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## TRUST DEED

THIS TRUST DEED is made as of the 10th day of June, 1998, by and between Rex Ervin and Beverly Ervin, husband and wife, ("Grantor"), 110 North Sixth Street, Suite 202, Klamath Falls, Oregon and ~~AMERICAN EXCHANGE SERVICES, INC., an Oregon corporation~~, ("Beneficiary"), 1501 E. McAdams, Medford, OR 97501 and AmeriTitle, ("Trustee"), 222 South Sixth Street, Klamath Falls, Oregon. JRE  
BAC

WHEREAS, Beneficiary has offered to make a loan to Grantor in the sum of \$40,704.70, which loan is to be evidenced by a Promissory Note of even date herewith. A copy is attached hereto, marked Exhibit "B" and incorporated herein by reference. (The Promissory Note as modified, supplemented, extended, renewed, or replaced from time to time is referred to below as the "Note"); and

WHEREAS, as a condition to the making of the loan to Grantor, Beneficiary has required, and Grantor has agreed to execute and deliver, this Trust Deed.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and for the purpose of securing the Obligations described herein, Grantor irrevocably grants, bargains, sells, conveys, assigns, and transfers to Trustee in trust for the benefit and security of the Beneficiary, with power of sale and right of entry and possession, all of Grantor's right, title, and interest in and to the real property located in Klamath County, state of Oregon, and more particularly described in Exhibit A attached hereto and incorporated herein (the "Property");

TOGETHER WITH all interests, estates, and rights that Grantor now has or may acquire in (1) the Property; (2) any and all options, agreements, and contracts for the purchase or sale of all or any part or parts of the Property or interests in the Property; (3) all easements, rights-of-way, and rights used in connection with the Property or as a means of access to the Property; and (4) all tenements, hereditaments, and appurtenances in any manner belonging, relating, or appertaining to the Property; and

TOGETHER WITH any and all mineral, oil and gas rights, air rights, development rights, water rights, water stock, and water service contracts, drainage rights, zoning rights, and other similar rights or interests that benefit or are appurtenant to the Property or the Improvements or both, and any of their proceeds.

All of the above is sometimes referred to below as the "Trust Property."

TO HAVE AND TO HOLD the Trust Property to Trustee and its successors and assigns for the benefit of Beneficiary and its successors and assigns, forever.

PROVIDED ALWAYS, that if all the Obligations provided herein shall be paid, performed, and satisfied in full, then the lien and estate granted by this Trust Deed shall be reconveyed.

TO PROTECT THE SECURITY OF THIS TRUST DEED, GRANTOR HEREBY COVENANTS AND AGREES AS FOLLOWS:

## ARTICLE I

## Particular Covenants and Warranties of Grantor

1.01 **Obligations Secured.** This Trust Deed secures the following, collectively referred to as the "Obligations":

- (1) The payment of all indebtedness, including principal and interest, and the performance of all covenants and obligations of Grantor, under the Note, whether such payment and performance is now due or

Upon recording return to:  
Thomas Adair Moore & Vivian M. Moore  
8333 Hwy 140 East  
Klamath Falls, OR 97603

becomes due in the future;

(2) The payment and performance of all covenants and obligations in this Trust Deed.

**1.02 Property.** Grantor warrants that they hold good and merchantable title to the Property and the Improvements, free and clear of all liens, encumbrances, reservations, restrictions, easements, and adverse claims except those specifically listed in Exhibit A.

(1) Grantor covenants that it shall forever defend Beneficiary's and Trustee's rights under this Trust Deed against the adverse claims and demands of all persons.

**1.03 Further Assurances; Filing; Refiling; Etc.**

(1) Grantor shall execute, acknowledge, and deliver, from time to time, such further instruments as Beneficiary or Trustee may require to accomplish the purposes of this Trust Deed.

(2) Grantor, immediately upon the execution and delivery of this Trust Deed, and thereafter from time to time, shall cause this Trust Deed, to be recorded and re-recorded in such manner and in such places as may be required by any present or future law in order to perfect, and continue perfected, the lien and estate of this Trust Deed.

(3) Grantor shall pay all filing and recording fees, and all expenses incident to the execution, filing, recording, and acknowledgment of this Trust Deed; and all federal, state, county, and municipal taxes, assessments and charges arising out of or in connection with the execution, delivery, filing, and recording of this Trust Deed, any supplemental security agreement, mortgage, or deed of trust and any instrument of further assurance.

**1.04 Compliance with Laws.** Grantor further represents, warrants, and covenants that Grantor and its operations upon the Property currently comply, and will hereafter comply in all material respects with all applicable Laws and Covenants. Grantor shall hold Beneficiary, agents, successors, and assigns, harmless from, indemnify them for, and defend them against any and all losses, damages, liens, costs, expenses, and liabilities directly or indirectly arising out of or attributable to any violation of any Environmental Law, or the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal, or presence of a Hazardous Substance on, under, or about the Property, including without limitation the costs of any required repair, cleanup, containment, or detoxification of the Property, the preparation and implementation of any closure, remedial or other required plans, attorney fees and costs (including but not limited to those incurred in any proceeding and in any review or appeal), fees, penalties, and fines.

**1.05 Maintenance and Improvements.** Grantor shall not permit all or any part of the Improvements to be removed, demolished, or materially altered without Beneficiary's prior written consent; provided, however, that Grantor may remove, demolish, or materially alter such Improvements as become obsolete in the usual conduct of Grantor's business, if the removal or material alteration does not materially detract from the operation of the Grantor's business and if all Improvements that are demolished or removed are promptly replaced with Improvements of like value and quality. Grantor shall maintain every portion of the Property and Improvements in good repair, working order, and condition, except for reasonable wear and tear. Grantor shall not commit, permit, or suffer any waste, strip, or deterioration of the Trust Property.

**1.06 Liens.** Grantor shall pay when due all claims for labor, materials, or supplies that if unpaid might become a lien on all or any portion of the Trust Property. Grantor shall not create, or suffer, or permit to be created, any mortgage, deed of trust, lien, security interest, charge, or encumbrance upon the Trust Property prior to, on a parity with, the lien of this Trust Deed.

**1.07 Impositions**

(1) Grantor shall pay or cause to be paid, when due and before any fine, penalty, interest, or cost attaches, all taxes, assessments, fees, levies, and all other governmental and nongovernmental charges of every nature



now or hereafter assessed or levied against any part of the Trust Property (including, without limitation, levies or charges resulting from Covenants), or on the lien or estate of Beneficiary or Trustee (collectively, the "Impositions"); provided, however, that if by law any such Imposition may be paid in installments, whether or not interest shall accrue on the unpaid balance, Grantor may pay the same in installments, together with accrued interest on the unpaid balance, as the same become due, before any fine, penalty, or cost attaches.

(2) Grantor may, at its expense and after prior notice to Beneficiary, contest by appropriate legal, administrative, or other proceedings conducted in good faith and with due diligence, the amount, validity, or application, in whole or in part, of any Imposition or lien on the Trust Property or any claim of any laborer, materialman, supplier, or vendor or lien, and may withhold payment of the same pending completion of such proceedings if permitted by law, provided that (a) such proceedings shall suspend collection from the Trust Property; (b) no part of or interest in the Trust Property will be sold, forfeited, or lost if Grantor pays the amount or satisfies the condition being contested, and Grantor would have the opportunity to do so in the event of Grantor's failure to prevail in the contest; (c) neither Beneficiary nor Trustee shall, by virtue of such permitted contest, be exposed to any risk of liability for which Grantor has not furnished additional security as provided in clause (d) below; and (d) Grantor shall have furnished to Beneficiary cash, corporate surety bond, or other additional security in respect of the claim being contested or the loss or damage that may result from Grantor's failure to prevail in such contest in an amount sufficient to discharge the Imposition and all interest, costs, attorney fees, and other charges that may accrue in connection with the Imposition. Grantor shall promptly satisfy any final judgment.

(3) Grantor shall furnish to Beneficiary, promptly upon request, satisfactory evidence of the payment of all Impositions. Beneficiary is hereby authorized to request and receive from the responsible governmental and nongovernmental personnel written statements with respect to the accrual and payment of all Impositions.

#### 1.08 Insurance

(1) **Property and Other Insurance.** Grantor shall obtain and maintain in full force and effect during the term of this Trust Deed: comprehensive general liability insurance, including liabilities assumed under contract, with limits, coverages, and risks insured acceptable to Beneficiary, and in no event less than \$500,000.00 combined single limit coverage;

(2) **Insurance Companies and Policies.** All insurance shall be written by a company or companies reasonably acceptable to Beneficiary and shall contain a long form mortgagee clause in favor of Beneficiary with loss proceeds under any policy payable to Beneficiary, subject to the terms of this Trust Deed and the rights of any superior mortgagee or trust deed beneficiary or as provided in below: shall require 30 days' prior written notice to Beneficiary of cancellation or reduction in coverage; shall contain waivers of subrogation and endorsements that no act or negligence of Grantor or any occupant, and no occupancy or use of the Property for purposes more hazardous than permitted by the terms of the policy will affect the validity or enforceability of such insurance as against Beneficiary; shall be in full force and effect on the date of this Trust Deed; and shall be accompanied by proof of premiums paid for the current policy year. Beneficiary shall be named as additional insured on all liability policies. Grantor shall forward to Beneficiary, upon request, certificates evidencing the coverages required under this Trust Deed and copies of all policies.

1.09 **Assignments of Policies upon Foreclosure.** In the event of foreclosure of the lien of this Trust Deed or other transfer of title, or assignment of the Trust Property in whole or in part, all right, title, and interest of Grantor in and to all policies of insurance procured under Section 1.12 shall inure to the benefit of and pass to the successors in interest of Grantor or the purchaser or grantee of all or any part of the Trust Property.

## ARTICLE II Condemnation

### 2.01 Condemnation

(1) Should any part of or interest in the Trust Property be taken or damaged by reason of any public improvement, eminent domain, condemnation proceeding, or in any similar manner (a "Condemnation"), or should Grantor receive any notice or other information regarding such action, Grantor shall give immediate notice of such action to Beneficiary.

(2) Subject to the rights of any superior mortgagee or trust deed beneficiary as provided in Section 6.10 below, Beneficiary shall be entitled to all compensation, awards, and other payments or relief ("Condemnation Proceeds") up to the full amount of the Obligations, and shall be entitled, at its option, to commence, appear in, and prosecute any Condemnation proceeding in its own or Grantor's name and make any compromise or settlement in connection with such Condemnation. In the event the Trust Property is taken in its entirety by condemnation, all Obligations secured by this Trust Deed, at Beneficiary's election, shall become immediately due and collectible.

(3) Beneficiary may, at its sole option, apply the Condemnation Proceeds to the reduction of the Obligations in such order as Beneficiary may determine, or apply all or any portion of the Condemnation Proceeds to the cost of restoring and improving the remaining Trust Property. In the event that Beneficiary elects to apply the Condemnation Proceeds to restoration and improvement, the proceeds shall be held by Beneficiary and shall be released only upon such terms and conditions as Beneficiary shall require in its sole discretion, including but not limited to prior approval of plans and release of liens. No Condemnation Proceeds shall be released if Grantor is in default under this Trust Deed.

## ARTICLE III Events of Default; Remedies

### 3.01 Events of Default. Each of the following shall constitute an event of default under this Trust Deed:

(1) **Nonpayment.** Failure of Grantor to pay any of the Obligations within 10 days after written notice from Beneficiary of any such nonpayment.

(2) **Breach of Other Covenants.** Failure of Grantor to perform or abide by any other covenant included in the Obligations, including without limitation those covenants in the Note or in this Trust Deed.

(3) **Misinformation.** Falsity when made in any material respect of any representation, warranty, or information furnished by Grantor or its agents to Beneficiary in or in connection with any of the Obligations.

(4) **Other Default.** The occurrence of any other event of default under the Note or any of the other Obligations.

(5) **Bankruptcy.** The occurrence of any of the following with respect to Grantor, any guarantor of the Obligations, or the then-owner of the Trust Property: (a) appointment of a receiver, liquidator, or trustee for any such party or any of its properties; (b) adjudication as a bankrupt or insolvent; (c) filing of any petition by or against any such party under any state or federal bankruptcy, reorganization, moratorium or insolvency law; (d) institution of any proceeding for dissolution or liquidation; (e) inability to pay debts when due; (f) any general assignment for the benefit of creditors; or (g) abandonment of the Trust Property.



(8) **Transfer; Due-on-Sale; Due-on-Encumbrance.** Any sale, gift, conveyance, contract for conveyance, transfer, assignment, encumbrance, pledge, or grant of a security interest in all or any part of the Trust Property, or any interest therein, either voluntarily, involuntarily, or by the operation of law (a "Transfer"), without Beneficiary's prior written consent, shall constitute an event of default.

**3.02 Remedies in Case of Default.** If an Event of Default shall occur, Beneficiary or Trustee may exercise any one or more of the following rights and remedies, in addition to any other remedies that may be available by law, in equity, or otherwise:

(1) **Acceleration.** Beneficiary may declare all or any portion of the Obligations immediately due and payable.  
 (2) **Power of Sale.** Beneficiary may direct Trustee, and Trustee shall be empowered, to foreclose the Property by advertisement and sale under applicable law.

(3) **Foreclosure.** Beneficiary may judicially foreclose this Trust Deed and obtain a judgment foreclosing Grantor's interest in all or any part of the Property and giving Beneficiary the right to collect any deficiency remaining due after disposition of the Trust Property.

(4) **Abandonment.** Beneficiary may abandon all or any portion of the Trust Property by written notice to Grantor.

**3.03 Sale.** In any sale under this Trust Deed or pursuant to any judgment, the Trust Property, to the extent permitted by law, may be sold as an entirety or in one or more parcels and in such order as Beneficiary may elect, without regard to the right of Grantor, any person claiming under Grantor, or any guarantor or surety to the marshalling of assets. The purchaser at any such sale shall take title to the Trust Property or the part thereof so sold, free and clear of the estate of Grantor, the purchaser being hereby discharged from all liability to see to the application of the purchase money. Any person, including Beneficiary, its officers, agents, and employees, may purchase at any such sale. Beneficiary and each of its officers are irrevocably appointed Grantor's attorney-in-fact, with power of substitution, to make all appropriate transfers and deliveries of the Trust Property or any portions thereof so sold and, for that purpose, Beneficiary and its officers may execute all appropriate instruments of transfer. Nevertheless, Grantor shall ratify and confirm, or cause to be ratified and confirmed, any such sale or sales by executing and delivering, or by causing to be executed and delivered, to Beneficiary or to such purchaser or purchasers all such instruments as may be advisable, in the judgment of Beneficiary, for such purpose.

**3.04 Cumulative Remedies.** All remedies under this Trust Deed are cumulative and not exclusive. Any election to pursue one remedy shall not preclude the exercise of any other remedy. An election by Beneficiary to cure under Section 1.15 shall not constitute a waiver of the default or of any of the remedies provided in this Trust Deed. No delay or omission in exercising any right or remedy shall impair the full exercise of that or any other right or remedy or constitute a waiver of the default.

#### ARTICLE IV General Provisions

**4.01 Time is of the Essence.** Time is of the essence with respect to all covenants and obligations of Grantor under this Trust Deed.

**4.02 Reconveyance by Trustee.** At any time upon the request of Beneficiary, payment of Trustee's fees, if any, and presentation of this Trust Deed, without affecting liability of any persons for the payment of the Obligations, Trustee may reconvey, without warranty, all or any part of the Trust Property. The grantees in any reconveyance may be

described as the "person or persons legally entitled thereto," and the recitals therein of any facts shall be conclusive proof of the truthfulness thereof.

**4.03 Notice.** Except as otherwise provided in this Trust Deed, all notices pertaining to this Trust Deed shall be in writing and may be delivered by hand, or mailed by first class, registered, or certified mail, return-receipt requested, postage prepaid, and addressed to the appropriate party at its address set forth at the outset of this Trust Deed. Any party may change its address for such notices from time to time by notice to the other parties. Notices given by mail in accordance with this paragraph shall be deemed to have been given upon the date of mailing; notices given by hand shall be deemed to have been given when actually received.

**4.04 Substitute Trustee.** In the event of dissolution or resignation of Trustee, Beneficiary may substitute one or more trustees to execute the trust hereby created, and the new trustee(s) shall succeed to all the powers and duties of the prior trustee(s).

**4.05 Trust Deed Binding on Successors and Assigns.** This Trust Deed shall be binding upon and inure to the benefit of the successors and assigns of Grantor, Trustee, and Beneficiary. If the Trust Property or any portion thereof shall at any time be vested in any person other than Grantor, Beneficiary shall have the right to deal with such successor regarding this Trust Deed, the Trust Property, and the Obligations in such manner as Beneficiary deems appropriate in its sole discretion, without notice to or approval by Grantor and without impairing Grantor's liability for the Obligations.

**4.06 Indemnity.** Grantor shall hold Beneficiary and Trustee and their respective directors, officers, employees, agents, and attorneys, harmless from and indemnify them for any and all claims, demands, damages, liabilities, and expenses, including but not limited to attorney fees and court costs, arising out of or in connection with Trustee's or Beneficiary's interest under this Trust Deed, except Grantor shall not be liable for acts performed by Beneficiary or Trustee in violation of applicable law.

**4.07 Expenses and Attorney Fees.** If Beneficiary refers any of the Obligations to an attorney for collection or seeks legal advice following a default, if Beneficiary is the prevailing party in any litigation instituted in connection with any of the Obligations; or if Beneficiary or any other person initiates any judicial or nonjudicial action, suit, or proceeding in connection with any of the Obligations or the Trust Property (including but not limited to proceedings under federal bankruptcy law, eminent domain, under probate proceedings, or in connection with any state or federal tax lien), and an attorney is employed by Beneficiary to (1) appear in any such action, suit, or proceeding, or (2) reclaim, seek relief from a judicial or statutory stay, sequester, protect, preserve, or enforce Beneficiary's interests, then in any such event Grantor shall pay reasonable attorney fees, costs, and expenses incurred by Beneficiary or its attorney in connection with the above-mentioned events or any appeals related to such events, including but not limited to costs incurred in searching records, the cost of title reports, and the cost of surveyors' reports. Such amounts shall be secured by this Trust Deed and, if not paid upon demand, shall bear interest at the rate specified in the Note.

**4.08 Applicable Law.** The Trust Deed and the validity, interpretation, performance, and enforcement of the Trust Deed shall be governed by the laws of the state of Oregon.

**4.09 Captions.** The captions to the sections and paragraphs of this Trust Deed are included only for the convenience of the parties and shall not have the effect of defining, diminishing, or enlarging the rights of the parties or affecting the construction or interpretation of any portion of this Trust Deed.

**4.10 Rights of Prior Mortgagees.** In the event that all or any portion of the Trust Property is subject to a superior mortgage or trust deed specifically permitted under Exhibit "A", the rights of Beneficiary with respect to insurance



and condemnation proceeds, and all other rights granted under this Trust Deed that have also been granted to such a superior mortgagee or trust deed beneficiary, shall be subject to the rights of the superior mortgagee or trust deed beneficiary. Grantor hereby authorizes all such superior mortgagees and beneficiaries, on satisfaction of the indebtedness secured by their mortgage or trust deed, to remit all remaining insurance or Condemnation proceeds and all other sums held by them to Beneficiary to be applied in accordance with this Trust Deed.

**4.11 Person Defined.** As used in this Trust Deed, the word person shall mean any natural person, partnership, trust, corporation, or other legal entity of any nature.

**4.12 Severability.** If any provision of this Trust Deed shall be held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Trust Deed, and such other provisions shall be construed as if the invalid, illegal, or unenforceable provision had never been contained in the Trust Deed.

**4.13 Entire Agreement.** This Trust Deed contains the entire agreement of the parties with respect to the Trust Property. No prior agreement, statement, or promise made by any party to this Trust Deed that is not contained herein shall be binding or valid.

**4.14 Commercial Property.** Grantor covenants and warrants that the Property and Improvements are used by Grantor exclusively for business and commercial purposes.

GRANTOR

X

Rex Ervin

X

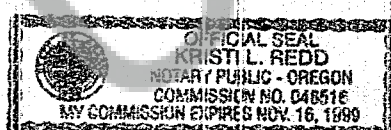
Beverly Ervin

STATE OF OREGON

County of Klamath

} ss.

On this 10<sup>th</sup> day of June, 1998, before me personally appeared Rex Ervin, and acknowledged the foregoing instrument to be the voluntary act and deed.



Notary Public for Oregon

My commission expires:

Kristi L. Redd  
11/16/99

20041

STATE OF OREGON

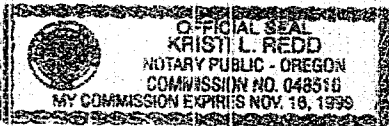
)

) ss.

County of Klamath

)

On this <sup>10<sup>th</sup></sup> day of June, 1998, before me personally appeared Beverly Ervin, and acknowledged the foregoing instrument to be the voluntary act and deed.



Notary Public for Oregon

My commission expires:

*Kristi L. Redd*  
*11/18/99*



## Exhibit A

Parcel 2 of Land Partition 18-92 as filed in the Klamath County Engineers Office and being situated in Section 16, Township 40 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

1. Taxes for the fiscal year 1997-1998, partially paid.  
 Account No: 4010-01600-00201      Key No: 875534  
 Original Amount: \$207.07      Code No. 168  
 Unpaid Balance: \$143.82 plus interest
2. Rights of the public in and to any portion of the herein described premises lying within the limits of streets, roads or highways.
3. The assessment roll and the tax roll disclose that the premises herein described have been specially assessed as Farm Use Land. If the land becomes disqualified for the special assessment under the statute, an additional tax may be levied; in addition thereto a penalty may be levied if notice of disqualification is not timely given.
4. The premises herein described are within and subject to the statutory powers, including the power of assessment, of Klamath Basin Irrigation District. (Affects the SW ¼ SW ¼)
5. Reservations, subject to the terms and provisions thereof, as contained in Deed from the State of Oregon to Scott W. McKendree dated July 26, 1944, recorded August 21, 1994 in Volume 168, page 121, Microfilm Records of Klamath County, Oregon.
6. Reservations, subject to the terms and provisions thereof, as contained in Deed dated May 10, 1946, in Volume 189, page 296, Deed Records of Klamath County, Oregon, reserving a power line easement along the Easterly line of the SW ¼ SW ¼, Section 16.
7. A 60' road easement as evidenced by partition 18-92 on file in the Klamath County Engineer's Office.
8. Restrictive Covenant for Quiet Enjoyment, subject to the terms and provisions thereof:  
 Recorded: April 30, 1992  
 Volume: M92, page 1400, Microfilm Records of Klamath County, Oregon
9. Agreement, subject to the terms and provisions thereof;  
 Dated: May 5, 1995  
 Recorded: May 15, 1995  
 Volume: M95, page 13042, Microfilm Records of Klamath County, Oregon  
 First Party: W. C. Ranch, Inc.  
 Second Party: Rex Ervin and Beverly Ervin  
 (Reference is made to the document for particulars.)
10. Trust Deed, subject to the terms and provisions thereof, given to secure an indebtedness with interest thereon and such future advances may be provided therein;  
 Dated: October 1, 1995  
 Recorded: June 3, 1998  
 Volume: M98, page 11344, Microfilm Records of Klamath County, Oregon  
 Amount: \$70,000.00  
 Grantor: Joseph E. Benson and Erin P. Benson  
 Trustees: AmenTitle  
 Beneficiary: Thomas Adair Moore and Vivian M. Moore  
 Which trust deed grantor hereunder agrees to assume and pay.

## INSTALLMENT NOTE

\$ 40,704.70 Klamath Falls, Oregon June 8, 1998

I (or if more than one maker) we, jointly and severally, promise to pay to the order of  
AMERICAN EXCHANGE SERVICES, INC., an Oregon corporation

at 1501 E. McAndrews Rd., Medford, OR 97501  
FORTY THOUSAND SEVEN HUNDRED FOUR AND 70/100 DOLLARS,

with interest thereon at the rate of 8.5 percent per annum from June 10, 1998 until paid,  
payable in monthly installments of not less than \$ 451.85 in any one payment; interest shall be paid  
monthly and ~~the minimum~~ <sup>is included in</sup> the minimum payments above required; the first payment to be made on  
June 10, 1998, and a like payment on the 10th day of each month

hereafter, until the whole sum, principal and interest has been paid; if any of said installments is not so paid, all  
principal and interest to become immediately due and collectible at the option of the holder of this note. If this note  
is placed in the hands of an attorney for collection, I/we promise and agree to pay holder's reasonable attorney's fees  
and collection costs, even though no suit or action is filed hereon; however, if a suit or an action is filed, the amount  
of such reasonable attorney's fees shall be fixed by the court, or courts in which the suit or action, including any appeal  
therein, is tried, heard or decided.

THERE WILL BE NO PREPAYMENT PENALTY.

THIS NOTE IS SECURED BY A SECOND DEED OF TRUST DATED JUNE 8, 1998 WHEREIN THE MAKERS  
ARE THE GRANTORS AND IS SUBJECT TO THE TERMS AND CONDITIONS OF SAID TRUST DEED.

/s/ REX ERVIN

REX ERVIN

/s/ BEVERLY ERVIN

BEVERLY ERVIN

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of AMERITITLE the 11TH day  
of JUNE A.D., 19 98 at 3:37 o'clock P. M., and duly recorded in Vol. M98  
of MORTGAGES on Page 20034

FEE \$50.00

Bernetha G. Letsch, County Clerk

By Daniel M. Mendenhall