 1,322.2 feet to a point; thence South 89 degrees 49' East a distance of 141.54 feet to a point; thence South 1 degree 55' West a distance of 1,322.6 feet to the point of beginning.

#### EXHIBIT "B"

It is further mutually agreed and understood that, so long as no default exists in the payment of any of the installments of principal and interest, the Beneficiary hereunder shall, upon application by the Grantor hereunder, authorize the herein named Trustee to execute partial reconveyance of the lands hereby encumbered under the following terms and conditions:

- The cash release price shall be \$675.00 per acre.
- II. Any payments so made in cash shall be applied first to interest then to the reduction of the principal balance then due on said Note.
- III. No releases shall be given at any time which will deprive the remaining lands encumbered hereunder of adequate access in accordance with County requirements as to width, grade and location, to a public road and to public utilities.
- IV. In the event surveys of the lands to be released shall be required said survey shall be made at the expense of the Grantor hereunder.
- In the event Grantor hereunder desires to sell parcels of the lands v. encumbered as security hereunder, and further if Grantor in said event wishes to accept a Promissory Note from purchasers secured by a first Deed of Trust to Grantor therefore on the land or portions thereof being sold, the Beneficiary agrees that upon request of Grantor, the Beneficiary will authorize a partial reconveyance of the encumbered property to Grantor and accept assignment from Grantor of the Note or Notes and first Deed of Trust or first Deeds of Trust of his purchaser on subject property. Likewise, Beneficiary agrees to authorize partial reconveyance and accept assignment of a Note or Notes secured by a first Deed of Trust or first Deeds of Trust from subsequent purchasers of portions or all of subject real property where same are assignable to Grantor and Grantor agrees to concurrently with said reconveyance assign same to Beneficiary. The following terms and conditions shall apply in said event.
  - A. The purchase money Note or Notes and Deed of Trust or Deeds of Trust to be assigned to Grantor hereunder are assigned by Grantor to Beneficiary as collateral for the Promissory Note of Grantor hereunder, concurrent with recording of said partial reconveyance, to the Beneficiary hereunder for the purpose of additional securing repayment of the said Note hereby secured.
  - B. A collection account shall be established with AmeriTitle, 222 South 6th Street, Klamath Falls, Oregon 97601, for the Note together with Deed of Trust issued by Grantor to Beneficiary hereunder, that said account shall hold said Note and payments received thereon shall be disbursed as follows:
    - 1. First to payment to the Beneficiary for application to any then due annual or monthly payment under the original Note.
    - Secondly to the Grantor hereunder, any remaining excess over the payment applications specified in Item #1 above.
  - C. Other secured Notes assigned to Beneficiary as collateral shall also be set up in separate collection escrow accounts at AmeriTitle, 222 South 6th Street, Klamath Falls, OR 97601, and shall be disbursed as follows:
    - Firstly to payment to the Beneficiary for application to any then due annual or monthly payment under the original Note.
    - 2. Any excess to Grantor.

# EXHIBIT "B" (continued)

- VI. All such collaterally assigned Promissory Notes must comply with the following minimum standards:
  - A. All such collaterally assigned Deeds of Trust shall be insured by a Policy of Title Insurance issued by a Title Company doing business in the County of Klamath, which said Policy of Insurance shall insure to and run with the benefit of the Beneficiaries herein.
  - B. All such collaterally assigned Promissory Notes shall be in an amount of not less than \$675.00 for each said acre to be released or portion thereof.
  - C. All such collaterally assigned Promissory Notes shall bear interest at the rate of not less than eight and one half percent (8.5%) per annum with principal and interest payable in installments of an annual frequency or monthly frequency. Such notes shall have a term not to exceed 15 years.
  - D. All such Promissory Notes and Deeds of Trust shall be collaterally assigned only and shall not be direct assignments.
- VII. Grantor-Promissor of the Master Deed of Trust shall pay all expenses and charges relating to the creation, collection and disbursements of the collaterally assigned Notes.
- VIII. If any of the Notes securing the Deeds of Trust assigned or reassigned as collateral security, as herein above provided, become in default for any reason, including non-payment of taxes and insurance and installments of principal and interest, Grantor-Promissor under Master Deed of Trust shall, at his sole cost and expense, take all legal steps necessary to foreclose the same. In the event such foreclosure proceeds to a foreclosure sale and said Grantor becomes the purchaser, said Grantor agrees that the property foreclosed shall again automatically become encumbered by the herein Deed of Trust, and that upon a re-sale of said parcel, any note and Deed of Trust resulting from such sale shall become subject to the provisions of this release
- IX. Such collateral assignments shall be for the sole purpose of securing payment of the Promissory Note hereby secured, and when the note hereby secured has been paid in full, the Beneficiary hereunder will reassign to the Grantor hereunder all Notes and Deeds of Trust held as collateral for security for the purpose herein above stated.

STATE OF OREGON: COUNTY OF KI AMATH.

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	ř	of <u>Mortgages</u>	o	n Page <u>29689</u>		
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