

RECORDATION REQUESTED BY:

WHEN RECORDED MAIL TO:

Law Office of
J. Anthony Giacomini, PC
706 Main Street
Klamath Falls, Oregon 97601

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

TRUST DEED

TRUST DEED dated the last date set opposite the signatures of the Grantor among DONALD R. SCHWARTZ and JULIA D. SCHWARTZ, co-trustees of the "Schwartz Family Trust" (Grantor); PHILIP SCHUMAN FOUNDATION TRUST dated 4/10/59 (Creditor and sometimes Beneficiary); and AMERITITLE (Trustee).

CONVEYANCE AND GRANT. For valuable consideration, Grantor conveys to Trustee for the benefit of Creditor 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 utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the Real Property, including without limitation, unharvested timber located in Klamath County, State of Oregon (Real Property) more particularly described as follows:

PARCEL 1: The South half of the Southwest quarter and South half of Northeast quarter of Southwest quarter of Section 35, Township 35 South, Range 14 East of the Willamette Meridian, Klamath County, Oregon.

PARCEL 2: All of Section 2 in Township 36 South of Range 14 East of the Willamette Meridian, Klamath County, Oregon.

PARCEL 3: The SE $\frac{1}{4}$ of Section 35, Township 35 South, Range 14 East of the Willamette Meridian, Klamath County, Oregon.

SUBJECT TO:

1. 1998-1999 Klamath County Taxes and Assessments now a lien, but not yet payable which GRANTOR assumes and agrees to pay.
2. Terms and conditions of special assessment as farm use and the right of Klamath County, Oregon, to additional taxes, plus interest in the event said use should be changed which obligation GRANTOR assumes and agrees to pay and perform;
3. Rights of way of record and apparent thereon.

DEFINITIONS. The following words shall have the following meanings when used in this Trust Deed.

Agreement. The word "Agreement" means the promises, warranties, and covenants of Grantor set forth in this Trust Deed and any Related Documents.

Beneficiary and Creditor. The word "Beneficiary" and "Creditor" mean PHILIP SCHUMAN FOUNDATION TRUST dated 4/10/59, its successors and assigns.

Cost of Beneficiary's Right to Protect Security Interest Created by Trust Deed. Amounts expended by Beneficiary and/or Trustee to pay or discharge (all or in part) any taxes, assessments, liens, encumbrances, liens, or charges permitted by Grantor, together with interest at the rate of twenty (20%) percent per annum and Creditor's or Trustee's cost of appearing in or defending any action or proceeding at law, in equity, or in bankruptcy, affecting, in any way, Creditor's or Trustee's security hereof, including reasonable attorney fees and court costs, both at trial or on appeal.

Dollar Amounts. All references to dollar amounts shall mean amounts in lawful money of the United States of America.

Governmental Entity. The word "Governmental Entity" shall mean the United States of America, State thereof, or political subdivision of any State or any quasi-governmental entity, or any agency thereof, or any country other than the United States of America.

Grantor. The word "Grantor" means DONALD R. SCHWARTZ and JULIA D. SCHWARTZ, co-trustees of the "Schwartz Family Trust."

Improvements. The word "Improvements" means and includes without limitation all existing and future improvements, buildings, structures (irrigation or otherwise), affixed on the Real Property, including, without limitation, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal and interest payable under the Promissory Note and any amounts expended or advanced by Creditor to protect Beneficiary's security created by this Trust Deed, or expenses incurred by Trustee or Creditor to enforce obligations of Grantor under this Trust Deed, together with interest on such amounts as provided in this Trust Deed.

Promissory Note. The word "Promissory Note" means that certain promissory note in the face amount of \$150,000.00, plus seven and one-half (7½%) percent per annum simple interest on declining balances payable over a term of thirty (30) years in quarterly installments of not less than \$3,146.47, inclusive of interest, expressly stating it is secured by this Trust Deed.

Real Property. The words "Real Property" mean the Real Property, interests and rights described above in the "Conveyance and Grant" section.

Related Documents. The words "Related Documents" mean and include without limitation all promissory notes, mortgages, deeds of trust, and all other instruments, Agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness, including, without limiting the generality of the foregoing, all documents and/or instruments evidentiary or implemental; of or ancillary to this Agreement.

Trust Deed. The words "Trust Deed" mean this Trust Deed among Grantor, Creditor, and Trustee.

Trustee. The word "Trustee" means AmeriTitle, 522 Main Street, Klamath Falls, OR 97601, and any substitute or successor trustees.

Other Terms. Terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in ORS Chapter 86.

THIS TRUST DEED IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND (2) PERFORMANCE OF ANY AND ALL OBLIGATIONS OF GRANTOR UNDER THE PROMISSORY NOTE, THE RELATED DOCUMENTS, AND THIS TRUST DEED. THIS TRUST DEED IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Trust Deed, Grantor shall pay to Creditor all amounts secured by this Trust Deed as they become due; and shall strictly and in a timely manner perform all of Grantor's obligations under the Promissory Note, this Trust Deed, and the Related Documents.

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

Possession and Use. Grantor may (a) remain in possession and control of the Real Property, (b) use, operate or manage the Real Property, and (c) collect any Rents from the Real Property. The following provisions relate to the use of the Real Property or to other limitations on the Real Property. THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

Duty to Maintain. Grantor shall maintain the Real Property in tenable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Hazardous Substances. Grantor shall not, during the period of Grantor's ownership of the Real Property, generate, manufacture, store, treat, dispose, release, or threat release, of any hazardous waste or substance in or about any of the properties.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Real Property or any portion of the Real 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 Creditor.

Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property without the prior written consent of Creditor. As a condition to the removal of any Improvements, Creditor may require Grantor to make arrangements satisfactory to Creditor to replace such Improvements with Improvements of at least equal value.

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

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 Real 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 Creditor in writing prior to doing so and so long as, in Creditor's sole opinion, Creditor's interests in the Real Property are not jeopardized. Creditor may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Creditor, to protect Creditor's interest.

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

DUE ON SALE - CONSENT BY CREDITOR. Creditor may, at its option, declare immediately due and payable all sums secured by this Trust Deed upon the sale or transfer, without the Creditor'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 outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than

three (3) years, lease-option contract, mortgage, assignment, pledge, security interest in or any encumbrance of any kind or nature including, without limiting the generality of the term "sale or transfer," any lien by a third party. Additionally, if Debtor gives Creditor written notice of an outright sale, installment sale contract, land contract, or contract for deed, ninety (90) days prior to consummation of the sale Creditor may require Grantor to apply 90% of the net proceeds from such sale toward payment of the Indebtedness (both principal and interest) secured by this Trust Deed and Related Documents. The term "net proceeds" as used herein shall include both proceeds received by Grantor at the time of consummation of such sale and any installments received after such sale, less reasonable commissions, title insurance, and escrow fees incurred in any such sale. Creditor's failure to elect to require application of the net proceeds shall constitute a conclusive election not to require application of such net proceeds; PROVIDED, however, that any subsequent buyer shall be required to comply with this provision, and that an election not to require application of net proceeds from any such sale shall not be construed as constituting a waiver of this provision as to any subsequent buyer. In addition, any such sale shall personally obligate a subsequent buyer to Creditor without relieving Grantor of Grantor's obligations to Creditor evidenced and secured by the Promissory Note, Trust Deed, and Related Documents. A conveyance of the Real Property to a revocable trust shall not constitute a "sale or transfer" within the meaning of this provision.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Real Property are a part of this Trust Deed.

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including domestic water and sewer and irrigation water), fines and impositions levied against or on account of the Real Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Real Property. Grantor shall maintain the Real Property free of all liens having priority over or equal to the interest of Creditor under this Trust Deed, except for the lien of taxes and assessments not due and except as otherwise provided in this Trust Deed.

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 Creditor's interest in the Real Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien 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 Creditor, deposit with Creditor cash or a sufficient corporate surety bond or other security satisfactory to Creditor in an amount sufficient to discharge the lien plus any costs and attorneys' fees (at trial or on appeal) 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 Creditor and shall satisfy any adverse judgment before enforcement against the Real Property. Grantor shall name Creditor as an additional obligee under any surety bond furnished in the contest proceedings.

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

Notice of Construction. Grantor shall notify Creditor at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Real Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Creditor furnish to Creditor advance assurances satisfactory to Creditor that Grantor can and will pay the cost of such improvements.

EXPENDITURES BY CREDITOR. If Grantor fails to comply with any provision of this Trust Deed, or if any action or proceeding is commenced that would materially affect Creditor's interests in the Real Property, Creditor on Grantor's behalf may, but shall not be required to, take any action that Creditor deems appropriate. Any amount that Creditor expends in so doing will bear interest at the rate of twenty (20%) percent per annum from the date incurred or paid by Creditor to the date of repayment by Grantor. All such expenses, at Creditor's option, will (a) be payable on demand or (b) be added to the balance of the Promissory Note and be treated as part of the unpaid principal due and payable at the

Promissory Note's maturity. This Trust Deed 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 Creditor may be entitled on account of the default. Any such action by Creditor shall not be construed as curing the default so as to bar Creditor from any remedy that it otherwise would have had.

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

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Real Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Creditor in connection with this Trust Deed, and (b) Grantor has the full right, power, and authority to execute and deliver this Trust Deed to Creditor.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Real Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Creditor under this Trust Deed, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Creditor shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Creditor's own choice, and Grantor will deliver, or cause to be delivered, to Creditor such instruments as Creditor may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Real Property and Grantor's use of the Real Property will comply with all existing applicable laws, ordinances, and regulations of governmental authorities.

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

Application of Net Proceeds. If all or any part of the Real Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Creditor 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 Real Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Trustee or Creditor in connection with the condemnation.

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Creditor 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 Creditor 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 Creditor 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 Trust Deed:

Current Taxes, Fees and Charges. Upon request by Creditor, Grantor shall execute such documents in addition to this Trust Deed and take whatever other action is requested by Creditor to perfect and continue Creditor's lien on the Real Property. Grantor shall reimburse Creditor for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Trust Deed, including without limitation all taxes, fees, and other charges for recording or registering this Trust Deed.

Taxes. The following shall constitute taxes to which this section applies: (a) a specific tax upon this type of Trust Deed or upon all or any part of the Indebtedness secured by this Trust Deed; (b) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the Indebtedness secured by this type of Trust Deed; (c) a tax on this type of Trust Deed chargeable against the Creditor or the holder of the Promissory 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 Trust Deed, this event shall have the same effect as an Event of Default (as defined below), and Creditor may exercise any or all of its available remedies For an Event of Default as provided below unless Grantor either (a) pays the tax before it becomes delinquent, or (b) contests the tax as provided above in the Taxes and Liens section and deposits with Creditor cash or a sufficient corporate surety bond or other security satisfactory to Creditor.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Trust Deed.

Further Assurances. At any time, and from time to time, upon request of Creditor, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Creditor or to Creditor's designee, and when requested by Creditor, cause to be filed, recorded, refiled, or re-recorded, as the case may be, at such times and in such offices and places as Creditor may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Creditor, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (a) the obligations of Grantor under the Promissory Note, this Trust Deed, and the Related Documents, and (b) the liens and security interests created by this Trust Deed as first and prior liens on the Real Property and the Collateral, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or agreed to the contrary by Creditor in writing, Grantor shall reimburse Creditor 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, Creditor may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Creditor 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 Creditor's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Grantor pays all the Indebtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Trust Deed and Related Documents, Creditor shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file evidencing Creditor's security interest in the Real Property and the Collateral. Any reconveyance fee required by law shall be paid by Grantor, if permitted by applicable law.

DEFAULT. Each of the following, at the option of Creditor, shall constitute an event of default (Event of Default) under this Trust Deed:

Default on Indebtedness. Failure of Grantor to make any payment when due on the Indebtedness.

Default on Other Payments. Failure of Grantor within the time required by this Trust Deed to make any payment for taxes, or any other payment necessary to prevent filing of or to effect discharge of any lien.

Default in Favor of Third Parties. Should Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of the Real Property or Grantor's ability to repay the Indebtedness or perform Grantor's obligations under this Trust Deed or any of the Related Documents.

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

Insolvency. The insolvency of Grantor, the appointment of a receiver for any part of the Real Property, any assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Foreclosure, Forfeiture, etc. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any Governmental Entity against any of the Real Property. However, this subsection shall not apply in the event of a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the foreclosure or forfeiture proceeding, provided that Grantor gives Creditor written notice of such claim and furnishes reserves or a surety bond for the claim satisfactory to Creditor.

Breach of Other Agreement. Any breach by Grantor under the terms of any other agreement between Grantor and Creditor that is not remedied within any grace period provided therein, including without limitation any agreement concerning any Indebtedness or other obligation of Grantor to Creditor, whether existing now or later.

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 Trust Deed within the preceding twelve (12) months, it may be cured (and no Event of Default will have occurred) if Grantor, after Creditor 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 initiates steps sufficient to cure the failure and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any Event of Default and at any time thereafter, Trustee or Creditor, 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:

Accelerate Indebtedness. Creditor shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable.

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 Creditor shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law. This Trust Deed is a purchase money Trust Deed and Creditor, if this Trust Deed is foreclosed by judicial foreclosure, Creditor will not be entitled to a judgment which will provide that if the foreclosure sale proceeds are insufficient to satisfy the judgment, execution may issue for the amount of the unpaid balance of the judgment.

Appoint Receiver. If the Real Property ceases to be Grantor's farmland, Creditor shall have the right to have a receiver appointed to take possession of all or any part of the Real Property, with the power to protect and preserve the Real Property, to operate the Real Property during foreclosure or sale, 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. Creditor's right to the appointment of a receiver shall exist whether or not the apparent value of the Real Property exceeds the Indebtedness by a substantial amount.

Tenancy at Sufferance. If Grantor remains in possession of the Real Property and/or the Collateral after the Real Property is sold as provided above or Creditor otherwise becomes entitled to possession of the Real Property and/or Collateral upon default of Grantor, Grantor shall become a tenant at sufferance of Creditor or the purchaser of the Real Property and shall, at Creditor's option, either (a) pay a reasonable rental for the use of the Real Property, or (b) vacate the Real Property immediately upon the demand of Creditor.

Other Remedies. Trustee or Creditor shall have any other right or remedy provided in this Trust Deed or the Promissory Note or by law.

Waiver; Election of Remedies. A waiver by any party of a breach of a provision of this Trust Deed shall not constitute a waiver of or prejudice the party's rights otherwise to demand strict compliance with that provision or any other provision. Election by Creditor to pursue any remedy provided in this Trust Deed, the Promissory Note, in any Related Document, or provided by law shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Trust Deed after failure of

Grantor to perform shall not affect Creditor's right to declare a default and to exercise any of Creditor's remedies.

Attorneys' Fees; Expenses.

A. Creditor's: If Creditor institutes any suit or action to enforce any of the terms of this Trust Deed, Creditor 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 Creditor which in Creditor's opinion are necessary at any time for the protection of Creditor's interest or the enforcement of Creditor's rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Promissory Note rate from the date of expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Creditor's attorneys' fees whether or not there is a lawsuit, 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 also will pay any court costs, in addition to all other sums provided by law.

B. Grantor's: If Grantor is the prevailing party in any suit or action regarding the terms of this Trust Deed, the Promissory Note, or any Related Document, Grantor shall be entitled to recover such sum as the court may adjudge reasonable as attorney fees at trial and on any appeal. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, the cost of searching records, obtaining title reports, surveyors' reports, appraisal fees, and court costs, to the extent permitted by applicable law.

Rights of Trustee. Trustee shall have all of the rights and duties of Creditor 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 Trust Deed.

Powers 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 upon the written request of Creditor and Grantor: (a) join in granting any easement or creating any restriction on the Real Property; and (b) join in any subordination or other agreement affecting this Trust Deed or the interest of Creditor under this Trust Deed.

Obligations to Notify. Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Creditor, or Trustee shall be a party, unless the action or proceeding is brought by Trustee.

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

NOTICES TO GRANTOR AND OTHER PARTIES. Any notice under this Trust Deed shall be in writing, may be sent by telefacsimile, and shall be effective when actually delivered, or when deposited with a nationally recognized overnight courier, or, if mailed, shall be deemed effective when deposited in the United States mail first class, certified or registered mail, postage prepaid, directed to the addresses shown in this Trust Deed. Any party may change its address for notices under this Trust Deed by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. All copies of notices of foreclosure from the holder of any lien which has priority over this Trust Deed shall be sent to Creditor's address, as set forth on the signatory page of this Trust Deed. For notice purposes, Grantor agrees to keep Creditor and Trustee informed at all times of Grantor's current address.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Trust Deed:

Amendments. This Trust Deed, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Trust Deed. No alteration of or amendment to this Trust Deed 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 Trust Deed has been delivered to Creditor and accepted by Creditor in the State of Oregon. This Trust Deed shall be governed by and construed in accordance with the laws of the State of Oregon.

Caption Headings. Caption headings in this Trust Deed are for convenience purposes only and are not to be used to interpret or define the provisions of this Trust Deed.

Merger. There shall be no merger of the interest or estate created by this Trust Deed with any other interest or estate in the Real Property at any time held by or for the benefit of Creditor in any capacity, without the written consent of Creditor.

Severability. If a court of competent jurisdiction finds any provision of this Trust Deed 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 Trust Deed in all other respects shall remain valid and enforceable.

Successors and Assigns. Subject to the limitations stated in this Trust Deed on transfer of Grantor's interest, this Trust Deed shall be binding upon and inure to the benefit of the parties, their respective heirs, successors and assigns. If ownership of the Real Property becomes vested in a person other than Grantor, Creditor, without notice to Grantor, may deal with Grantor's successors with reference to this Trust Deed and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Trust Deed or liability under the Indebtedness.

Time Is of the Essence. Time is of the essence in the performance of this Trust Deed.

Waivers and Consents. Creditor shall not be deemed to have waived any rights under this Trust Deed (or under the Related Documents) unless such waiver is in writing and signed by Creditor. No delay or omission on the part of Creditor 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 Trust Deed 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 Creditor, nor any course of dealing between Creditor and Grantor, shall constitute a waiver of any of Creditor's rights or any of Grantor's obligations as to any future transactions. Whenever consent by Creditor is required in this Trust Deed, the granting of such consent by Creditor in any instance shall not constitute continuing consent to subsequent instances where such consent is required.

Future Assurances. Each party shall execute, with acknowledgment or affidavit (if required), all documents and/or instruments reasonably necessary or expedient in the achievement of the purpose of this Trust Deed.

Words and Phrases. The following words and phrases contained in this Trust Deed shall be construed as follows:

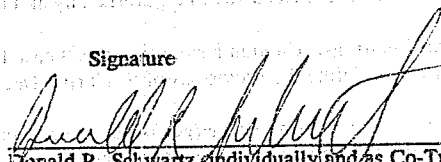
- Nouns and pronouns shall be construed in accordance with the appropriate gender or neuter, and as either singular or plural, as the context requires.
- "Shall," "will," "must," "agree," and "covenants" are each mandatory.
- "May" is permissive.
- "Or" is not exclusive.
- "Includes" and "including" are not limiting.

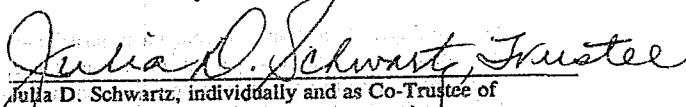
GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS TRUST DEED AND GRANTOR AGREES TO ITS TERMS.

Date

6/3/98

Signature


Donald R. Schwartz, individually and as Co-Trustee of
The Schwartz Family Trust


Julia D. Schwartz, individually and as Co-Trustee of
The Schwartz Family Trust

Address and Phone: 606 Alamo Pintado Road #3-288, Solvang, CA 93463; (805) 688-0530

ACKNOWLEDGMENT ATTACHED.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

24430

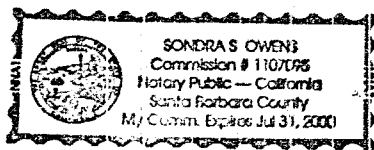
State of CALIFORNIA

County of SANTA BARBARA

On JUNE 3, 1996 before me, SONDRA S OWENS, Notary Public

personally appeared DONALD R SCHWARTZ AND JULIA D SCHWARTZ

☒ personally known to me - OR - ☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Sondra Owens
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

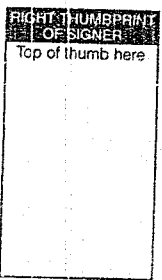
Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
- ☐ Corporate Officer
- Title(s): _____
- ☐ Partner — ☐ Limited ☐ General
- ☐ Attorney-in-Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other: _____

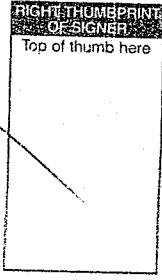
Signer Is Representing: _____



Signer's Name: _____

- ☐ Individual
- ☐ Corporate Officer
- Title(s): _____
- ☐ Partner — ☐ Limited ☐ General
- ☐ Attorney-in-Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other: _____

Signer Is Representing: _____



STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of J. Giacomini the 9th day of July A.D., 19 98 at 3:35 o'clock P. M., and duly recorded in Vol. M98 of Mortgages on Page 24420

FEE \$60.00

By Bernetha G. Jentsch County Clerk